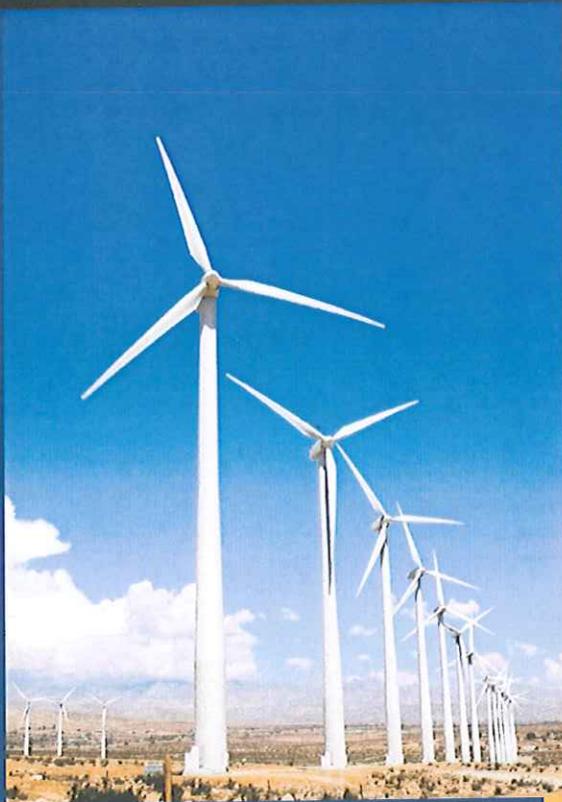


FINDINGS OF THE WEBB CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT BOARD
OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE
APPLICATION SUBMITTED
BY
CEDRO HILL WIND, LLC



December 10, 2009

FINDINGS
OF THE
WEBB CONSOLIDATED INDEPENDENT SCHOOL
DISTRICT BOARD OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY
CEDRO HILL WIND

DECEMBER 10, 2009

FINDINGS OF THE WEBB CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT BOARD OF
TRUSTEES UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY
CEDRO HILL WIND

STATE OF TEXAS

§

COUNTY OF WEBB

§

On the 10th day of December, 2009, a public meeting of the Board of Trustees of the Webb Consolidated Independent School District was held. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board of Trustees took up and considered the application of the Cedro Hill Wind, LLC (Cedro Hill) for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations on the Application from interested parties within the District. After hearing presentations from the District's administrative staff, and from consultants retained by the District to advise the Board in this matter, the Board of Trustees of the Webb Consolidated Independent School District makes the following findings with respect to the application of Cedro Hill, and the economic impact of that application:

On May 14, 2009, the Superintendent of Schools of the Webb Consolidated Independent School District, acting as agent of the Board of Trustees, received an Application from Cedro Hill for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. On August 3, 2009, the Applicant filed an Amended Application for an Appraised Value Limitation on Qualified Property. A copy of the most recent Amended Application is attached as **Attachment A**.

The Applicant, Cedro Hill (Texas Taxpayer Id. 32039436038) is an entity subject to Chapter 171, Texas Tax Code and is certified to be in good standing with the Texas Comptroller of Public Accounts. See **Attachment B**.

Board Findings for the Webb Consolidated Independent School District

The Board of Trustees has acknowledged receipt of the Application, along with the requisite application fee, as established pursuant to Texas Tax Code § 313.025(a)(1) and Local District Policy.

The Application was delivered to the Texas Comptroller's Office for review pursuant to Texas Tax Code § 313.025(d).

A copy of the Application was delivered to the Webb County Appraisal District for review pursuant to 34 Tex. Admin. Code § 9.1054.

The Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code § 313.026, and a favorable recommendation was issued on September 9, 2009. A copy of the Comptroller's letter is attached to the findings as **Attachment C**.

After receipt of the Application, the Texas Comptroller of Public Accounts caused to be conducted an economic impact evaluation pursuant to Texas Tax Code § 313.026 and the Board of Trustees has carefully considered such evaluation. A copy of the economic impact evaluation is attached to these findings as **Attachment D**.

The Board of Trustees also directed that a specific financial analysis be conducted of the impact of the proposed value limitation on the finances of the Webb Consolidated Independent School District. A copy of a report prepared by Moak, Casey & Associates, Inc. is attached to these findings as **Attachment E**.

The Board of Trustees has confirmed that the taxable value of property in the Webb Consolidated Independent School District for the preceding tax year, as determined under Subchapter M, Chapter 403, Government Code is as stated in **Attachment F**.

After receipt of the Application, the District entered into negotiations with Cedro Hill, over the specific language to be included in the Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, including appropriate revenue protection provisions for the District. The proposed Agreement is attached to these findings as **Attachment G**.

After review of the Comptroller's recommendation, and in consideration of its own economic impact study the Board finds:

Board Finding Number 1.

There is a strong relationship between the Applicant's industry and the types of qualifying jobs to be created by the Applicant and the long-term economic growth plan of this State as described in the strategic plan for economic development (ED Plan) submitted by the Texas Strategic Economic Development Planning Commission under Section 481.033, Texas Government Code.

In support of Finding 1, the economic impact evaluation states:

The Texas Economic Development Plan does not mention renewable energy specifically. However, one theme of the plan is attracting and fostering industries in Texas using advanced technology. Renewable energy technology is an expanding industry and the skilled workers that the project requires appear to be in line with the focus and themes of the plan. Texas identified energy as one of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the energy industry.

Board Finding Number 2.

The economic condition of Webb County, Texas, is in need of long-term improvement.

Based on information provided by the Comptroller's Office, Webb County's population growth has slightly outpaced the state in recent years. The state population grew by 2.1 percent between 2006 and 2007, while the population of Webb County increased by 2.5 percent over the same period.

July 2009 employment was 88,503 for Webb County, up by 1.8 percent. However, the unemployment rate in Webb County is 8.9 percent in July 2009, higher than the current state average of 7.9 percent.

Webb County continues to have a lower per capita personal income than the state as a whole. In terms of per capita income, Webb County's \$21,423 in 2007 ranked 233rd in Texas, while the Texas average was \$37,083 for the same period.

Board Findings for the Webb Consolidated Independent School District

In the third quarter of 2008, taxable sales totaled \$497 million in Webb County. This figure reflects 2.1 percent increase from the year-earlier quarter.

Given recent population trends and income levels, Webb County will benefit from economic activity like that associated with the Cedro Hill project. Major capital investments like this project are beneficial to the community on a number of fronts, including employment, expanded opportunities for existing businesses, increased local tax bases, and in this case, benefits for landowners.

Board Finding Number 3.

The average salary level of qualifying jobs is expected to be at least \$48,000 per year. The review of the application by the State Comptroller's Office indicated that this amount—based on Texas Workforce Commission data—complies with the requirement that qualifying jobs must pay 110 percent of the county average manufacturing wage. Cedro Hill indicates that total employment will be approximately eight (8) new jobs.

In support of Finding 3, the economic impact evaluation states:

After construction, the project will create eight new jobs when fully operational. All of those jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the South Texas Development Council, where Webb County is located was \$25,730 in 2007. The manufacturing wage for the most recent four quarters for Webb County is \$24,102. In addition to an annual average salary of \$48,000 for each qualifying position will receive benefits such as health insurance and a 401(k) retirement plan.

Board Finding Number 4.

The level of the applicant's average investment per qualifying job over the term of the Agreement is estimated to be approximately \$21.3 million on the basis of the goal of eight (8) new positions for the entire Cedro Hill project.

In support of Finding 4, the economic impact evaluation states:

Cedro Hill's total investment for this project is \$170.0 million, resulting in a relative level of investment per qualifying job of \$21.3 million.

Board Finding Number 5.

Based upon the information provided to the District with regard to the industry standard for staffing ratios of similar projects in the State of Texas, the District has determined that if the job creation requirement set forth in Texas Tax Code § 313.021(2)(A)(iv)(b) was applied, for the size and scope of the project described in the Application, the required number of jobs would exceed the industry standard for the number of employees reasonably necessary for the operation of the facility.

Based on previously approved Texas Economic Development Act energy applications and industry standards, the typical wind farm employs one person per 15 wind turbines. This project is consistent with this ratio.

Board Finding Number 6.

Subsequent economic effects on the local and regional tax bases will be significant. In addition, the impact of the added infrastructure will be significant to the region.

Table 1 depicts Cedro Hill's estimated economic impact to Texas. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller's office calculated the economic impact based on 16 years of annual investment and employment levels using software from Regional Economic Models, Inc. (REMI). The impact includes the construction period and the operating period of the project.

Table 1: Estimated Statewide Economic Impact of Investment and Employment in Cedro Hill

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2009	201	299	500	\$8,368,000	\$21,632,000	\$30,000,000
2010	208	323	531	\$8,704,000	\$26,296,000	\$35,000,000
2011	8	47	55	\$391,680	\$6,608,320	\$7,000,000
2012	8	36	44	\$399,512	\$5,600,488	\$6,000,000
2013	8	22	30	\$407,504	\$4,592,496	\$5,000,000
2014	8	13	21	\$415,656	\$3,584,344	\$4,000,000
2015	8	13	21	\$423,968	\$3,576,032	\$4,000,000
2016	8	16	24	\$432,448	\$2,567,552	\$3,000,000
2017	8	12	20	\$441,096	\$2,558,904	\$3,000,000
2018	8	18	26	\$449,920	\$3,550,080	\$4,000,000
2019	8	21	29	\$458,912	\$3,541,088	\$4,000,000
2020	8	17	25	\$468,096	\$2,531,904	\$4,000,000
2021	8	19	27	\$477,456	\$3,522,544	\$4,000,000
2022	8	21	29	\$487,008	\$3,512,992	\$4,000,000
2023	8	19	27	\$496,744	\$4,503,256	\$5,000,000
2024	8	21	29	\$506,680	\$4,493,320	\$5,000,000

Source: CPA, REMI, Cedro Hill

In support of Finding 6, the economic impact evaluation states:

The statewide average ad valorem tax base for school districts in Texas was \$1.6 billion in 2008. Webb CISD's ad valorem tax base in 2008 was \$1.7 billion. The statewide average wealth per WADA was estimated at \$352,755 for fiscal 2009-2010. During that same year, Webb CISD's estimated wealth per WADA was \$2.6 million.

Table 2 examines the estimated direct impact on ad valorem taxes to the school district and Webb County with all property tax incentives sought being granted using estimated market value from Cedro Hill's application. Cedro Hill has applied for both a value limitation under Chapter 313, Tax Code and a county tax abatement under Tax Code, Chapter 312 seeking 60 percent abatement per year for years one through five and 40 percent abatement for years six through 10. Table 3 illustrates the estimated tax impact of the Cedro Hill project on the region if all taxes are assessed.

Board Findings for the Webb Consolidated Independent School District

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	Webb CISD I&S	Webb CISD M&O	Webb County	Total Taxes
				0.0339	0.8203	0.4201	
2009	\$0	\$0		\$0	\$0	\$0	\$0
2010	\$25,000,000	\$25,000,000		\$8,483	\$205,085	\$42,006	\$255,573
2011	\$170,000,000	\$170,000,000		\$57,681	\$1,394,578	\$285,637	\$1,737,896
2012	\$161,428,750	\$10,000,000		\$54,773	\$82,034	\$271,236	\$408,043
2013	\$153,289,625	\$10,000,000		\$52,011	\$82,034	\$257,560	\$391,605
2014	\$145,560,841	\$10,000,000		\$49,389	\$82,034	\$244,574	\$375,997
2015	\$138,221,711	\$10,000,000		\$46,899	\$82,034	\$348,364	\$477,297
2016	\$131,252,592	\$10,000,000		\$44,534	\$82,034	\$330,800	\$457,368
2017	\$124,634,830	\$10,000,000		\$42,289	\$82,034	\$314,121	\$438,443
2018	\$118,350,713	\$10,000,000		\$40,156	\$82,034	\$298,283	\$420,473
2019	\$112,383,421	\$10,000,000		\$38,132	\$82,034	\$283,243	\$403,409
2020	\$106,716,981	\$106,716,981		\$36,209	\$875,442	\$448,270	\$1,359,921
2021	\$101,336,227	\$101,336,227		\$34,383	\$831,302	\$425,668	\$1,291,353
2022	\$96,226,756	\$96,226,756		\$32,650	\$789,387	\$404,205	\$1,226,242
2023	\$91,334,364	\$91,334,364		\$30,990	\$749,252	\$383,655	\$1,163,897
2024	\$86,729,145	\$86,729,145		\$29,427	\$711,474	\$364,310	\$1,105,211
						Total	\$11,512,728

Source: CPA, Cedro Hill

*Assumes Chapter 313 Value Limitation and County Tax Abatement (60 percent years 1-5 and 40 percent years 6-10)

¹Tax Rate per \$100 Valuation

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	Webb CISD I&S	Webb CISD M&O	Webb County	Total Taxes
				0.0339	0.8203	0.4201	
2009	\$0	\$0		\$0	\$0	\$0	\$0
2010	\$25,000,000	\$25,000,000		\$8,483	\$205,085	\$105,014	\$318,581
2011	\$170,000,000	\$170,000,000		\$57,681	\$1,394,578	\$714,094	\$2,166,353
2012	\$161,428,750	\$161,428,750		\$54,773	\$1,324,265	\$678,090	\$2,057,127
2013	\$153,289,625	\$153,289,625		\$52,011	\$1,257,496	\$643,901	\$1,953,408
2014	\$145,560,841	\$145,560,841		\$49,389	\$1,194,094	\$611,436	\$1,854,918
2015	\$138,221,711	\$138,221,711		\$46,899	\$1,133,888	\$580,607	\$1,761,394
2016	\$131,252,592	\$131,252,592		\$44,534	\$1,076,718	\$551,333	\$1,672,585
2017	\$124,634,830	\$124,634,830		\$42,289	\$1,022,429	\$523,535	\$1,588,253
2018	\$118,350,713	\$118,350,713		\$40,156	\$970,878	\$497,138	\$1,508,173
2019	\$112,383,421	\$112,383,421		\$38,132	\$921,926	\$472,072	\$1,432,130
2020	\$106,716,981	\$106,716,981		\$36,209	\$875,442	\$448,270	\$1,359,921
2021	\$101,336,227	\$101,336,227		\$34,383	\$831,302	\$425,668	\$1,291,353
2022	\$96,226,756	\$96,226,756		\$32,650	\$789,387	\$404,205	\$1,226,242
2023	\$91,334,364	\$91,334,364		\$30,990	\$749,252	\$383,655	\$1,163,897
2024	\$86,729,145	\$86,729,145		\$29,427	\$711,474	\$364,310	\$1,105,211
						Total	\$22,459,544

Source: CPA, Cedro Hill

¹Tax Rate per \$100 Valuation

Board Finding Number 7.

The revenue gains that will be realized by the school district if the Application is approved will be significant in the long-term, with special reference to revenues used for supporting school district debt.

In support of this finding, the analysis prepared by Moak, Casey & Associates projects that the project would initially add \$170.0 million to the tax base for debt service purposes at the peak investment level for the 2010-11 school year. The Cedro Hill project remains fully taxable for debt services taxes, with Webb CISD currently levying a \$0.0339 I&S rate. The value of the Cedro Hill project is expected to remain stable over the course of the agreement. The District's wealth per ADA is expected to be \$2.7 million per WADA. There will be a slight decrease in the district's I&S rate when the new value for the project appears on the local tax roll, with the I&S tax rate estimated to decrease to \$0.031.

Board Finding Number 8.

The effect of the applicant's proposal, if approved, on the number or size of needed school district instructional facilities is not expected to increase the District's facility needs, with current trends suggest little underlying enrollment growth based on the impact of the Cedro Hill project.

The Summary of financial impact prepared by Moak, Casey & Associates, Inc., demonstrates that there will be little to no impact on school facilities created by the wind energy project. This finding is confirmed by the TEA evaluation of this project's impact on the number and size of school facilities in Webb CISD as stated in **Attachment D**.

Board Finding Number 9.

The ability of the applicant to locate the proposed facility in another state or another region of this state is substantial, as a result of the highly competitive marketplace for economic development.

In support of Finding 9, the economic impact evaluation states:

According to Cedro Hill's application, "wind farms are currently being developed, built, and installed in numerous other states including but not limited to Colorado, Kansas, New Mexico, Oklahoma, California, and Minnesota. Within Texas at least 20 other counties currently have wind farms proposed, under development, under construction, or are currently operating with potential new sites growing yearly."

Board Finding Number 10.

During the past two years, two projects applied under Chapter 313 in the South Texas Development Council Region.

Board Finding Number 11.

The Board of Trustees hired consultants to review and verify the information in the Application from Cedro Hill. Based upon the consultants' review, the Board has determined that the information provided by the Applicant is true and correct.

Board Finding Number 12.

The Board of Trustees has determined that the Tax Limitation Amount requested by Applicant is currently 10 Million Dollars, which is consistent with the minimum values currently set out by Tax Code, §§ 313.022(b).

According to the Texas Comptroller of Public Accounts' School and Appraisal Districts' Property Value Study 2008 Final Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year, **Attachment F**, the total 2008 industrial value for Webb CISD is **\$76,710,150**. Under the provisions on Texas Tax Code Sec. 313.052, a rural school district with state industrial values of \$1 million or more but less than \$90 million is a Category 3 rural district.

Board Finding Number 13.

The Applicant (Taxpayer Id. 32039436038) is eligible for the limitation on appraised value of qualified property as specified in the Agreement based on its "good standing" certification as a franchise-tax paying entity.

Board Finding Number 14.

The Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment G, includes adequate and appropriate revenue protection provisions for the District.

In support of this finding, the report of Moak, Casey & Associates, Inc. shows that the District will incur an initial revenue loss without the proposed Agreement, especially in the third year of the Agreement. However, with this Agreement, the negative consequences of granting the value limitation are offset through the revenue protection provisions agreed to by the Applicant and the District. Additional revenue protection measures are also in place for the duration of the Agreement.

Board Finding Number 15.

Considering the purpose and effect of the law and the terms of the Agreement, that it is in the best interest of the District and the State to enter into the attached Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, pending approval by the Texas Comptroller pursuant to Texas Tax Code § 313.026.

It is therefore Ordered that the Agreement attached hereto as **Attachment G** is approved and hereby authorized to be executed and delivered by and on behalf of the Webb Consolidated Independent School District. It is further ORDERED that these findings and the Attachments referred to herein be attached to the Official Minutes of this meeting, and maintained in the permanent records of the Board of Trustees of the Webb Consolidated Independent School District.

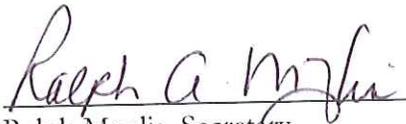
Board Findings for the Webb Consolidated Independent School District

Dated the 10th day of December 2009.

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

By: 
Enrique Cortinas, President
Board of Trustees

ATTEST:

By: 
Ralph Moglia, Secretary
Board of Trustees

Attachment A

Application

APPLICATION FOR APPRAISED VALUE LIMITATION ON QUALIFIED PROPERTY

(Tax Code, Chapter 313, Subchapter B or C)

Supplemented 8/3/09

School district name WEBB CONSOLIDATED ISD	Date application filed with district <i>(To be filled in by school district)</i> May 14, 2009			
Address PO BOX 206, BRUNI, TX 78344-0206	Phone (area code and number) (351) 747-5415			
This form applies to property that meets the requirements of Tax Code Chapter 313. This completed application must be filed with the school district. If the governing body decides to consider this application, the school district must immediately forward three copies of the application to the Comptroller of Public Accounts and request that the Comptroller provide an economic impact evaluation of the application to the school district. The governing body may, at its discretion, allow the applicant to supplement or amend the application after the filing date, subject to the restrictions in Texas Administrative Code Rule 9.1054, to provide information required by the application form that was unavailable prior to the filing date. The school district must forward the supplemental or amended information to the comptroller and the appraisal district. The school board shall approve or disapprove this application before the 121st day from the application filing date, unless an extension is granted.				
Step 1: Applicant name and address	Only entities to which Tax Code Chapter 171 applies are eligible for appraised value limitations on qualified property. Applicant name: CEDRO HILL WIND LLC Mailing address: TWO RIVERWAY, SUITE 1780 <table style="width:100%; border: none;"> <tr> <td style="width:50%; border: none;"> Texas Taxpayer I.D. Number of entity subject to Tax Code, Chapter 171 (11 digits): 32,039,436,038 </td> <td style="width:25%; border: none;"> City, State: HOUSTON </td> <td style="width:25%; border: none;"> ZIP code + 4: 77056-2039 </td> </tr> </table> Name of person preparing this application: J. WESTON JACKSON	Texas Taxpayer I.D. Number of entity subject to Tax Code, Chapter 171 (11 digits): 32,039,436,038	City, State: HOUSTON	ZIP code + 4: 77056-2039
Texas Taxpayer I.D. Number of entity subject to Tax Code, Chapter 171 (11 digits): 32,039,436,038	City, State: HOUSTON	ZIP code + 4: 77056-2039		
	Title: Property Tax Consultant Phone (area code and number): (713) 266-4456			
Step 2: Describe the property.	(A) Attach the following items to this application: <ol style="list-style-type: none"> 1. A specific description of all property for which you are requesting an appraised value limitation as defined by Tax Code §313.021(2). Include a description of the land, describe each proposed improvement, and each proposed item of personal property for which you are seeking a limitation. Include each existing appraisal district account number and the legal description of the land, attach a detailed map showing the actual or proposed location of the land and proposed improvements and showing the actual or proposed boundaries and size of the reinvestment zone or enterprise zone in which the property will be located. Attach the order, resolution or ordinance establishing the zone, and the guidelines and criteria for creating the zone (if applicable). 2. A fully detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information. 3. A map of the reinvestment zone boundaries, certified to be accurate by either the governmental entity creating the zone, the local appraisal district, or a licensed surveyor. (B) Answer the following questions: <ol style="list-style-type: none"> 1. What is the first tax year of your proposed qualifying time period (as defined by Tax Code §313.021(4))? <u>2010</u> 2. What is the amount of qualified investment, as defined by Tax Code §313.021(1), that will be made during the 2-year qualifying time period? \$ <u>170,000,000</u> 3. What is the amount of appraised value limitation for which you are applying?. \$ <u>10,000,000</u> NOTE: The minimum amount of qualified investment required to qualify for an appraised value limitation and the minimum amount of appraised value limitation vary depending on whether the school district is classified as rural, and the school district's property value. For assistance in determining these minimums, access the comptroller's Web site at http://www.window.state.tx.us/taxinfo/proptax/hb1200/values.html .			

Step 3:
Answer these questions about property and job qualifications.

1. Do you propose to construct a new building or to erect or affix a new improvement after the date you submit this application? Yes No
2. Will all of the property for which you are requesting an appraised value limitation be free of a tax abatement agreement entered into by a school district for the duration of the qualifying time period, and for the duration of the appraised value limitation? Yes No
3. Is the land on which you propose new construction or improvement currently located in an area designated as a reinvestment zone under Tax Code Chapter 311 or 312 or as an enterprise zone under Government Code Chapter 2303? Yes No
 - 3(a) If you answered "no" to the question above, are you seeking an agreement with a taxing unit that, prior to the first day of the qualifying time period, will result in a reinvestment zone with boundaries encompassing the land on which you propose new construction or improvement? Yes No
 Date of anticipated agreement? will request WCISD to create reinvestment zone
4. Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or 313.053 for rural school districts) for the relevant school district category? Yes No
5. On the land and in connection with the new building or other improvement, do you plan to create at least 25 new jobs (at least 10 new jobs for rural school districts)? Yes No
6. Will at least 80 percent of all the new jobs created by the property owner be qualifying jobs as defined by Tax Code §313.021(3)? Yes No
 - 6(a) If you answered "yes" to the question above, attach documentation from the Texas Workforce Commission that the new qualifying jobs meet the requirements of Tax Code §313.021(3)(E) or 313.051(b).
7. Do you intend to request that the governing body waive the minimum jobs creation requirement, as provided under Tax Code §313.025(f-1)? Yes No
 - 7(a) If you answered "yes" to the question above, attach evidence documenting that the job creation requirement (5) above exceeds the number of employees necessary for the operation, according to industry standards.
8. Except for new equipment described in Tax Code §151.318(q) or (q-1), is the proposed tangible personal property to be placed in service for the first time
 - a) in or on the new building or other new improvement for which you are applying for an appraised value limitation, or
 - b) if not in or on the new building or other new improvement for which you are applying for an appraised value limitation, is the personal property necessary and ancillary to the business conducted in the new building or other new improvement, and is the personal property on the same parcel of land as the building for which you are applying for an appraised value limitation? Yes No N/A
 ["First placed in service" means the first use of the property by the taxpayer.]
9. The property will be used as an integral part, or as a necessary auxiliary part, in one of the following activities as defined by Tax Code §313.024(b):
 - manufacturing; Yes No
 - research and development Yes No
 - a clean coal project; Yes No
 - an advanced clean energy project Yes No
 - renewable energy electric generation; Yes No
 - electric power generation using integrated gasification combined cycle technology; or Yes No
 - nuclear electric power generation Yes No
10. Are you an entity to which Tax Code, Chapter 171 applies? Yes No

<p>Step 4: Answer these questions about investment, property value and employment.</p>	<ol style="list-style-type: none"> 1. Will the investment in real or personal property you propose to be counted toward the minimum qualified investment required by Tax Code §313.023, (or 313.053 for rural school districts) be first placed in service in this state during the applicable qualifying time period? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No 2. Does the investment in tangible personal property meet the requirements of Tax Code §313.021(1)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A 3. If the proposed investment includes a building or a permanent, non-removable component of a building, does it house tangible personal property described above? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A 4. Will you own the property or lease the property under a capitalized lease? If leased, attach a copy of the lease agreement.. <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No 5. Are you including property that is owned by a person other than the applicant and that is pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No 														
<p>Step 5: Economic Impact</p>	<p>Please answer the following questions.</p> <table style="width:100%; border-collapse: collapse;"> <tr> <td style="width:85%;">1. Applicant's 6-digit North American Industry Classification System (NAICS) code:</td> <td style="text-align: right; border-bottom: 1px solid black;">221,119</td> </tr> <tr> <td>2. Is Schedule A completed for all years and attached?</td> <td style="text-align: right;"><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</td> </tr> <tr> <td>3. Is Schedule B completed for all years and attached?</td> <td style="text-align: right;"><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</td> </tr> <tr> <td>4. Is Schedule C completed for all years and attached?</td> <td style="text-align: right;"><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</td> </tr> <tr> <td>5. Total number of new jobs that will have been created when fully operational:</td> <td style="text-align: right; border-bottom: 1px solid black;">8</td> </tr> <tr> <td>6. Total number of new jobs identified in (5) above that will have wages greater than 110 percent of the county average weekly wage for manufacturing jobs*:</td> <td style="text-align: right; border-bottom: 1px solid black;">8</td> </tr> <tr> <td>7. Total number of new jobs identified in (5) above that will meet all the criteria for "qualifying jobs" as specified in Tax Code §313.021(3):</td> <td style="text-align: right; border-bottom: 1px solid black;">8</td> </tr> </table> <p>8. Describe each type of benefits to be offered to qualifying jobholders. Explain. <u>In addition to the annual salary, each qualified position will receive medical (pays 100% of employee only coverage) and a 401K plan which matches 50% up to 6% of their annual salary, paid sick leave & personal time off, holidays, & vacations. The annual average salary for the eight permanently created positions resulting from this project is \$48,000.</u></p> <p>8(a) Will the jobs created offer at least 80 percent of the premiums or other charges assessed for employee-only coverage under the group health benefit plan for qualifying jobholders? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>9. Describe the ability of your company to locate or relocate in another state or another region of the state. <u>Windfarms are currently being developed, built, and installed in numerous other states, including but not limited to Colorado, Kansas, New Mexico, Oklahoma, California, Minnesota, Within Texas, at least 20 other counties currently have wind farms proposed, under development under construction, or are currently operating with potential new sites growing yearly.</u></p> <p>10. Describe the current economic condition of the region of the state where the property is located. <u>The project will be wholly located within Webb County, its largest city being Laredo on the US Mexico border. Much of the county is rural and the majority hispanic population is currently & forecasted to grow faster than the statewide averages. Challenges exist in regard to income levels, education, & healthcare. (source US Census & other economic studies online)</u></p> <p><small>* Applicants to rural school districts that are not located in an SIA [see §313.051(a)(2)] must meet the regional wage standard described in 313.051(b).</small></p>	1. Applicant's 6-digit North American Industry Classification System (NAICS) code:	221,119	2. Is Schedule A completed for all years and attached?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	3. Is Schedule B completed for all years and attached?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	4. Is Schedule C completed for all years and attached?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	5. Total number of new jobs that will have been created when fully operational:	8	6. Total number of new jobs identified in (5) above that will have wages greater than 110 percent of the county average weekly wage for manufacturing jobs*:	8	7. Total number of new jobs identified in (5) above that will meet all the criteria for "qualifying jobs" as specified in Tax Code §313.021(3):	8
1. Applicant's 6-digit North American Industry Classification System (NAICS) code:	221,119														
2. Is Schedule A completed for all years and attached?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No														
3. Is Schedule B completed for all years and attached?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No														
4. Is Schedule C completed for all years and attached?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No														
5. Total number of new jobs that will have been created when fully operational:	8														
6. Total number of new jobs identified in (5) above that will have wages greater than 110 percent of the county average weekly wage for manufacturing jobs*:	8														
7. Total number of new jobs identified in (5) above that will meet all the criteria for "qualifying jobs" as specified in Tax Code §313.021(3):	8														

Step 6:
Applicant
sign and date
application.

By signing this application, you certify that this information is true and correct to the best of your knowledge and belief. Also by signing this application, you agree to respond promptly to all information requests made by the comptroller under Tax Code §313.032 and to send updated contact information to the comptroller throughout the agreement period.

print here ▶ THOMAS E. WHITE EXECUTIVE OFFICER
Name of authorized company officer Title

sign here ▶ *Thomas E White* 5-11-09
Signature of authorized company officer Date

On behalf of Cedro Hill Wind LLC
Name of corporation/company

If you make a false statement on this application, you could be found guilty of a Class A misdemeanor or a state jail felony under Texas Penal Code §37.10.

Step 7:
School district
official sign
and date
application.

By signing below, I affirm that I have been delegated the authority by the school district governing body to act on its behalf with regard to this application for a limitation on appraised value.

print here ▶ DAVID JONES Superintendent of Schools
Name of authorized school district official Title

sign here ▶ *[Signature]* 5/14/09
Signature of authorized school district official Date

On behalf of Webb Consolidated Independent School District
Name of school district

SCHEDULE A: INVESTMENT

PROPERTY INVESTMENT AMOUNTS (\$)						
(Estimated investment in each year. Do not put cumulative totals.)						
	Year	Column A: Tangible Personal Property: the amount of new investment (original cost) placed in service during this year	Column B: Building or permanent nonremovable component of building (annual amount only)	Column C: Sum of A and B—Qualifying investment (during the qualifying time period)	Column D: Other investment that is not qualified investment but investment affecting economic impact and total value	Column E: Total Investment (A+B+D)
	pre-year 1*	-	25,000,000	-	-	25,000,000
	1	75,000	144,925,000	145,000,000	-	145,000,000
	2	-	-	-	-	-
	3	-	-	-	-	-
	4	-	-	-	-	-
	5	-	-	-	-	-
	6	-	-	-	-	-
	7	-	-	-	-	-
	8	-	-	-	-	-
	9	-	-	-	-	-
	10	-	-	-	-	-
	11	-	-	-	-	-
	12	-	-	-	-	-
	13	-	-	-	-	-
Tax Credit Period (with 50% cap on credit)	Value Limitation Period					
Credit Settle-Up Period	Continue to Maintain Viable Presence					

Pre-Year 1 is the time period after the applicant has applied to the district and before January 1 of the first tax year of the qualifying time period. Qualifying Time Period is the first two tax years beginning after the date of the approval of the application (the agreement).

Column A: This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment- as defined in Tax Code §313.021(1)(A)-(D). For the purposes of investment, please list amount invested each year, not cumulative totals.

[For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property]. Include estimates of investment for "replacement" property-property that is part of original agreement but scheduled for probable replacement during limitation period.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings that the applicant considers qualified investment under Tax Code §313.021(1)(E). For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or non-removable components of buildings.

Column D: Dollar value of other investment that may not be qualified investment but that may affect economic impact and total value. The most significant example for many projects would be land. Others may choose to include items such as professional services, etc. Note: Land can be listed as part of investment during the "pre-year 1" time period. It cannot be part of qualifying investment.

This schedule must be submitted with the original application, any agreement addendum, any reporting of replacement property, and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

SCHEDULE B: ESTIMATED MARKET VALUE AND TAXABLE VALUE

All figures here are to be cumulative

	Year	Qualified Property			Reductions from market value (exemptions, etc.)		Estimated Taxable Value	
		Column A: Estimated Market Value of Land	Column B: Estimated Total Market Value of new buildings or other new improvements	Column C: Estimated Total Market Value of tangible personal property in the new building or "in or on the new improvement"	D: Due to pollution control property (estimated or actual as appropriate)	E: Due to other exemptions	F: Estimated total taxable value for I&S: (A+B+C)-(D+E)	G: Estimated total taxable value for M&O: (Column F amount with the limitation value in years 3 - 10)
	pre-year 1'	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	1	\$ -	\$ 25,000,000.00	\$ -	\$ -	\$ -	\$ 25,000,000	\$ 25,000,000
	2	\$ -	\$ 169,952,000.00	\$ 75,000.00	\$ -	\$ -	\$ 170,027,000	\$ 170,027,000
	3	\$ -	\$ 161,357,500.00	\$ 71,250.00	\$ -	\$ -	\$ 161,428,750	\$ 10,000,000.00
	4	\$ -	\$ 153,221,938.00	\$ 67,688.00	\$ -	\$ -	\$ 153,289,626	\$ 10,000,000.00
	5	\$ -	\$ 145,496,538.00	\$ 64,303.00	\$ -	\$ -	\$ 145,560,841	\$ 10,000,000.00
	6	\$ -	\$ 138,160,623.00	\$ 61,088.00	\$ -	\$ -	\$ 138,221,711	\$ 10,000,000.00
	7	\$ -	\$ 131,194,558.00	\$ 58,034.00	\$ -	\$ -	\$ 131,252,592	\$ 10,000,000.00
	8	\$ -	\$ 124,579,698.00	\$ 55,132.00	\$ -	\$ -	\$ 124,634,830	\$ 10,000,000.00
	9	\$ -	\$ 118,293,338.00	\$ 52,375.00	\$ -	\$ -	\$ 118,345,713	\$ 10,000,000.00
	10	\$ -	\$ 112,333,665.00	\$ 49,757.00	\$ -	\$ -	\$ 112,383,422	\$ 10,000,000.00
	11	\$ -	\$ 106,669,713.00	\$ 47,269.00	\$ -	\$ -	\$ 106,716,982	\$ 10,000,000.00
	12	\$ -	\$ 101,292,322.00	\$ 44,905.00	\$ -	\$ -	\$ 101,337,227	\$ 101,337,227
	13	\$ -	\$ 96,184,096.00	\$ 42,660.00	\$ -	\$ -	\$ 96,226,756	\$ 96,226,756
Tax Credit Period (with 50% cap on credit)								
Credit Settle-Up Period								

This schedule must be submitted with the original application, any agreement addendum, any reporting of replacement property, and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

SCHEDULE C: EMPLOYMENT INFORMATION

	Year	Construction		Permanent New Jobs		Qualifying Jobs		Existing Jobs
		Number of Construction FTE's or man-hours (specify below are FTE)	Average wage rates for construction workers	Total number of permanent full-time new jobs created by the applicant	Average wage rate for all permanent new jobs for each year	Total number of permanent new qualifying jobs with wages greater than 110% of the county average weekly manufacturing wages*	Total number of permanent qualifying jobs meeting all criteria of Sec. 313.021(3)	
	pre-year 1	200	Hourly	1	Annual	1	1	0
	1	200		8	48,000	8	8	0
	2	0		8	48,960	8	8	0
	3	0		8	49,939	8	8	0
	4	0		8	50,938	8	8	0
	5	0		8	51,957	8	8	0
	6	0		8	52,996	8	8	0
	7	0		8	54,056	8	8	0
	8	0		8	55,137	8	8	0
	9	0		8	56,240	8	8	0
	10	0		8	57,364	8	8	0
	11	0		8	58,512	8	8	0
	12	0		8	59,682	8	8	0
	13	0		8	60,876	8	8	0
Tax Credit Period (with 50% cap on credit)								
Credit Settle-Up Period								
Value Limitation Period								
Continue to Maintain Viable Presence								

This schedule must be submitted with the original application, any agreement addendum, any reporting of replacement property, and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual employment data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

* Applicants to rural school districts that are not located in an SIA [see §313.051(a)(2)] must meet the regional wage standard described in 313.051(b).

Attachment - Project Description

Cedro Hill Wind LLC

Step 2 (A)1 In accordance with the Sec 313.024(b)(5) Texas Property Code, Cedro Hill Wind LLC is requesting value limitation on their wind turbine generator project in the eastern portion of Webb County, Texas. The project will encompass approximately 25,000 acres entirely within the boundaries of Webb CISD, most of which is already under lease from the land owners for the purpose of operating the wind farm. A detailed listing of those parcel's legal descriptions are attached below as Exhibit A. We have attached a map of the project area as Exhibit B.

Value limitation is requested on all wind turbines, towers, foundations, roadways, buildings, and offices, related personal property, project transmission line(s) and interconnection(s), anemometer towers, cables, and electrical substations. The project will utilize the existing transmission line to the grid interconnection located in Webb County. The precise turbine locations are not spotted on the map attached (Exhibit B) due to ongoing wind studies, planning, discussions and negotiations with land owners, and the likelihood that locations may change before final configuration. Please see our attached letter to this affect.

Legal Description(s) – Attached as Exhibit A

Map—Attached as Exhibit B

Webb County has not, as of the date of this application, created the reinvestment zone. We do not know at the time of this application whether it is reasonable to expect the Webb County Commissioner's Court to create the zone and are therefore proceeding with plans to request Webb CISD to create the reinvestment zone.

Step 2 (A)2 Cedro Hill Wind LLC and its affiliates propose to construct and operate a 150 MW wind turbine generator project in the east portion of Webb County, Texas. At the time of this application, there are anticipated to be approximately one hundred (100) 1.5 MW GE wind turbines for the total project. All of these turbines will be located in Webb CISD with the final number of turbines being ultimately determined by the timing of the project, ongoing leasing operations and wind testing, and availability of turbines from the manufacturer(s). The civil work construction phase is expected to begin in late 2009, but could vary from this estimate due to the previously mentioned economic factors. Once begun, the construction period will continue for approximately 10 months in a single phase, with completion forecasted in the second half of 2010.

EXHIBIT -A-
Cedro Hill Wind LLC - Webb CISD

<u>ABST NUM</u>	<u>County</u>	<u>Acreage</u>	<u>Survey</u>	<u>Webb County GEOID</u>
1056	Webb	657.75	23	900-10562-001
2816	Webb	349.97	34	900-28162-001
2605	Webb	364.02	34	900-26052-001
1083	Webb	254.08	47	900-10832-001
1083	Webb	325.47	47	900-10832-002
1083	Webb	78.84	47	900-10832-003
2238	Webb	259.72	48	900-22382-003
2238	Webb	72.50	48	900-22382-001
2238	Webb	325.38	48	900-22382-002
2606	Webb	645.03	52	900-26062-001
1337	Webb	340.30	110	
1116	Webb	757.64	231	
1044	Webb	607.64	259	900-10442-001
1137	Webb	699.28	259	900-11372-001
2607	Webb	679.37	260	900-26072-001
2239	Webb	722.81	261	900-11402-001
2239	Webb	652.16	262	900-22392-001
1355	Webb	636.15	263	900-13562-001
3303	Webb	496.12	264	900-33022-001
1142	Webb	667.78	265	900-11422-001
2134	Webb	275.54	266	
1134	Webb	562.96	267	900-11342-001
2132	Webb	616.47	268	
1135	Webb	301.21	269	900-11352-001
2994	Webb	537.87	270	900-29942-001
1136	Webb	637.49	271	900-11362-001
3161	Webb	320.00	272	900-31612-001
1424	Webb	580.07	335	900-14242-002
1424	Webb	63.92	335	900-14242-001
2902	Webb	674.57	336	900-29022-002
2837	Webb	635.63	466	900-28372-001
1983	Webb	646.23	675	900-19832-001
2241	Webb	649.18	676	900-22412-001
899	Webb	667.41	677	900-08991-001
2939	Webb	676.70	678	900-29392-001
2245	Webb	626.73	680	900-22452-001
897	Webb	684.39	681	900-08972-001
2903	Webb	582.70	682	900-29032-001
2240	Webb	393.05	708	900-22402-002
2240	Webb	247.75	708	900-22402-001
2002	Webb	43.38	710	900-20022-022
2002	Webb	24.55	710	900-20022-019
2002	Webb	43.37	710	900-20022-008
2002	Webb	46.28	710	900-20022-014
2002	Webb	22.95	710	900-20022-010
1654	Webb	23.80	719	900-16542-010

1654	Webb	50.00	719	
1654	Webb	25.04	719	900-16542-011
2836	Webb	1366.83	768	900-28362-001
923	Webb	44.91	707	900-09232-001
923	Webb	54.88	707	900-09232-010
923	Webb	54.97	707	900-09232-013
923	Webb	11.51	707	900-09232-030
923	Webb	4.50	707	900-09232-015
923	Webb	11.49	707	900-09232-014
923	Webb	54.14	707	900-09232-012
923	Webb	39.60	707	900-09232-011
923	Webb	108.21	707	900-09232-005
923	Webb	46.58	707	900-09232-004
923	Webb	20.00	707	900-09232-007
1848	Webb	648.14	1011	900-18462-001
2499	Webb	644.64	1012	900-24892-001
2232	Webb	646.16	1100	900-22322-001
3232	Webb	525.51	1102	900-32322-002
1758	Webb	33.50	2257	900-17582-007
875	Webb	17.09	2257	900-08752-007
875	Webb	7.31	2257	
1760	Webb	74.64	2259	900-17601-001
2132	Webb	63.90		900-21322-002
2147	Webb	24.29		900-21472-001
2527	Webb	21.81		900-25272-001
2948	Webb	151.84		900-29482-001
2608	Webb	165.07		900-26082-001

25,092.76

Exhibit B

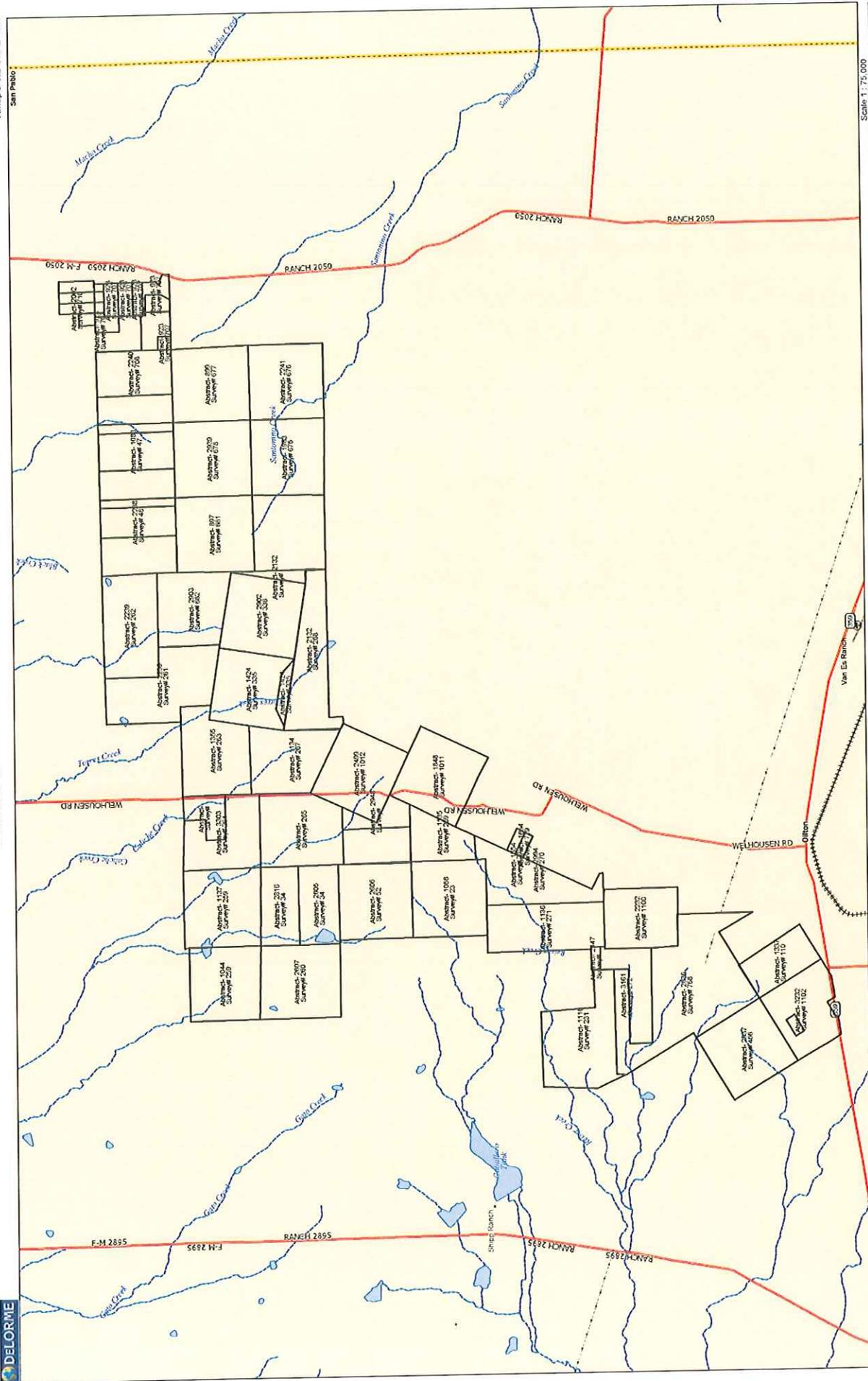


Exhibit C

Quarterly Employment and Wages (QCEW)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2008	1st Qtr	Webb County	Private	31	2	31-33	Manufacturing	\$449
2008	2nd Qtr	Webb County	Private	31	2	31-33	Manufacturing	\$460
2008	3rd Qtr	Webb County	Private	31	2	31-33	Manufacturing	\$441
2008	4th Qtr	Webb County	Private	31	2	31-33	Manufacturing	\$508

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Average Annual Wage for Webb County is 24,154. 110% of the wage is 26,569.40.
 Applicant will be paying a salary much higher than 110% of the average wage.

CUMMINGS WESTLAKE LLC

12837 Louetta Road, Suite 201 Cypress, Texas 77429-5611 713-266-4456 Fax: 713-266-2333

May 8, 2009

Mr. Gary Price
Texas Comptroller of Public Accounts
Local Gov't Assist. & Economic Development
LBJ Office Building
111 East 17th St.
Austin, TX 78744

Re: Wind Project Job Creation – Cedro Hill Wind LLC

Dear Mr. Price:

Our clients have been asked to provide background information on the creation of full-time jobs by a wind project. Wind projects create a large number of construction jobs but require a small number of highly skilled technicians to operate a wind project once commercial operations start.

The permanent employees of a wind project maintain and service wind turbines, underground electrical connections, substations, and other infrastructure associated with the safe and reliable operation of the project. Based upon a survey of our clients who are experienced developers and operators of large scale wind projects, we find that industry standard for permanent employment is approximately one full-time employee for every fifteen turbines. This number can and does vary depending upon the operator, turbine type, and the support and technical assistance (warranty) offered by the turbine manufacturer.

In addition to the onsite employees described above, there may be asset managers or technicians who supervise, monitor, and support wind project operations from offsite locations.

If you have questions, please contact me at 713-266-4456 X-2, or by email at wjackson@cwlp.net.

Sincerely,



J. Weston Jackson
Partner

CUMMINGS WESTLAKE LLC

12837 Louetta Road, Suite 201 Cypress, Texas 77429-5611 713-266-4456 Fax: 713-266-2333

May 8, 2009

Mr. Gary Price
Regional Fiscal Analysis
Texas Comptroller of Public Accounts
LBJ State Office Building, 3rd Floor
111 E. 17th Street
Austin, TX 78744

Re: Cedro Hill Wind LLC - Proposed Turbine Placement

Dear Mr. Price:

Due to the nature and current developmental stage of the subject project, at this time, we are unable to precisely pinpoint the location of the 100 turbines listed on the Chapter 313 Application for Appraised Value Limitation on Qualified Property.

However, all the property for which Cedro Hill Wind, LLC is requesting an appraised value limitation as defined by Tax Code Section 313.021(2), is wholly within the boundaries of Webb Consolidated Independent School District. The project will consist of approximately 100 GE 1.5MW wind turbine generators, towers, transformers, transmission lines, meteorological equipment to measure and test wind speed and direction, and associated ancillary equipment necessary to safely operate, maintain and transmit power to the ERCOT grid. The facility will require a relatively insubstantial amount of personal property, and will be placed within a reinvestment zone which Cedro Hill Wind LLC is requesting in the application to be created by the Webb Consolidated ISD as stated in the Attachment- Project Description Step 2 (A)1 with our application. The project boundaries will be wholly within within the reinvestment zone boundaries.

The proposed project will consist of a facility designed to use wind power to generate electricity (commonly referred to as a windfarm). The applicant expects to build the proposed project within one year. The applicant expects to commence construction on or before October 1, 2009 and to complete construction prior to the end of 2010, and expects to meet the minimum qualified investment threshold referenced in Step 2, (B) Question 3 by the end of 2010 and in any event prior to the expiration of the Qualifying Period. All of the property for which the applicant is seeking a limitation on appraised value will be owned by the applicant.

Sincerely,



J. Weston Jackson

**Temporary Addendum to Application for Appraised Value Limitation on
Qualified Property - July 2009**

The 81st Legislature passed HB 3676, which made changes to Texas Tax Code, Chapter 313¹, including more information required to be analyzed in the Comptroller's economic impact evaluation (§313.026(a)). In order to facilitate completion of the evaluation, please provide the following, including temporary supplemental schedules A, B & C to collect information needed for HB 3676. The information on this addendum and additional schedules is required pursuant to the provisions of HB 3676, 81st Legislature, effective June 19, 2009. Additionally, the Comptroller is authorized by 34 TAC § 9.1057(b) to request information from the school district or applicant that is reasonably necessary to complete the recommendation or economic impact evaluation at any time during the application review period. (Note: Should the applicant anticipate the need to keep any of the requested information in the application, addendum or supplemental schedules confidential, please read the attachment entitled 'Confidential Information submitted to the Comptroller' at the end of this addendum.)

Applicant name Cedro Hill Wind LLC

Please describe the general nature of the applicant's investment: CHW is proposing to construct, operate, and maintain a wind-powered electric generating wind farm facility on leased lands in eastern Webb County. The project is projected to be 150 MW of wind turbine generators, towers, transmission line, and substation.

Taxing entities that have jurisdiction for the property:

County Webb

Are you seeking property tax abatements or other favorable tax treatment from this entity? If so, please describe the request (typically the percentage abatement and the length of time the abatement would be in effect).

We have made application for tax abatement to Webb County seeking a 10 year abatement schedule as follows: 60% abatement per year for years one through five (1-5), and 40% abatement per year for years six through ten (6-10)

City Not Applicable

Are you seeking property tax abatements or other favorable tax treatment from this entity? If so, please describe the request (typically the percentage abatement and the length of time the abatement would be in effect).

n/a

¹ All §references are to Texas Tax Code, Chapter 313 as amended by HB 3676, 81st Legislature, unless otherwise noted.

Hospital District Not Applicable

Are you seeking property tax abatements or other favorable tax treatment from this entity? If so, please describe the request (typically the percentage abatement and the length of time the abatement would be in effect).

n/a

Other (describe) None

Other (describe) _____

Other (describe) _____

Are you seeking property tax abatements or other favorable tax treatment from any of these entities? If so, please describe the request (typically the percentage abatement and the length of time the abatement would be in effect).

n/a

Are you seeking any other state or local economic development incentives? Examples could include road or public infrastructure improvements, job training grants, loan guarantees, special financing, etc.) No If yes, please describe, attaching documentation as necessary.

The locally collected sales tax rate is: 7.25%

Will the land upon which the new building or new improvement be built be part of the qualified property described by §313.021(2)(A)? No If yes, please attach complete documentation: legal description, parcel ID, current taxable value, owner, etc.

Will the project be on leased land? Yes

If there are any other payments made in the state or economic information that you believe should be included in the economic analysis, please attach a separate schedule showing the amount for each year affected, including an explanation.

What is the anticipated date of application approval? August 30th, 2009

What is the anticipated date of beginning of the qualifying time period?
September 10, 2009

What is the approximate date the proposed facility or new improvement is expected to be fully operational? December 2010

What is the minimum required annual wage for each qualified job in this school district? [See new §§313.021(5)(A) or 313.021(5)(B) or 313.021(3)(E)(ii), or 313.051(b).]

\$29,058 (used TWC average manufacturing wage base for Webb County by taking 4th/quarter wages of 508 X 4 = 26,416 annual mfg wage X 1.10=\$29,058 Please specify

method of computation and attach documentation from TWC web site. (Note that applicants to school districts subject to Subchapter C because of demographic characteristics must meet the regional wage standard described in §313.021(b).)

What is the minimum annual wage you will be paying for each qualified job in this school district? \$45,660

What is the maximum number of qualifying jobs meeting all criteria of §313.021(3) you are committing to create? Eight (8) (Use Schedule C-3676, Column F to indicate number of qualifying jobs in specific years.)

By signing this addendum, you certify that this information is true and correct to the best of your knowledge and belief.

H. DAVID RAMM
Name of authorized company officer
[Signature]
Signature of authorized company officer

EXECUTIVE OFFICER
Title
7-28-09
Date

On behalf of Cedro Hill Wind LLC
Name of corporation/company

If you make a false statement on this application, you could be found guilty of a Class A misdemeanor or a state jail felony under Texas Penal Code §37.10.

School district official sign and date application.

By signing below, I affirm that I have been delegated the authority by the school district governing body to act on its behalf with regard to this application for a limitation on appraised value.

DAVID JONES
Name of authorized school district officer
[Signature]
Signature of authorized school district official

Superintendent of Schools
Title
8/3/09
Date

Name of school district Webb Consolidated ISD

ATTACHMENT:

Property Tax Limitation Agreement Applications Texas Government Code Chapter 313 Confidential Information submitted to the Comptroller

Generally, an application for property tax value limitation, the information provided therein, and documents submitted in support thereof, are considered public information subject to release under the Texas Public Information Act. There is an exception, outlined below, by which information will be withheld from disclosure:

The Comptroller's office will withhold information from public release if it 1) describes the specific processes or business activities to be conducted or the specific tangible personal property to be located on real property covered by the application; 2) the information has been segregated in the application from other information in the application; and 3) the party requesting confidentiality provides the Comptroller's office specific reasons, including any relevant legal authority, stating why the material is believed to be confidential. All applications and parts of applications which are not segregated and marked as confidential as outlined above will be considered public information.

Such information properly identified as confidential will be withheld from public release unless and until the governing body of the school district acts on the application or we are directed to do so by a ruling from the Attorney General. Other information in the custody of a school district or the comptroller in connection with the application, including information related to the economic impact of a project or the essential elements of eligibility under Texas Tax Code, Chapter 313, such as the nature and amount of the projected investment, employment, wages, and benefits, will not be considered confidential business information if the governing body of the school district agrees to consider the application.

All documents submitted to the Comptroller, as well as all information in the application once the school district acts thereon, are subject to public release unless specific parts of the application or documents submitted with the application are identified as confidential. Any person seeking to limit disclosure of such submitted records is advised to consult with their legal counsel regarding disclosure issues and also to take the appropriate precautions to safeguard copyrighted material, trade secrets, or any other proprietary information. The Comptroller assumes no obligation or responsibility relating to the disclosure or nondisclosure of information submitted by respondents. A person seeking to limit disclosure of information must submit in writing specific detailed reasons, including any relevant legal authority, stating why that person believes the material to be confidential.

The following outlines how the Comptroller's office will handle requests for information submitted under the Texas Public Information Act for application portions and submitted

records appropriately identified as confidential. This office shall forward the request for records and a copy of the documents at issue to the Texas Attorney General's office for an opinion on whether such information may be withheld from disclosure under the Texas Public Information Act. The Comptroller will notify the person who submitted the application/documents when the information is forwarded to the Attorney General's office. Please be aware that this Office is obligated to comply with an Attorney General's decision, including release of information ruled public even if it was marked confidential.

SCHEDULE A-3676 (Temporary - July 2009): INVESTMENT & TAXES

PROPERTY INVESTMENT AMOUNTS (\$)										TAX INFORMATION			
(Estimated investment in each year. Do not put cumulative totals.)										Column E: Total Investment (A+B+D)	Column F: Estimate of total annual expenditures* subject to state sales tax	Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax	Column H: Estimate of Franchise tax attributable to the applicant
Year	Tax Year (fill in actual tax year below)	Column A: Tangible Personal Property: the amount of new investment (original cost) placed in service during this year	Column B: Building or nonremovable component of building (annual amount only)	Column C: Sum of A and B-Qualifying Investment (during the qualifying time period)	Column D: Other investment that is not qualified investment but investment affecting economic impact and total value	Column E: Total Investment (A+B+D)	Column F: Estimate of total annual expenditures* subject to state sales tax	Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax	Column H: Estimate of Franchise tax attributable to the applicant				
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	Investment made before filing application with district (neither qualified property nor eligible to become qualified investment)	0	0	0	0	0							
	Investment made after filing application with district, but before application approval (eligible to become qualified property)	0	0	0	0	0							
Tax Credit Period (with 50% cap on credit)	Investment made after application approval and before Jan. 1 of first complete tax year of qualifying time period (qualified investment and eligible to become qualified property)	25,000,000	0	25,000,000	0	25,000,000	2,325,000	167,675,000	-				
	Complete tax years of qualifying time period	2010	144,800,000	200,000	145,000,000	0	145,000,000	8,000	-				
		2011	0	0	0	0	0	4,000	-				
		2012	0	0	0	0	0	3,000	250,000				
		2013	0	0	0	0	0	3,000	500,000				
		2014	0	0	0	0	0	3,000	500,000				
		2015	0	0	0	0	0	3,000	750,000				
		2016	0	0	0	0	0	3,000	750,000				
		2017	0	0	0	0	0	3,000	750,000				
		2018	0	0	0	0	0	3,000	750,000				
		2019	0	0	0	0	0	3,000	750,000				
		2020*	0	0	0	0	0	3,000	750,000				
		2021	0	0	0	0	0	3,000	750,000				
		2022	0	0	0	0	0	3,000	750,000				
		2023	0	0	0	0	0	3,000	750,000				
	2024	0	0	0	0	0	3,000	750,000					
Credit Settle-Up Period	Continuous to Maintain Viable Presence												
Post-Settle-Up Period													
Post-Settle-Up Period													

Column A: Qualifying Time Period usually begins with the approval of the application and extends generally for the following two complete tax years. This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment, as defined in Tax Code §313.021(1)(A)-(D). For the purposes of investment, please list amount invested each year, not cumulative totals. [For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property]. Include estimates of investment for "replacement" property-property that is part of original agreement but scheduled for probable replacement during limitation period.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings that the applicant considers qualified investment under Tax Code §313.021(1)(E). For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonremovable components of buildings.

Column D: Dollar value of other investment that may not be qualified investment but that may affect economic impact and total value. The most significant example for many projects would be land. Other examples may be items such as professional services, etc. Note: Land can be listed as part of investment during the "pre-year 1" time period. It cannot be part of qualifying investment.

* For planning, construction and operation of the facility.

Note: Information related to taxes in Columns F through H, for the year preceding the first complete year of the qualifying time period, need not be broken out by the time periods used for the requested investment information in Columns A through E. Note: For advanced clean energy projects, nuclear projects, projects with deferred qualifying time periods, and projects with lengthy application review periods, insert additional rows as needed.

The information on this schedule is required pursuant to the provisions of HB 3676, 81st Legislature, effective June 19, 2009. Additionally, the Comptroller is authorized by 34 TAC § 1.057(b) to request information from the school district or applicant that is reasonably necessary to complete the recommendation or economic impact evaluation at any time during the application review period.

2009

All figures here are to be cumulative

	Year	Qualified Property			Reductions from market value (exemptions, etc)		Estimated Taxable Value													
		Column A: Estimated Market Value of Land	Column B: Estimated Total Market Value of new buildings or other new improvements	Column C: Estimated Total Market Value of tangible personal property in the new building or "in or on the new improvement"	D: Due to pollution control property (estimated or actual as appropriate)	E: Due to other exemptions	F: Estimated total taxable value for I&S: (A+B+C)-(D+E)	G: Estimated total taxable value for M&O: (Column F amount with the limitation value in years 3-10)												
Tax Credit Period (with 50% cap on credit)	Tax Year (fill in actual tax year)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024			
Complete tax years of qualifying time period	pre-year 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
	1	0	25,000,000	-	0	0	0	0	0	0	0	0	0	0	0	0	0	0	25,000,000	
Value Limitation Period	2	0	189,925,000	75,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	170,000,000	
	3	0	161,357,500	71,250	0	0	0	0	0	0	0	0	0	0	0	0	0	0	161,428,750	
	4	0	153,221,938	67,688	0	0	0	0	0	0	0	0	0	0	0	0	0	0	153,289,625	
	5	0	145,496,588	64,303	0	0	0	0	0	0	0	0	0	0	0	0	0	0	145,560,841	
	6	0	138,160,623	61,088	0	0	0	0	0	0	0	0	0	0	0	0	0	0	138,221,711	
	7	0	131,194,558	58,084	0	0	0	0	0	0	0	0	0	0	0	0	0	0	131,252,592	
	8	0	124,579,698	55,132	0	0	0	0	0	0	0	0	0	0	0	0	0	0	124,634,830	
	9	0	118,298,338	52,375	0	0	0	0	0	0	0	0	0	0	0	0	0	0	118,350,713	
	10	0	112,833,665	49,757	0	0	0	0	0	0	0	0	0	0	0	0	0	0	112,883,421	
	Continue to Maintain Viable Presence	11	0	106,669,713	47,269	0	0	0	0	0	0	0	0	0	0	0	0	0	0	106,716,981
		12	0	101,291,322	44,905	0	0	0	0	0	0	0	0	0	0	0	0	0	0	101,336,227
		13	0	96,184,096	42,660	0	0	0	0	0	0	0	0	0	0	0	0	0	0	96,226,756
	Post-Settle-Up Period	14	0	91,334,364	40,527	0	0	0	0	0	0	0	0	0	0	0	0	0	0	91,374,891
		15	0	86,729,145	38,501	0	0	0	0	0	0	0	0	0	0	0	0	0	0	86,767,646

The information on this schedule is required pursuant to the provisions of HB 3676, 81st Legislature, effective June 19, 2009. Additionally, the Comptroller is authorized by 34 TAC § 9.1057(b) to request information from the school district or applicant that is reasonably necessary to complete the recommendation or economic impact evaluation at any time during the application review period.

SCHEDULE C-3676 (Temporary - July 2009): EMPLOYMENT INFORMATION

	Year	Tax Year (fill in actual tax year)	Existing Jobs		Construction		Permanent New Jobs		Qualifying Jobs	
			Column A: Number of permanent existing full time jobs prior to application	Column B: Number of Construction FTE's or man- hours (specify)	Column C: Average annual wage rates for construction workers	Column D: Total number of permanent full- time new jobs applicant commits to create	Column E: Average annual wage rate for all permanent new jobs for each year	Column F: Number of qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3)	Column G: Avg. annual wage of qualifying jobs	
	pre- year 1	2009	0	200	41,600	1	48,000	1	48,000	
	1	2010	0	200	41,600	8	48,000	8	48,000	
	2	2011	0	0	0	8	48,960	8	48,960	
	3	2012	0	0	0	8	49,939	8	49,939	
	4	2013	0	0	0	8	50,938	8	50,938	
	5	2014	0	0	0	8	51,957	8	51,957	
	6	2015	0	0	0	8	52,996	8	52,996	
	7	2016	0	0	0	8	54,056	8	54,056	
	8	2017	0	0	0	8	55,137	8	55,137	
	9	2018	0	0	0	8	56,240	8	56,240	
	10	2019	0	0	0	8	57,364	8	57,364	
	11	2020	0	0	0	8	58,512	8	58,512	
	12	2021	0	0	0	8	59,682	8	59,682	
	13	2022	0	0	0	8	60,876	8	60,876	
	14	2023	0	0	0	8	62,093	8	62,093	
	15	2024	0	0	0	8	63,335	8	63,335	
Tax Credit Period (with 50% cap on credit)										
		Complete tax years of qualifying time period								
		Value Limitation Period								
Credit Settle-Up Period		Continue to Maintain Viable Presence								
Post- Settle-Up Period										
Post- Settle-Up Period										

The information on this schedule is required pursuant to the provisions of HB 3676, 81st Legislature, effective June 19, 2009. Additionally, the Comptroller is authorized by 34 TAC § 9.1057(b) to request information from the school district or applicant that is reasonably necessary to complete the recommendation or economic impact evaluation at any time during the application review period.

Note: Section 313.024(d) Tax Code requires that, to be eligible for a limitation, 80 percent of all new jobs must be qualifying jobs.

Attachment B

Certificate of Account Status



TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

SUSAN COMBS • COMPTROLLER • AUSTIN, TEXAS 78774

November 30, 2009

CERTIFICATE OF ACCOUNT STATUS

THE STATE OF TEXAS
COUNTY OF TRAVIS

I, Susan Combs, Comptroller of Public Accounts of the State of Texas, DO HEREBY CERTIFY that according to the records of this office

GEDRO HILL WIND III

is, as of this date, in good standing with this office having no franchise tax report or payments due at this time. This certificate is valid through the date that the next franchise tax report will be due July 28, 2010

This certificate does not make a representation as to the status of the entity's registration, if any, with the Texas Secretary of State

This certificate is valid for the purpose of conversion when the converted entity is subject to franchise tax as required by law. This certificate is not valid for any other filing with the Texas Secretary of State

GIVEN UNDER MY HAND AND
SEAL OF OFFICE in the City of
Austin, this 30th day of
November 2009 A.D.

Susan Combs
Texas Comptroller

Taxpayer number: 32039436038
File number: 0801117218

Attachment C

State Comptroller's Recommendation

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

P.O. Box 13528 • AUSTIN, TX 78711-3528



September 9, 2009

Dr. David M. Jones
Superintendent
Webb Consolidated Independent School District
P.O. Box 206
Bruni, Texas 78344-0206

Dear Superintendent Jones:

On Aug. 3, 2009, the agency received the completed application for a limitation on appraised value originally submitted to the Webb Consolidated Independent School District (Webb CISD) by Cedro Hill Wind LLC (Cedro Hill) in May 2009, under the provisions of Tax Code Chapter 313. This letter presents the Comptroller's recommendation regarding Cedro Hill's application as required by Section 313.025(d), using the criteria set out by Section 313.026. Our review assumes the truth and accuracy of the statements in the application and that, if the application is approved, the applicant would perform according to the provisions of the agreement reached with the school district. Filing an application containing false information is a criminal offense under Texas Penal Code Chapter 37.

According to the provisions of Chapter 313, Webb CISD is currently classified as a rural school district in Category 3. The applicant properly applied under the provisions of Subchapter C, as applicable to rural school districts, and the amount of proposed qualified investment (\$170 million) is consistent with the proposed appraised value limitation sought (\$10 million). The property value limitation amount noted in this recommendation is based on property values available at the time of application and may change prior to the execution of any final agreement.

Cedro Hill is proposing the construction of wind power electricity generating facility in Webb County. Cedro Hill is an active franchise taxpayer, as required by Tax Code Section 313.024(a), and is in good standing. After reviewing the application using the criteria listed in Section 313.026, and the information provided by Cedro Hill, the Comptroller's recommendation is that Cedro Hill's application under Tax Code Chapter 313 be approved.

Our recommendation does not address whether the applicant has complied with all Chapter 313 requirements. As stated above, we prepared the recommendation by generally reviewing the application and supporting documentation in light of the Section 313.026 criteria and a cursory review of the industry standard evidence necessary to support the waiver of the required number of jobs. Chapter 313 places the responsibility to verify that all requirements of the statute have been fulfilled and that the evidence supports the finding required by Section 313.025(f-1) for the job waiver on the school district. Section 313.025 states that Webb CISD may approve the application only if it makes the following findings: that the information in the application is true and correct, the applicant is eligible for a limitation and that granting the application is in the best interest of the school district and state.

Dr. David M. Jones
September 9, 2009
Page Two

The Comptroller's recommendation is based on the final, completed application. It is contingent on the district approving an agreement within a year from the date of this letter, and is valid only for a qualifying time period starting on or before Sept. 9, 2010. As required by Comptroller Rule 9.1055 (34 T.A.C. 9.1055), a signed agreement must be forwarded to our office as soon as possible after execution. Please visit our Web site at www.window.state.tx.us/taxinfo/proptax/hb1200 to find an outline of the program and links to applicable rules and forms.

Should you have any questions, please contact Robert Wood, director of Local Government Assistance and Economic Development, by e-mail at robert.wood@cpa.state.tx.us or by phone at (800) 531-5441, ext. 3-3973, or direct in Austin at (512) 463-3973.

Sincerely,

A handwritten signature in black ink, appearing to read "Martin A. Hubert", written over a horizontal line.

Martin A. Hubert
Deputy Comptroller

cc: Robert Wood

Attachment D

Economic Analysis

Economic Impact for Chapter 313 Project

Applicant	Cedro Hill Wind LLC
Tax Code, 313.024 Eligibility Category	Renewable energy electric generation - Wind
School District	Webb Consolidated Independent School District
2007-08 Enrollment in School District	368
County	Webb
Total Investment in District	\$170,000,000
Qualified Investment	\$170,000,000
Limitation Amount	\$10,000,000
Number of total jobs committed to by applicant	8
Number of qualifying jobs committed to by applicant	8*
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$923
Minimum Weekly Wage Required Tax Code, 313.025(A)	\$510
Minimum Annual Wage committed to by applicant for qualified jobs	\$45,660
Investment per Qualifying Job	\$21,250,000
Number of Turbines	100
Megawatts	150
Start of Construction	October 2009
End of Construction	End 2010
Estimated 15 year total levy without any limit or credit:	\$14,458,862
Estimated 15 year total tax benefit/levy loss	\$9,681,017
Estimated 15 year total tax benefit (after deductions for estimated school district revenue protection--but not including any deduction for yet-to-be negotiated supplemental payments or extraordinary educational expenses):	\$9,164,766
Tax Credits Paid (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$1,435,595
Net Tax Paid After Limitation, Credits and Revenue Protection:	\$5,294,096
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	63.4%
Percentage of tax benefit due to the limitation	85.2%
Percentage of tax benefit due to the credit.	14.8%
* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).	

This presents the Comptroller's economic impact evaluation of Cedro Hill (the project) applying to Webb Consolidated Independent School District (the district), as required by Tax Code, 313.026. This evaluation is based on information provided by the applicant and examines the following criteria:

- (1) the recommendations of the comptroller;
- (2) the name of the school district;
- (3) the name of the applicant;
- (4) the general nature of the applicant's investment;
- (5) the relationship between the applicant's industry and the types of qualifying jobs to be created by the applicant to the long-term economic growth plans of this state as described in the strategic plan for economic development submitted by the Texas Strategic Economic Development Planning Commission under Section 481.033, Government Code, as that section existed before February 1, 1999;
- (6) the relative level of the applicant's investment per qualifying job to be created by the applicant;
- (7) the number of qualifying jobs to be created by the applicant;
- (8) the wages, salaries, and benefits to be offered by the applicant to qualifying job holders;
- (9) the ability of the applicant to locate or relocate in another state or another region of this state;
- (10) the impact the project will have on this state and individual local units of government, including:
 - (A) tax and other revenue gains, direct or indirect, that would be realized during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller; and
 - (B) economic effects of the project, including the impact on jobs and income, during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller;
- (11) the economic condition of the region of the state at the time the person's application is being considered;
- (12) the number of new facilities built or expanded in the region during the two years preceding the date of the application that were eligible to apply for a limitation on appraised value under this subchapter;
- (13) the effect of the applicant's proposal, if approved, on the number or size of the school district's instructional facilities, as defined by Section 46.001, Education Code;
- (14) the projected market value of the qualified property of the applicant as determined by the comptroller;
- (15) the proposed limitation on appraised value for the qualified property of the applicant;
- (16) the projected dollar amount of the taxes that would be imposed on the qualified property, for each year of the agreement, if the property does not receive a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment and projected tax rates clearly stated;
- (17) the projected dollar amount of the taxes that would be imposed on the qualified property, for each tax year of the agreement, if the property receives a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment clearly stated;
- (18) the projected effect on the Foundation School Program of payments to the district for each year of the agreement;
- (19) the projected future tax credits if the applicant also applies for school tax credits under Section 313.103; and
- (20) the total amount of taxes projected to be lost or gained by the district over the life of the agreement computed by subtracting the projected taxes stated in Subdivision (17) from the projected taxes stated in Subdivision (16).

Wages, salaries and benefits [313.026(6-8)]

After construction, the project will create eight new jobs when fully operational. All of those jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the South Texas Development Council, where Webb County is located was \$25,730 in 2007. The manufacturing wage for the most recent four quarters for Webb County is \$24,102. In addition to an annual average salary of \$48,000 each qualifying position will receive benefits such as health insurance, 401(k) which matches 50 percent up to 6 percent of annual salary, medical, paid sick leave and personal time. The project's total investment is \$170 million, resulting in a relative level of investment per qualifying job of \$21.25 million.

Ability of applicant to locate to another state and [313.026(9)]

According to Cedro Hill's application, "wind farms are currently being developed, built, and installed in numerous other states including but not limited to Colorado, Kansas, New Mexico, Oklahoma, California, and Minnesota. Within Texas at least 20 other counties currently have wind farms proposed, under development, under construction, or are currently operating with potential new sites growing yearly."

Number of new facilities in region [313.026(12)]

During the past two years, two projects applied under Chapter 313 in the South Texas Development Council Region.

Relationship of applicant's industry and jobs and Texas's economic growth plans [313.026(5)]

The Texas Economic Development Plan does not mention Renewable Energy specifically. However, one theme of the plan is attracting and fostering industries in Texas using advanced technology. Renewable energy technology is an expanding industry and the skilled workers that the project requires appear to be in line with the focus and themes of the plan. Texas identified energy as one of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the energy industry.

Economic Impact [313.026(10)(A), (10)(B), (11), (13-20)]

Table 1 depicts Cedro Hill's estimated economic impact to Texas. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller's office calculated the economic impact based on 16 years of annual investment and employment levels using software from Regional Economic Models, Inc. (REMI). The impact includes the construction period and the operating period of the project.

Table 1: Estimated Statewide Economic Impact of Investment and Employment in Cedro Hill

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2009	201	299	500	\$8,368,000	\$21,632,000	\$30,000,000
2010	208	323	531	\$8,704,000	\$26,296,000	\$35,000,000
2011	8	47	55	\$391,680	\$6,608,320	\$7,000,000
2012	8	36	44	\$399,512	\$5,600,488	\$6,000,000
2013	8	22	30	\$407,504	\$4,592,496	\$5,000,000
2014	8	13	21	\$415,656	\$3,584,344	\$4,000,000
2015	8	13	21	\$423,968	\$3,576,032	\$4,000,000
2016	8	16	24	\$432,448	\$2,567,552	\$3,000,000
2017	8	12	20	\$441,096	\$2,558,904	\$3,000,000
2018	8	18	26	\$449,920	\$3,550,080	\$4,000,000
2019	8	21	29	\$458,912	\$3,541,088	\$4,000,000
2020	8	17	25	\$468,096	\$2,531,904	\$4,000,000
2021	8	19	27	\$477,456	\$3,522,544	\$4,000,000
2022	8	21	29	\$487,008	\$3,512,992	\$4,000,000
2023	8	19	27	\$496,744	\$4,503,256	\$5,000,000
2024	8	21	29	\$506,680	\$4,493,320	\$5,000,000

Source: CPA, REMI, Cedro Hill

The statewide average ad valorem tax base for school districts in Texas was \$1.6 billion in 2008. Webb CISD's ad valorem tax base in 2008 was \$1.7 billion. The statewide average wealth per WADA was estimated at \$352,755 for fiscal 2009-2010. During that same year, Webb CISD's estimated wealth per WADA was \$2.6 million. The impact on the facilities and finances of the district are presented in Attachment 2.

Table 2 examines the estimated direct impact on ad valorem taxes to the school district and Webb County with all property tax incentives sought being granted using estimated market value from Cedro Hill's application. Cedro Hill has applied for both a value limitation under Chapter 313, Tax Code and a county tax abatement under Tax Code, Chapter 312 seeking 60 percent abatement per year for years one through five and 40 percent abatement for years six through 10. Table 3 illustrates the estimated tax impact of the Cedro Hill project on the region if all taxes are assessed.

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	Webb CISD I&S	Webb CISD M&O	Webb County	Total Taxes
			0.0339	0.8203	0.4201		
2009	\$0	\$0		\$0	\$0	\$0	\$0
2010	\$25,000,000	\$25,000,000		\$8,483	\$205,085	\$42,006	\$255,573
2011	\$170,000,000	\$170,000,000		\$57,681	\$1,394,578	\$285,637	\$1,737,896
2012	\$161,428,750	\$10,000,000		\$54,773	\$82,034	\$271,236	\$408,043
2013	\$153,289,625	\$10,000,000		\$52,011	\$82,034	\$257,560	\$391,605
2014	\$145,560,841	\$10,000,000		\$49,389	\$82,034	\$244,574	\$375,997
2015	\$138,221,711	\$10,000,000		\$46,899	\$82,034	\$348,364	\$477,297
2016	\$131,252,592	\$10,000,000		\$44,534	\$82,034	\$330,800	\$457,368
2017	\$124,634,830	\$10,000,000		\$42,289	\$82,034	\$314,121	\$438,443
2018	\$118,350,713	\$10,000,000		\$40,156	\$82,034	\$298,283	\$420,473
2019	\$112,383,421	\$10,000,000		\$38,132	\$82,034	\$283,243	\$403,409
2020	\$106,716,981	\$106,716,981		\$36,209	\$875,442	\$448,270	\$1,359,921
2021	\$101,336,227	\$101,336,227		\$34,383	\$831,302	\$425,668	\$1,291,353
2022	\$96,226,756	\$96,226,756		\$32,650	\$789,387	\$404,205	\$1,226,242
2023	\$91,334,364	\$91,334,364		\$30,990	\$749,252	\$383,655	\$1,163,897
2024	\$86,729,145	\$86,729,145		\$29,427	\$711,474	\$364,310	\$1,105,211
						Total	\$11,512,728

Source: CPA, Cedro Hill

*Assumes Chapter 313 Value Limitation and County Tax Abatement (60 percent years 1-5 and 40 percent years 6-10)

¹Tax Rate per \$100 Valuation

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	Webb CISD I&S	Webb CISD M&O	Webb County	Total Taxes
			0.0339	0.8203	0.4201		
2009	\$0	\$0		\$0	\$0	\$0	\$0
2010	\$25,000,000	\$25,000,000		\$8,483	\$205,085	\$105,014	\$318,581
2011	\$170,000,000	\$170,000,000		\$57,681	\$1,394,578	\$714,094	\$2,166,353
2012	\$161,428,750	\$161,428,750		\$54,773	\$1,324,265	\$678,090	\$2,057,127
2013	\$153,289,625	\$153,289,625		\$52,011	\$1,257,496	\$643,901	\$1,953,408
2014	\$145,560,841	\$145,560,841		\$49,389	\$1,194,094	\$611,436	\$1,854,918
2015	\$138,221,711	\$138,221,711		\$46,899	\$1,133,888	\$580,607	\$1,761,394
2016	\$131,252,592	\$131,252,592		\$44,534	\$1,076,718	\$551,333	\$1,672,585
2017	\$124,634,830	\$124,634,830		\$42,289	\$1,022,429	\$523,535	\$1,588,253
2018	\$118,350,713	\$118,350,713		\$40,156	\$970,878	\$497,138	\$1,508,173
2019	\$112,383,421	\$112,383,421		\$38,132	\$921,926	\$472,072	\$1,432,130
2020	\$106,716,981	\$106,716,981		\$36,209	\$875,442	\$448,270	\$1,359,921
2021	\$101,336,227	\$101,336,227		\$34,383	\$831,302	\$425,668	\$1,291,353
2022	\$96,226,756	\$96,226,756		\$32,650	\$789,387	\$404,205	\$1,226,242
2023	\$91,334,364	\$91,334,364		\$30,990	\$749,252	\$383,655	\$1,163,897
2024	\$86,729,145	\$86,729,145		\$29,427	\$711,474	\$364,310	\$1,105,211
						Total	\$22,459,544

Source: CPA, Cedro Hill

¹Tax Rate per \$100 Valuation

Attachment 1 includes schedules A, B, and C provided by the applicant in the application. Schedule A shows proposed investment and tax expenditures. Schedule B is the projected market value of the qualified property and Schedule C contains employment information.

Attachment 2, provided by the district and reviewed by the Texas Education Agency, contains information relating to the financial impact of the proposed project on the finances of the district as well as the tax benefit of the value limitation. "Table 5" in this attachment shows the estimated 15 year total tax levy without the value limitation agreement would be \$14,458,862. The estimated gross 15 year total tax benefit, or levy loss, is \$9,681,017.

Attachment 3 is an economic overview of Webb County.

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Webb County Overview Report

Population

Total county population in 2007 for Webb County: 233,152, up 2.5 percent from 2006.
 State population increased 2.1 percent in the same time period.

Webb County was the state's 20th largest county in population in 2007 and the 33rd fastest growing county from 2006 to 2007.

Webb County population in 2007 was:

4.4 percent White	(below the state average of 47.9 percent.)
0.2 percent Black	(below the state average of 11.4 percent.)
94.7 percent Hispanic	(above the state average of 36.0 percent.)

2007 population of the largest cities and places in Webb County:

Laredo:	217,506
Rio Bravo:	5,594
El Cenizo:	3,572

Economy and Income

Employment

July 2009 total employment in Webb County: 88,503, up 1.8 percent from July 2008.
 State total employment decreased 0.6 percent during the same period.

July 2009 Webb County unemployment rate was 8.9 percent, up from 5.5 percent in July 2008.
 The statewide unemployment rate for July 2009 was 7.9 percent, up from 4.9 percent in July 2008.

July 2009 unemployment rate in the city of:

Laredo: was 8.7 percent, up from 5.7 percent in July 2008.

(Note: County and State unemployment rates are adjusted for seasonal fluctuations, but the Texas Workforce Commission City unemployment rates are not. Seasonally-adjusted unemployment rates are not comparable with unadjusted rates.)

Income

Webb County's ranking in per capita personal income in 2007: 233rd with an average per capita income of \$21,423, up 5.7 percent from 2006.

Statewide average per capita personal income was \$37,083 in 2007 up 5.5 percent from 2006.

Industry

Agricultural cash values in Webb County averaged \$46.9 million annually from 2005 to 2008. County total agricultural values in 2008 were down 5.0 percent from 2007. Major agriculture related commodities in Webb County during 2008 included:

Beef Total	Fed Beef	Horses	Hunting	Nursery
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2007 preliminary oil and gas production in Webb County: 126,516 barrels of oil and 218,281,782 Mcf of gas.
 In February 2009, there were 123 producing oil wells and 4,700 producing gas wells.

Taxes

Sales Tax - Taxable Sales

Quarterly (July through September 2008)

Taxable sales in Webb County during the third quarter of 2008: \$497,140,274, up 2.1 percent from the same quarter in 2007.

Taxable sales during the third quarter in the city of:

El Cenizo	\$144,253,	up	9.8 percent from the same quarter in 2007.
Laredo	\$492,036,031,	up	2.1 percent from the same quarter in 2007.
Rio Bravo	\$745,524,	up	23.8 percent from the same quarter in 2007.

Annual (2007)

Taxable sales in Webb County during 2007: \$2,048,336,264, up 3.4 percent from 2006.

Taxable sales during 2007 in the city of:

El Cenizo	\$577,273,	up	1.6 percent from 2006.
Laredo	\$2,027,739,463,	up	3.7 percent from 2006.
Rio Bravo	\$2,320,643,	down	10.7 percent from 2006.

"-" represent amounts subject to state sales tax values that are suppressed for confidentiality reasons.

Sales Tax - Local Sales Tax Allocations

Monthly (June 2009)

Statewide payments based on the sales activity month of June 2009: \$544,038,206, down 6.8 percent from June 2008.

Payments to all cities in Webb County based on the sales activity month of June 2009: \$2,729,103, down 10.1 percent from June 2008.

Payments based on the sales activity month of June 2009 in the city of:

El Cenizo	\$1,174,	down	4.3 percent from June 2008.
Laredo	\$2,724,169,	down	10.1 percent from June 2008.
Rio Bravo	\$3,760,	down	8.4 percent from June 2008.

Annual (2008)

Statewide payments based on the sales activity months of 2008: \$6,026,220,888; up 5.8 percent from 2007.

Payments to all cities in Webb County based on the sales activity months of 2008: \$32,256,643, up 0.6 percent from 2007.

El Cenizo	\$13,073,	up	16.9 percent from 2007.
Laredo	\$32,207,210,	up	0.6 percent from 2007.
Rio Bravo	\$36,360,	up	5.4 percent from 2007.

Property Tax

As of 2007, property values in Webb County: \$13,993,089,725, up 2.7 percent from 2006 values.

The property tax base per person in Webb County is \$60,017, below the statewide average of \$78,684.

About 17.1 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

Webb County's ranking in state expenditures by county in state fiscal year (FY) 2008: 14th. State expenditures in the county for FY 2008: \$1,117,531,841, up 28.0 percent from FY 2007.

In Webb County, 28 state agencies provide a total of 1,929 jobs and \$67,170,396 in annualized wages (as of 1st quarter 2009).

Major state agencies in the county (as of 1st quarter 2009):

- Health & Human Services Commission
- Department of Transportation
- Department of Public Safety
- Texas A & M University System
- Texas A & M International University

School Districts

Webb County had 3 school districts with 75 schools and 64,330 students in the 2007-2008 school year.

(Statewide, the average teacher salary in school year 2007-2008 was \$46,179. The percentage of students, statewide, meeting the 2008 Texas Assessment of Knowledge and Skills (TAKS) passing standard for all 2007-2008 TAKS tests was 72 percent.)

- LAREDO ISD had 25,075 students in the 2007-2008 school year. The average teacher salary was \$47,416. The percentage of students meeting the 2008 TAKS passing standard for all tests was 52 percent.
- UNITED ISD had 38,887 students in the 2007-2008 school year. The average teacher salary was \$45,778. The percentage of students meeting the 2008 TAKS passing standard for all tests was 64 percent.
- WEBB CISD had 368 students in the 2007-2008 school year. The average teacher salary was \$57,991. The percentage of students meeting the 2008 TAKS passing standard for all tests was 88 percent.

Higher Education

(Fall 2008 enrollment)

Community Colleges in Webb County:

Laredo Community College a Public Community College had 8,191 students.

Webb County is in the service area of the following:

Laredo Community College with a fall 2008 enrollment of 8,191 Students.
 Counties in the service area include Jim Hogg
 Webb
 Zapata

Institutes of Higher Education in Webb County with a fall 2008 enrollment

Texas A&M International University Public University, had 5,856 students.

References

Population uses data from the following source:
U.S. Census Bureau, as of 8/20/08

Employment uses data from the following sources:
Texas Workforce Commission, as of 8/29/09
Texas Comptroller of Public Accounts, as of 8/21/09

Income uses data from the following source:
U.S. Department of Commerce-Bureau of Economic Analysis, as of 6/11/09

Industry uses data from the following sources:
Texas AgriLife Extension Service, as of 6/29/09
Railroad Commission of Texas, as of 8/21/08

Taxable Sales uses data from the following source:
Texas Comptroller of Public Accounts, as of 6/2/09

Sales Tax Allocation uses data from the following source:
Texas Comptroller of Public Accounts, as of 8/20/09

Property Tax uses data from the following source:
Texas Comptroller of Public Accounts, as of 1/7/09

State Expenditures uses data from the following source:
Texas Comptroller of Public Accounts, as of 8/21/09

Higher Education uses data from the following source:
Texas Higher Education Coordinating Board, as of 5/14/09

School Districts uses data from the following source:
Texas Education Agency, as of 1/21/09

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TEXAS EDUCATION AGENCY

1701 North Congress Ave. ★ Austin, Texas 78701-1494 ★ 512/463-9734 ★ FAX: 512/463-9838 ★ <http://www.tea.state.tx.us>

Robert Scott
Commissioner

September 8, 2009

Mr. Robert Wood
Director, Local Government Assistance and Economic Development
Texas Comptroller of Public Accounts
Lyndon B. Johnson State Office Building
111 East 17th Street
Austin, Texas 78774

Dear Mr. Wood:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed Cedro Hill Wind, LLC, project on the number and size of school facilities in Webb Consolidated Independent School District (WCISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and conversations with the WCISD superintendent, David Jones, the TEA has found that the Cedro Hill Wind, LLC, project would not have a significant impact on the number or size of school facilities in WCISD.

Please feel free to contact Helen Daniels, director of the State Funding Division, by phone at (512) 463-9268 or by email at helen.daniels@tea.state.tx.us if you need further information regarding this issue.

Sincerely,

Belinda Dyer
Director, Forecasting and Fiscal Analysis Division
Texas Education Agency
(512) 475-3451 (ph)
(512) 936-2313 (fax)

BD/hd



TEXAS EDUCATION AGENCY

1701 North Congress Ave. ★ Austin, Texas 78701-1494 ★ 512/463-9734 ★ FAX: 512/463-9838 ★ <http://www.tea.state.tx.us>

Robert Scott
Commissioner

September 8, 2009

Mr. Robert Wood
Director, Local Government Assistance and Economic Development
Texas Comptroller of Public Accounts
Lyndon B. Johnson State Office Building
111 East 17th Street
Austin, Texas 78774

Dear Mr. Wood:

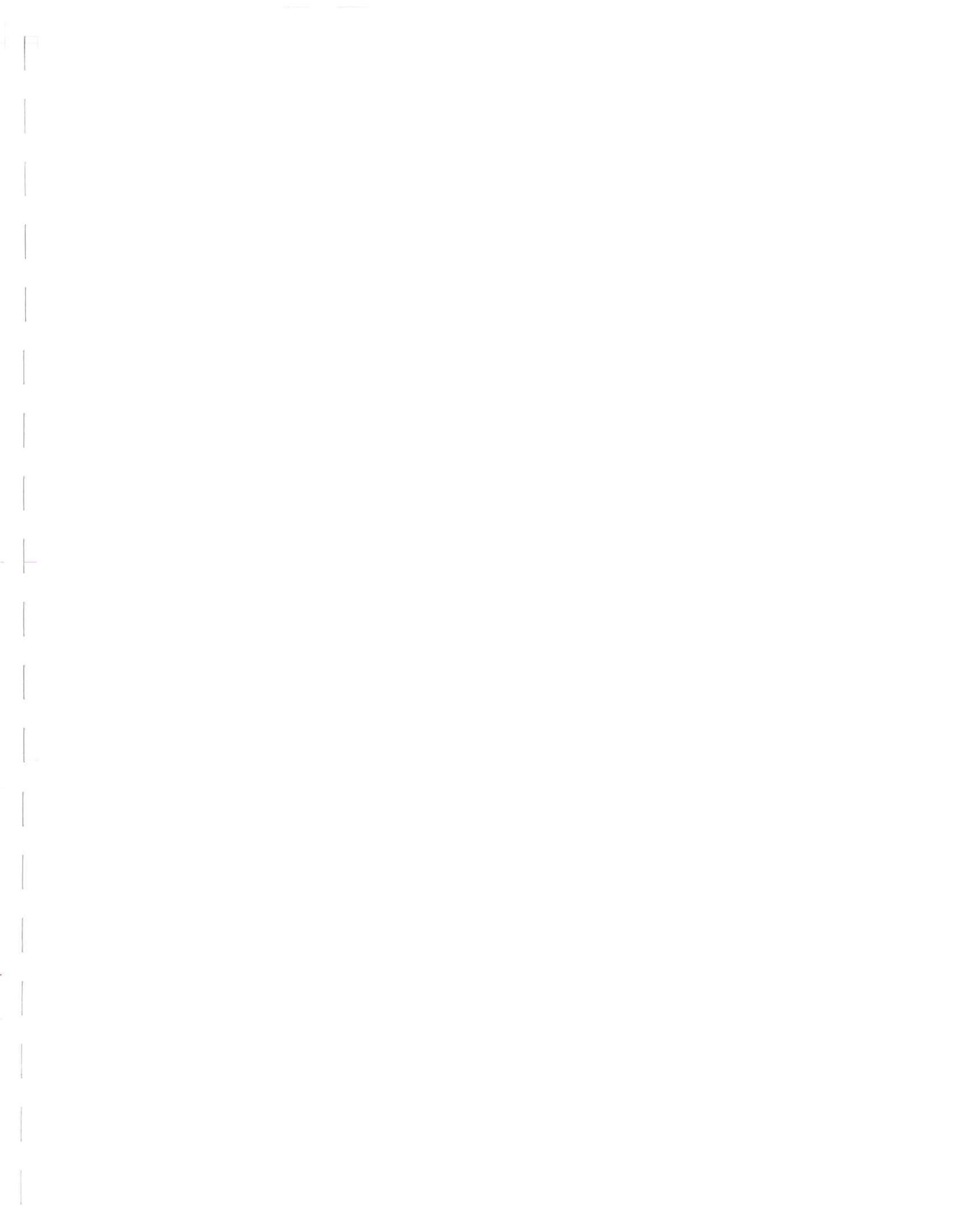
The Texas Education Agency has analyzed the revenue gains that would be realized by the proposed Cedro Hill Wind, LLC, project for the Webb Consolidated Independent School District (WCISD). Projections prepared by our Forecasting and Fiscal Analysis Division confirm the analysis that was prepared by Moak, Casey and Associates and provided to us by your division. We believe their assumptions are valid and their estimates of the impact of the Cedro Hill Wind, LLC, project on WCISD are correct.

Please feel free to contact Helen Daniels, director of the State Funding Division, by phone at (512) 463-9268 or by email at helen.daniels@tea.state.tx.us if you need further information regarding this issue.

Sincerely,

Belinda Dyer
Director, Forecasting and Fiscal Analysis Division
Texas Education Agency
(512) 475-3451 (ph)
(512) 936-2313 (fax)

BD/hd



Attachment E

Summary of Financial Impact

**SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED CEDRO
HILL WIND LLC PROJECT ON THE FINANCES OF THE WEBB
CONSOLIDATED INDEPENDENT SCHOOL DISTRICT UNDER A
REQUESTED CHAPTER 313 PROPERTY VALUE LIMITATION**

November 30, 2009

Final Report

PREPARED BY



Estimated Impact of the Proposed Cedro Hill Wind LLC Project on the Finances of the Webb Consolidated Independent School District under a Requested Chapter 313 Property Value Limitation

Introduction

Cedro Hill Wind LLC (Cedro Hill) has requested that the Webb Consolidated Independent School District (WCISD) consider granting a property value limitation under Chapter 313 of the Tax Code for a new renewable electric wind generation project. An application was submitted to WCISD on May 12, 2009. Cedro Hill proposes to invest \$170 million to construct a new wind energy project in WCISD.

The Cedro Hill project is consistent with the state's goal to "encourage large scale capital investments in this state." When enacted as House Bill 1200 in 2001, the original language in Chapter 313 of the Tax Code made companies engaged in manufacturing, research and development, and renewable electric energy production eligible to apply to school districts for property value limitations. Subsequent legislative changes expanded eligibility to clean coal projects, nuclear power generation and data centers, among others.

School Finance Mechanics

Under the provisions of Chapter 313, WCISD may offer a minimum value limitation of \$10 million. Based on the application, the qualifying time period would begin with the 2010-11 school year. The full value of the investment is expected to reach \$170 million in 2011-12, with depreciation expected to reduce the taxable value of the project over the course of the value limitation agreement.

The provisions of Chapter 313 call for the project to be fully taxable in the 2010-11 and 2011-12 school years, unless the District and the Company agree to an extension of the start of the qualifying time period. For the purpose of this analysis, it is assumed that the qualifying time period will be the 2010-11 and 2011-12 school years. Beginning in 2012-13, the project would go on the local tax roll at \$10 million and remain at that level of taxable value for eight years for maintenance and operations taxes. The full taxable value of the project could be assessed for debt service taxes on voter-approved bond issues throughout the limitation period, with WCISD currently levying a \$0.0339 I&S tax rate.

Under the current school finance system, the property values established by the Comptroller's Office that are used to calculate state aid and recapture lag by one year, a practical consequence of the fact that the Comptroller's Office needs this time to conduct their property value study and now the planned audits of appraisal district operations in alternating years. A taxpayer receiving a value limitation pays M&O taxes on the reduced value for the project in years 3-10 and receives a tax bill for I&S taxes based on the full project value throughout the qualifying and value limitation period (and thereafter). The school funding formulas use the Comptroller's property values that reflect a reduction due to the property value limitation in years 4-11 as a result of the one-year lag in property values.

For the school finance system that operated prior to the approval of House Bill 1 (HB 1) in the 2006 special session, the third year was typically problematical for a school district that approved a Chapter 313 value limitation. Based on the data provided in the application, Cedro Hill indicates that \$170 million in taxable value would be in place in the second year under the agreement. In year three (2012-13) of the agreement, the project is expected to go on the tax roll at \$10 million or, if applicable, a higher value limitation amount approved by the WCISD Board of Trustees. This difference would result in a revenue loss to the school district in the third year of the agreement that would not be reimbursed by the state, but require some type of compensation from the applicant in the revenue protection provisions of the agreement. In years 4-10, smaller revenue losses would be anticipated when the state property values are aligned at the minimum value established by the Board on both the local tax roll and the corresponding state property value study, assuming a similar deduction is made in the state property values.

HB 1 established a “target” revenue system per student that has the effect of largely neutralizing the third-year revenue losses associated with Chapter 313 property value limitations, at least up to a district’s compressed M&O tax rate. The additional four to six cents of tax effort that a district may levy are subject to an enriched level of equalization (or no recapture in the case of Chapter 41 school district) and operate more like the pre-HB 1 system. A value limitation must be analyzed for any potential revenue loss associated with this component of the M&O tax levy. For tax effort in excess of the compressed plus six cents rate, equalization and recapture occur at the level of \$319,500 per weighted student in average daily attendance (WADA).

Under HB 3646—the school finance system changes approved by the Legislature in 2009—the starting point is the target revenue provisions from HB 1, that are then expanded through the addition of a series of school funding provisions that had operated previously outside the basic allotment and the traditional formula structure, as well as an additional \$120 per WADA guarantee.

Under the provisions of HB 3646, school districts do have the potential to earn revenue above the \$120 per WADA level, up to a maximum of \$350 per WADA above current law. Initial estimates indicate that about 700 school districts are funded at the minimum \$120 per WADA level, while approximately 300 school districts are expected to generate higher revenue amounts per WADA. This is significant because changes in property values and related tax collections under a Chapter 313 agreement once again have the potential to affect a school district’s base revenue, although probably not to the degree experienced prior to the HB 1 target revenue system.

One key element in any analysis of the school finance implications is the provision for revenue protection in the agreement between the school district and the applicant. In the case of the Cedro Hill project, the agreement calls for a calculation of the revenue impact of the value limitation in years 3-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. This meets the statutory requirement under Section 313.027(f) (1) of the Tax Code to provide school district revenue protection language in the agreement.

Underlying Assumptions

There are several approaches that can be used to analyze the future revenue stream of a school district under a value limitation. Whatever method is used, a reasonable analysis requires the use of a multi-year forecasting model that covers the years in which the agreement is in effect. The Chapter 313 application now requires 15 years of data and analysis on the project being considered for a property value limitation.

The approach used here is to maintain static enrollment and property values in order to isolate the effects of the value limitation under the school finance system. While the new target revenue system appears to limit the impact of property value changes for a majority of school districts, changes in underlying property value growth have the potential to influence the revenue stream of a number of school districts.

Student enrollment counts are held constant at 303 students in average daily attendance (ADA) in analyzing the effects of the Cedro Hill project on the finances of WCISD. The District's local tax base reached \$1.68 billion for the 2009 tax year. While the district's tax base has experienced volatility in recent years due largely to changes in mineral values, the underlying \$1.68 billion taxable value for 2009-10 is maintained for the forecast period in order to isolate the effects of the property value limitation. WCISD is a property-wealthy district, with wealth per weighted ADA or WADA of approximately \$2.7 million for the 2009-10 school year. These assumptions are summarized in Table 1.

School Finance Impact

A baseline model was prepared for WCISD under the assumptions outlined above through the 2024-25 school year. Beyond the 2010-11 school year, no attempt was made to forecast the 88th percentile or Austin yield that influence future state funding. In the analyses for other districts and applicants on earlier projects, these changes appeared to have little impact on the revenue associated with the implementation of the property value limitation, since the baseline and other models incorporate the same underlying assumptions.

Under the proposed agreement, a second model is established to make a calculation of the "Baseline Revenue" by adding the value of the proposed Cedro Hill facility to the model, but without assuming that a value limitation is approved. The results of the model are shown in Table 2.

A third model is developed which adds the Cedro Hill value but imposes the proposed property value limitation effective in the third year, which in this case is the 2012-13 school year. The results of this model are identified as "Value Limitation Revenue Model" under the revenue protection provisions of the proposed agreement (see Table 3). An M&O tax rate of \$0.8203 is used throughout this analysis. This exceeds the compressed M&O rate of \$0.77 by more than four cents since it also incorporates 1.36 cents of tax effort previously approved by the District's voters.

A summary of the differences between these models is shown in Table 4. The model results show approximately \$7.7 million a year in net General Fund revenue, after recapture and other adjustments have been made.

Under these assumptions, WCISD would experience a revenue loss as a result of the implementation of the value limitation in the 2012-13 school year (-\$77,777). The revenue reduction results from the mechanics of six cents not subject to recapture, which reflect the one-year lag in value associated with the property value study. It appears that similar differences persist between the two models over the course of the agreement, in part due to deductions made in state property value study that do not sufficiently offset the reduction in M&O taxes resulting from the impact of the value limitation agreement.

One change that has been incorporated into these models is a more precise estimate of the deduction from the property value study conducted by the Comptroller's Office. At the school district level, a taxpayer benefiting from a property value limitation has two property values assigned by the local appraisal district for their property covered by the limitation: (1) a reduced value for M&O taxes, and (2) the full taxable value for I&S taxes. This situation exists for the eight years that the value limitation is in effect.

Under the property value study conducted by the Comptroller's Office, however, only a single deduction amount is calculated for a property value limitation and the same value is assigned for the M&O and I&S calculations under the school funding formulas. The contention that has been made is the language of Section 403.302(d)(10)(B) of the Government Code, which provides for deducting value associated with actions taken under Chapter 313 of the Tax Code in determining taxable value, does not permit the flexibility of establishing two state property values for the M&O and I&S components for a school districts that have granted a property value limitation.

The result of this interpretation is that a "composite" value for a school district with a Chapter 313 agreement is calculated, by averaging the impact of the value reduction across the M&O and I&S tax levies. The result of the composite deduction calculation is that the amount deducted for the value limitation from the state value study is always less than the tax benefit that has been provided for the taxpayer receiving the value limitation in school districts that levy M&O taxes.

The consequence of the lower deduction in the value study relative to the Chapter 313 reduction in the CAD values is that a school district risks not being fully compensated under the school finance funding formulas for having granted the property value limitation. Chapter 41 school districts face greater recapture costs than would have been the case if the CAD deduction and the Comptroller's Chapter 313 reduction matched.

This methodology has been incorporated into these estimates and the typical result is an increase in the hold-harmless formula amounts owed to the school district by the company that receives the value limitation. The extent to which this affects a school district's finances appears to be influenced by the scale of the value limitation reduction relative to the district's underlying tax base, as well as its I&S tax rate. There are circumstances under the composite deduction calculation where a school district may become eligible for additional state facilities support because the lower state property value is used in the formulas that determine eligible aid for the Existing Debt Allotment (EDA) and Instructional Facilities (IFA) programs, even though it is taxing for I&S purposes on a much larger tax base. Even if a school district receives additional state aid for I&S purposes, these funds must be used to lower the I&S tax rate and do not enhance a school district's revenue for operating its schools.

In the case of WCISD, the calculated lower reduction in the state property value relative to the M&O benefit to be received by the taxpayer does not appear to be substantial. In large part this results because the underlying tax base is substantially larger than the proposed project.

Impact on the Taxpayer

Table 5 summarizes the impact of the proposed property value limitation in terms of the potential tax savings under the property value limitation agreement. The focus of this table is on the M&O tax rate only. As noted previously, the property is fully taxable in the first two years under the agreement. A \$0.8203 per \$100 of taxable value M&O rate is assumed in 2009-10 and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total \$8.2 million over the life of the agreement. In addition, Cedro Hill would be eligible for a tax credit for taxes paid on value in excess of the value limitation in each of the first two years. The credit amount is paid out slowly through years 4-10 due to statutory limits on the scale of these payments over these seven years, with catch-up payments permitted in years 11-13. The tax credits are expected to total approximately \$1.4 million over the life of the agreement, with no unpaid tax credits anticipated. The key WCISD revenue losses are associated with the additional six-cent levy not subject to recapture and expected to total approximately -\$516,250 over the course of the agreement, with the school district to be reimbursed by the state for the tax credit payments. In total, the potential net tax benefits are estimated to total \$9.16 million over the life of the agreement.

Facilities Funding Impact

The Cedro Hill project remains fully taxable for debt services taxes, with WCISD currently levying a \$0.0339 I&S rate. The value of the Cedro Hill project is expected to depreciate over the life of the agreement and beyond, but full access to the additional value will add to the District's projected wealth per ADA that is currently well above what is provided for through the state's facilities program. The additional value is expected to help reduce the District's current I&S tax rate to \$0.031 per \$100 in 2011-12—about two-tenths of one cent of tax effort—with the rate reduction diminishing as the project value depreciates.

The Cedro Hill project is not expected to affect WCISD in terms of enrollment. Continued expansion of the renewable energy industry could result in additional employment in the area and an increase in the school-age population, but this project is unlikely to have much impact on a stand-alone basis.

Conclusion

The proposed Cedro Hill wind energy project enhances the tax base of WCISD. It reflects continued capital investment in renewable electric energy generation, one of the goals of Chapter 313 of the Tax Code, also known as the Texas Economic Development Act.

Under the assumptions outlined above, the potential tax benefits under a Chapter 313 agreement could reach an estimated \$9.16 million over the course of the agreement. This amount is net of any anticipated revenue losses for the District. The additional taxable value also enhances the tax base of WCISD in meeting its future debt service obligations.

Table 1 – Base District Information with Cedro Hill Wind LLC Project Value and Limitation Values

School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	CAD Value with Project	CAD Value with Limitation	CPTD with Project	CPTD With Limitation	CPTD Value with Project per WADA	CPTD Value with Limitation per WADA
2010-11	302.85	615.00	\$0.8203	\$0.0339	\$1,702,496,669	\$1,702,496,669	\$1,714,856,353	\$1,714,856,353	\$2,788,365	\$2,788,365
2011-12	302.85	615.00	\$0.8203	\$0.0339	\$1,847,496,669	\$1,847,496,669	\$1,776,941,026	\$1,776,941,026	\$2,889,315	\$2,889,315
2012-13	302.85	615.00	\$0.8203	\$0.0339	\$1,838,925,419	\$1,687,496,669	\$1,921,941,026	\$1,921,941,026	\$3,125,086	\$3,125,086
2013-14	302.85	615.00	\$0.8203	\$0.0339	\$1,830,786,294	\$1,687,496,669	\$1,913,369,776	\$1,767,955,492	\$3,111,149	\$2,874,704
2014-15	302.85	615.00	\$0.8203	\$0.0339	\$1,823,057,510	\$1,687,496,669	\$1,905,230,651	\$1,767,632,221	\$3,097,914	\$2,874,179
2015-16	302.85	615.00	\$0.8203	\$0.0339	\$1,815,718,380	\$1,687,496,669	\$1,897,501,867	\$1,767,325,248	\$3,085,347	\$2,873,679
2016-17	302.85	615.00	\$0.8203	\$0.0339	\$1,808,749,261	\$1,687,496,669	\$1,890,162,737	\$1,767,033,752	\$3,073,414	\$2,873,206
2017-18	302.85	615.00	\$0.8203	\$0.0339	\$1,802,131,499	\$1,687,496,669	\$1,883,193,618	\$1,766,756,951	\$3,062,082	\$2,872,755
2018-19	302.85	615.00	\$0.8203	\$0.0339	\$1,795,847,382	\$1,687,496,669	\$1,876,575,856	\$1,766,494,106	\$3,051,322	\$2,872,328
2019-20	302.85	615.00	\$0.8203	\$0.0339	\$1,789,880,090	\$1,687,496,669	\$1,870,291,739	\$1,766,244,513	\$3,041,104	\$2,871,922
2020-21	302.85	615.00	\$0.8203	\$0.0339	\$1,784,213,650	\$1,784,213,650	\$1,864,324,447	\$1,766,007,503	\$3,031,401	\$2,871,537
2021-22	302.85	615.00	\$0.8203	\$0.0339	\$1,778,832,896	\$1,778,832,896	\$1,858,658,007	\$1,858,658,007	\$3,022,187	\$3,022,187
2022-23	302.85	615.00	\$0.8203	\$0.0339	\$1,773,723,427	\$1,773,723,427	\$1,853,277,253	\$1,853,277,253	\$3,013,438	\$3,013,438
2023-24	302.85	615.00	\$0.8203	\$0.0339	\$1,768,871,582	\$1,768,871,582	\$1,848,167,784	\$1,848,167,784	\$3,005,130	\$3,005,130
2024-25	302.85	615.00	\$0.8203	\$0.0339	\$1,764,264,372	\$1,764,264,372	\$1,843,315,939	\$1,843,315,939	\$2,997,241	\$2,997,241

Tier II Yield: \$48.19; AISD Yield: \$59.97; Equalized Wealth: \$481,900 per WADA

Table 2– “Baseline Revenue Model”--Project Value Added with No Value Limitation

School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
2010-11	\$12,549,090	\$51,828	\$2,899,976	\$0	-\$8,718,551	\$877,874	\$0	\$0	\$7,660,217
2011-12	\$13,613,698	\$101,799	\$2,710,796	\$0	-\$9,644,754	\$952,349	\$0	\$0	\$7,733,887
2012-13	\$13,550,766	\$101,799	\$2,980,305	\$0	-\$9,851,333	\$947,947	\$0	\$0	\$7,729,485
2013-14	\$13,491,008	\$101,799	\$2,981,294	\$0	-\$9,792,563	\$943,766	\$0	\$0	\$7,725,304
2014-15	\$13,434,262	\$122,999	\$2,974,465	\$0	-\$9,750,188	\$939,796	\$0	\$0	\$7,721,334
2015-16	\$13,380,378	\$101,799	\$2,983,128	\$0	-\$9,683,767	\$936,027	\$0	\$0	\$7,717,565
2016-17	\$13,329,209	\$122,999	\$2,976,214	\$0	-\$9,646,884	\$932,447	\$0	\$0	\$7,713,985
2017-18	\$13,280,621	\$101,799	\$2,984,784	\$0	-\$9,585,667	\$929,048	\$0	\$0	\$7,710,586
2018-19	\$13,234,482	\$122,999	\$2,977,793	\$0	-\$9,553,736	\$925,821	\$0	\$0	\$7,707,359
2019-20	\$13,190,670	\$101,799	\$2,986,280	\$0	-\$9,497,211	\$922,756	\$0	\$0	\$7,704,294
2020-21	\$13,149,066	\$122,999	\$2,979,219	\$0	-\$9,469,746	\$919,846	\$0	\$0	\$7,701,384
2021-22	\$13,109,560	\$101,799	\$2,987,631	\$0	-\$9,417,452	\$917,082	\$0	\$0	\$7,698,620
2022-23	\$13,072,046	\$122,999	\$2,980,507	\$0	-\$9,394,013	\$914,458	\$0	\$0	\$7,695,996
2023-24	\$13,036,423	\$101,799	\$2,988,850	\$0	-\$9,345,534	\$911,966	\$0	\$0	\$7,693,504
2024-25	\$13,002,596	\$122,999	\$2,981,669	\$0	-\$9,325,726	\$909,599	\$0	\$0	\$7,691,137

Table 3-- "Value Limitation Revenue Model"--Project Value Added with Value Limit

School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
2010-11	\$12,549,090	\$51,828	\$2,899,976	\$0	-\$8,718,551	\$877,874	\$0	\$0	\$7,660,217
2011-12	\$13,613,698	\$101,799	\$2,710,796	\$0	-\$9,644,754	\$952,349	\$0	\$0	\$7,733,887
2012-13	\$12,438,958	\$101,799	\$3,254,429	\$0	-\$9,013,648	\$870,170	\$0	\$0	\$7,651,708
2013-14	\$12,438,958	\$101,799	\$3,008,470	\$0	-\$8,767,690	\$870,170	\$0	\$0	\$7,651,708
2014-15	\$12,438,958	\$122,999	\$3,000,149	\$0	-\$8,780,568	\$870,170	\$0	\$0	\$7,651,708
2015-16	\$12,438,958	\$101,799	\$3,007,370	\$0	-\$8,766,589	\$870,170	\$0	\$0	\$7,651,708
2016-17	\$12,438,958	\$122,999	\$2,999,109	\$0	-\$8,779,528	\$870,170	\$0	\$0	\$7,651,708
2017-18	\$12,438,958	\$101,799	\$3,006,377	\$0	-\$8,765,596	\$870,170	\$0	\$0	\$7,651,708
2018-19	\$12,438,958	\$122,999	\$2,998,170	\$0	-\$8,778,589	\$870,170	\$0	\$0	\$7,651,708
2019-20	\$12,438,958	\$101,799	\$3,005,481	\$0	-\$8,764,700	\$870,170	\$0	\$0	\$7,651,708
2020-21	\$13,149,066	\$122,999	\$2,807,612	\$0	-\$9,298,140	\$919,846	\$0	\$0	\$7,701,384
2021-22	\$13,109,560	\$101,799	\$2,987,631	\$0	-\$9,417,452	\$917,082	\$0	\$0	\$7,698,620
2022-23	\$13,072,046	\$122,999	\$2,980,507	\$0	-\$9,394,013	\$914,458	\$0	\$0	\$7,695,996
2023-24	\$13,036,423	\$101,799	\$2,988,850	\$0	-\$9,345,534	\$911,966	\$0	\$0	\$7,693,504
2024-25	\$13,002,596	\$122,999	\$2,981,669	\$0	-\$9,325,726	\$909,599	\$0	\$0	\$7,691,137

Table 4 – Value Limit less Project Value with No Limit

School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
2010-11	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2011-12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2012-13	-\$1,111,808	\$0	\$274,123	\$0	\$837,685	-\$77,777	\$0	\$0	-\$77,777
2013-14	-\$1,052,050	\$0	\$27,176	\$0	\$1,024,874	-\$73,596	\$0	\$0	-\$73,596
2014-15	-\$995,304	\$0	\$25,684	\$0	\$969,620	-\$69,627	\$0	\$0	-\$69,627
2015-16	-\$941,419	\$0	\$24,242	\$0	\$917,178	-\$65,857	\$0	\$0	-\$65,857
2016-17	-\$890,251	\$0	\$22,895	\$0	\$867,356	-\$62,278	\$0	\$0	-\$62,278
2017-18	-\$841,663	\$0	\$21,592	\$0	\$820,070	-\$58,879	\$0	\$0	-\$58,879
2018-19	-\$795,524	\$0	\$20,377	\$0	\$775,147	-\$55,651	\$0	\$0	-\$55,651
2019-20	-\$751,711	\$0	\$19,201	\$0	\$732,511	-\$52,586	\$0	\$0	-\$52,586
2020-21	\$0	\$0	-\$171,607	\$0	\$171,607	\$0	\$0	\$0	\$0
2021-22	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2022-23	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2023-24	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2024-25	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Table 5 - Estimated Financial impact of the Cedro Hill Wind LLC Project Property Value Limitation Request Submitted to Webb CISD at \$0.8203 M&O Tax Rate

School Year	Project Value	Estimated Taxable Value	Value Savings	Assumed M&O Tax Rate	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	Tax Credits for First Two Years Above Limit	Tax Benefit to Company Before Revenue Protection	School District Revenue Losses	Estimated Net Tax Benefits
2010-11	\$25,000,000	\$25,000,000	\$0	\$0.820	\$205,085	\$205,085	\$0	\$0	\$0	\$0	\$0
2011-12	\$170,000,000	\$170,000,000	\$0	\$0.820	\$1,394,578	\$1,394,578	\$0	\$0	\$0	\$0	\$0
2012-13	\$161,428,750	\$10,000,000	\$151,428,750	\$0.820	\$1,324,265	\$82,034	\$1,242,231	\$0	\$1,242,231	-\$77,777	\$1,164,454
2013-14	\$153,289,625	\$10,000,000	\$143,289,625	\$0.820	\$1,257,496	\$82,034	\$1,175,462	\$67,023	\$1,242,485	-\$73,596	\$1,168,888
2014-15	\$145,560,841	\$10,000,000	\$135,560,841	\$0.820	\$1,194,094	\$82,034	\$1,112,060	\$65,711	\$1,177,771	-\$69,627	\$1,108,145
2015-16	\$138,221,711	\$10,000,000	\$128,221,711	\$0.820	\$1,133,888	\$82,034	\$1,051,854	\$64,466	\$1,116,320	-\$65,857	\$1,050,463
2016-17	\$131,252,592	\$10,000,000	\$121,252,592	\$0.820	\$1,076,718	\$82,034	\$994,684	\$63,284	\$1,057,968	-\$62,278	\$995,690
2017-18	\$124,634,830	\$10,000,000	\$114,634,830	\$0.820	\$1,022,429	\$82,034	\$940,395	\$62,161	\$1,002,557	-\$58,879	\$943,678
2018-19	\$118,350,713	\$10,000,000	\$108,350,713	\$0.820	\$970,878	\$82,034	\$888,844	\$61,095	\$949,939	-\$55,651	\$894,288
2019-20	\$112,383,421	\$10,000,000	\$102,383,421	\$0.820	\$921,926	\$82,034	\$839,892	\$60,083	\$899,975	-\$52,586	\$847,389
2020-21	\$106,716,981	\$106,716,981	\$0	\$0.820	\$875,442	\$875,442	\$0	\$875,442	\$875,442	\$0	\$875,442
2021-22	\$101,336,227	\$101,336,227	\$0	\$0.820	\$831,302	\$831,302	\$0	\$116,329	\$116,329	\$0	\$116,329
2022-23	\$96,226,758	\$96,226,758	\$0	\$0.820	\$789,387	\$789,387	\$0	\$0	\$0	\$0	\$0
2023-24	\$91,374,913	\$91,374,913	\$0	\$0.820	\$749,585	\$749,585	\$0	\$0	\$0	\$0	\$0
2024-25	\$86,767,703	\$86,767,703	\$0	\$0.820	\$711,790	\$711,790	\$0	\$0	\$0	\$0	\$0
					\$14,458,862	\$6,213,440	\$8,245,422	\$1,435,595	\$9,681,017	-\$516,250	\$9,164,766

Tax Credit for Value Over Limit in First 2 Years

	2010	2011	Max Credits
	\$123,051	\$1,312,544	\$1,435,595
Credits Earned			\$1,435,595
Credits Paid			<u>\$1,435,595</u>
Excess Credits Unpaid			\$0

Attachment F

Taxable Value of Property

DATE: 08/28/2009
 TIME: 10:38:09

COMPTROLLER OF PUBLIC ACCOUNTS - PROPERTY TAX ASSISTANCE DIVISION
 2008 ISD SUMMARY WORKSHEET
 240/Webb
 240-904/Webb CUSD

PAGE: 001
 REPT: PTS265
 VRSN: F

CATEGORY	LOCAL TAX ROLL VALUE	2008 WTD MEAN RATIO	2008 PTD VALUE ESTIMATE	2008 VALUE ASSIGNED
A. SINGLE-FAMILY RESIDENCES	15,813,400	N/A	15,813,400	15,813,400
B. MULTIFAMILY RESIDENCES	0	N/A	0	0
C. VACANT LOTS	2,230,832	N/A	2,230,832	2,230,832
D. RURAL REAL (TAXABLE)	59,382,220	.7074	83,950,117	59,382,220
F1. COMMERCIAL REAL	2,720,820	N/A	2,720,820	2,720,820
F2. INDUSTRIAL REAL	37,560	N/A	37,560	37,560
G. OIL,GAS,MINERALS	1,459,899,402	1.0076	1,448,887,854	1,459,899,402
J. UTILITIES	60,399,010	N/A	60,399,010	60,399,010
L1. COMMERCIAL PERSONAL	5,260,825	N/A	5,260,825	5,260,825
L2. INDUSTRIAL PERSONAL	76,672,590	N/A	76,672,590	76,672,590
M. MOBILE HOMES	1,962,590	N/A	1,962,590	1,962,590
N. INTANGIBLE PERS/UNCERT	0	N/A	0	0
O. RESIDENTIAL INVENTORY	0	N/A	0	0
S. SPECIAL INVENTORY	0	N/A	0	0
SUBTOTAL	1,684,379,249		1,697,935,598	1,684,379,249
LESS TOTAL DEDUCTIONS	5,822,569		5,822,569	5,822,569
TOTAL TAXABLE VALUE	1,678,556,680		1,692,113,029	1,678,556,680 T2

CATEGORY D DETAIL	LOCAL TAX ROLL	RATIO	PTD VALUE
MARKET VALUE NON-QUALIFIED ACRES & FARM/RANCH IMP	34,254,240	.8700	39,372,690
PROD VALUE QUALIFIED ACRES	25,127,980	.5637	44,577,427
TAXABLE VALUE	59,382,220		83,950,117

THE TAXABLE VALUES SHOWN HERE WILL NOT MATCH THE VALUES REPORTED BY YOUR APPRAISAL DISTRICT
 SEE THE ISD DEDUCTION REPORT FOR A BREAKDOWN OF DEDUCTION VALUES

DATE: 08/28/2009
 TIME: 10:38:09

COMPTROLLER OF PUBLIC ACCOUNTS - PROPERTY TAX ASSISTANCE DIVISION
 2008 FINAL VALUES WORKSHEET
 240/W=bb
 240-904/Webb CISD

PAGE: 002
 REPT: PTS265
 VRSN: F

GOVERNMENT CODE SUBSECTIONS 403.302 (J) AND (K) REQUIRE THE COMPTROLLER TO CERTIFY ALTERNATIVE MEASURES OF SCHOOL DISTRICT WEALTH (T1, T3, T4, T5 AND T6) IN ADDITION TO THE TRADITIONAL MEASURE (T2). QUESTIONS ABOUT THE EXTENT TO WHICH ANY OF THESE WEALTH MEASURES AFFECT SCHOOL FUNDING SHOULD BE DIRECTED TO THE DIVISION OF STATE FUNDING AT THE TEXAS EDUCATION AGENCY, TELEPHONE #512-463-9238.

T1	T2	T3	T4	T5	T6
1,680,851,485	1,678,556,680	1,679,976,496	1,677,683,691	1,678,556,680	1,677,683,691

LOSS TO
 THE ADDITIONAL
 \$10,000 HOMESTEAD
 EXEMPTION

2,294,805

50% OF THE LOSS
 TO THE LOCAL OPTIONAL
 PERCENTAGE HOMESTEAD
 EXEMPTION

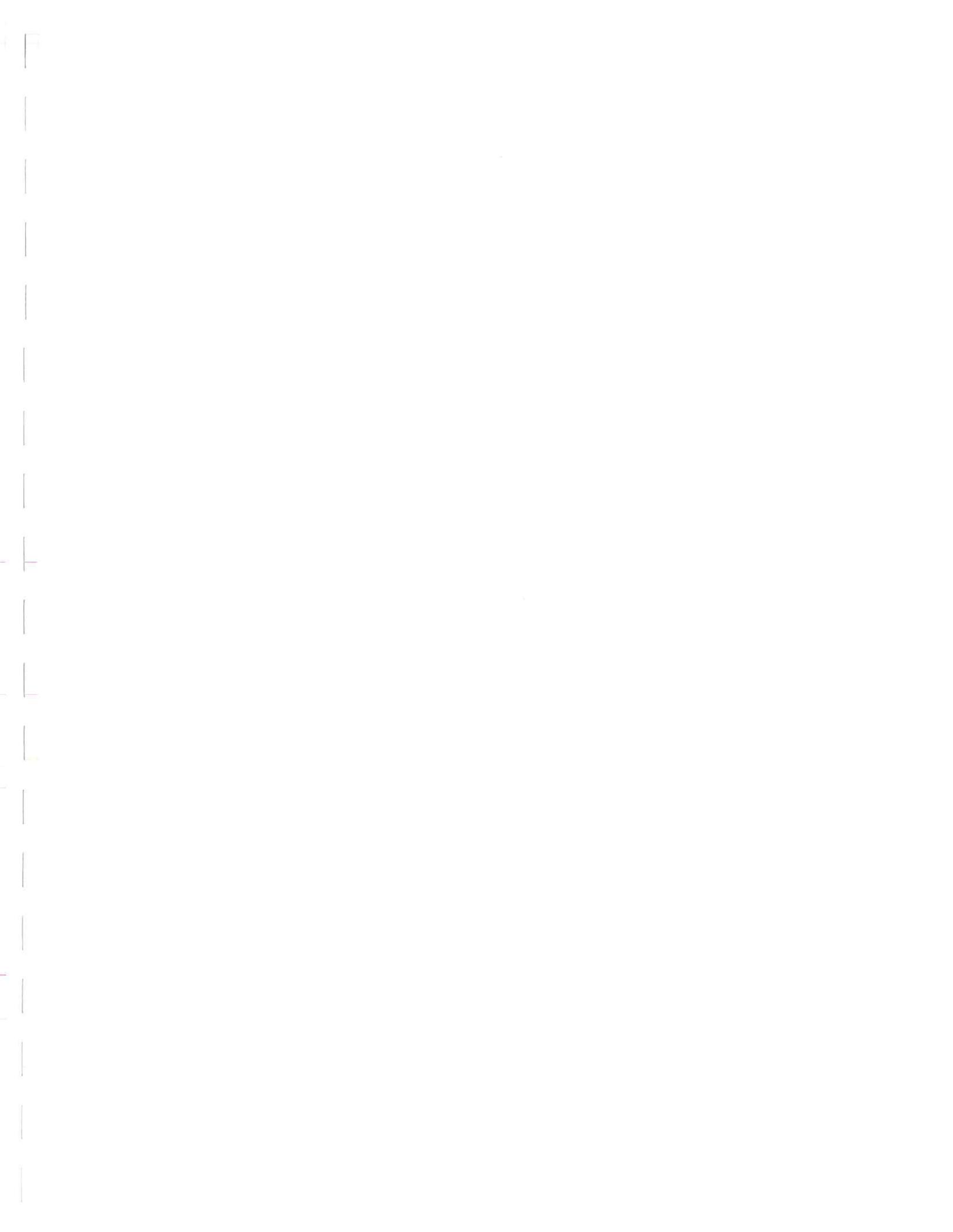
872,989

T1 = SCHOOL DISTRICT TAXABLE VALUE BEFORE THE LOSS TO THE ADDITIONAL \$10,000 HOMESTEAD EXEMPTION
 T2 = SCHOOL DISTRICT TAXABLE VALUE AFTER THE LOSS TO THE ADDITIONAL \$10,000 HOMESTEAD EXEMPTION AND THE TAX CEILING REDUCTION
 T3 = T1 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION
 T4 = T2 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION
 T5 = T2 BEFORE THE LOSS TO THE TAX CEILING REDUCTION
 T6 = T5 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION

THE TAXABLE VALUES SHOWN HERE WILL NOT MATCH THE VALUES REPORTED BY YOUR APPRAISAL DISTRICT

THE PVS FOUND YOUR LOCAL VALUE TO BE VALID, AND LOCAL VALUE WAS CERTIFIED

**** END OF REPORT ****



Attachment G

Participation Agreement

**AGREEMENT FOR LIMITATION ON APPRAISED VALUE
OF PROPERTY FOR SCHOOL DISTRICT
MAINTENANCE AND OPERATIONS TAXES**

by and between

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

and

CEDRO HILL WIND LLC

(Texas Taxpayer ID # 32039436038)

Dated

December 10, 2009

**AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR
SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES**

STATE OF TEXAS §

COUNTY OF WEBB §

THIS AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES, hereinafter referred to as this "Agreement," is executed and delivered by and between **WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**, hereinafter referred to as the "District," a lawfully created independent school district within the State of Texas operating under and subject to the Texas Education Code, and **CEDRO HILL WIND LLC**, Texas Taxpayer Identification Number 32039436038 hereinafter referred to as the "Applicant." The Applicant and the District are hereinafter sometimes referred to individually as a "Party" and collectively as the "Parties." Certain capitalized and other terms used in this Agreement shall have the meanings ascribed to them in Section 1.3.

RECITALS

WHEREAS, on May 14, 2009, the Superintendent of Schools of the Webb Consolidated Independent School District, acting as agent of the Board of Trustees of the District (the "Board of Trustees"), received from the Applicant an Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code; and,

WHEREAS, on August 3, 2009, the Superintendent of Schools of the Webb Consolidated Independent School District, acting as agent of the Board of Trustees of the District (the "Board of Trustees"), received from the Applicant the Supplemented Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code; and,

WHEREAS, the Board of Trustees has acknowledged receipt of the Application and the Supplemented Application along with the requisite application fee as established pursuant to Texas Tax Code § 313.025(a)(1) and Local District Policy CCG (Local); and,

WHEREAS, the acceptance on August 3, 2009, of such Supplemented Application for Appraised Value Limitation on Qualified Property re-set to the date of receipt the starting date for computing the 150-day deadline, as provided by Tex. Tax Code § 313.025(b), for Board action on such Application; and,

WHEREAS, the Application was delivered to the Texas Comptroller's Office for review pursuant to Texas Tax Code § 313.025(d); and,

WHEREAS, the Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code § 313.025(d) and on September 9, 2009 the Comptroller's Office, via letter, recommended that the Application be approved; and,

WHEREAS, the Texas Comptroller of Public Accounts conducted an economic impact evaluation pursuant to Chapter 313 of the Texas Tax Code; and,

WHEREAS, the Board of Trustees has reviewed the economic impact evaluation pursuant to Texas Tax Code § 313.026 and has carefully considered such evaluation; and,

WHEREAS, the Application was reviewed by the Webb County Appraisal District established in Webb County, Texas (the "Webb County Appraisal District"), pursuant to Texas Tax Code § 6.01; and,

WHEREAS, Applicant has agreed to fund a higher education scholarship trust account established by the Laredo Area Community Foundation, to provide for assistance of students and recent graduates of the District to pursue higher education opportunities a copy of which is attached hereto as Exhibit 4: and,

WHEREAS, on December 10, 2009, the Board of Trustees conducted a public hearing on the Application at which it solicited input into its deliberations on the Application from all interested parties within the District; and,

WHEREAS, on December 10, 2009, the Board of Trustees made factual findings pursuant to Texas Tax Code § 313.025(f), including, but not limited to findings that: (i) the information in the Application is true and correct; (ii) this Agreement is in the best interest of the District and the State of Texas; (iii) the Applicant is eligible for the Limitation on Appraised Value of the Applicant's Qualified Property; (iv) each criterion listed in Texas Tax Code § 313.025(e) has been met; and, (v) if the job creation requirement set forth in Texas Tax Code § 313.051(b) (*i.e.*, 10 jobs) was applied, for the size and scope of the project described in the Application and in **EXHIBIT 3**, the required number of jobs would exceed the industry standard for the number of employees reasonably necessary for the operation of the facility; and,

WHEREAS, on December 10, 2009, the Board of Trustees determined that the Tax Limitation Amount requested by Applicant, and as defined in Sections 1.2 and 1.3, below, is consistent with the minimum values set out by Tax Code, §§ 313.022(b) and 313.052, as such Tax Limitation Amount was computed for the effective date of this Agreement; and,

WHEREAS, on December 10, 2009, pursuant to the provisions of Texas Tax Code § 313.025(f-1), the Board of Trustees waived the job creation requirement set forth in Texas Tax Code § 313.051(b); and,

WHEREAS, on December 10, 2009, the Board of Trustees approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, and authorized the Board President and Secretary to execute and deliver such Agreement to the Applicant;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements herein contained, the Parties agree as follows:

ARTICLE I

AUTHORITY, TERM, DEFINITIONS, AND GENERAL PROVISIONS

Section 1.1 AUTHORITY

This Agreement is executed by the District as its written agreement with the Applicant pursuant to the provisions and authority granted to the District in Texas Tax Code § 313.027.

Section 1.2 TERM OF THE AGREEMENT

This Agreement shall commence and first become effective for the ad valorem property valuations of the Qualified Property and Qualified Investments made pursuant to this Agreement beginning with the tax appraisals to be made as of January 1, 2010, which date is referred to herein as the "Commencement Date." The Parties acknowledge that the limitation on the local ad valorem property values shall not commence until the valuations are made as of January 1, 2012, the second anniversary of the Commencement Date. These first two Tax Years that begin on the Commencement Date (*i.e.*, the 2010 and 2011 Tax Years), which together with the period from the date of approval until January 1, 2010 are collectively referred to herein as the "Qualifying Time Period," as that term is defined in Texas Tax Code § 313.021(4). Unless sooner terminated as provided herein, the limitation on the local ad valorem property values shall terminate on December 31, 2019. Except as otherwise provided herein, this Agreement will terminate, in full, on December 31, 2022. The termination of this Agreement shall not (i) release any obligations, liabilities, rights and remedies arising out of any breach of, or failure to comply with, this Agreement occurring prior to such termination, or (ii) affect the right of a Party to enforce the payment of any amount to which such Party was entitled before such termination or to which such Party became entitled as a result of an event that occurred before such termination, so long as the right to such payment survives said termination.

Except as otherwise provided herein, the Tax Years for which this Agreement is effective are as set forth below and set forth opposite each such Tax Year are the corresponding year in the term of this Agreement, the date of the Appraised Value determination for such Tax Year, and a summary description of certain provisions of this Agreement corresponding to such Tax Year (it being understood and agreed that such summary descriptions are for reference purposes only, and shall not affect in any way the meaning or interpretation of this Agreement):

Year of Agreement	Date of Appraisal	School Year	Tax Year	Summary Description of Provisions
1	January 1, 2010	2010-11	2010	No limitation on value. Tax credit in future years.
2	January 1, 2011	2011-12	2011	No limitation on value. Tax credit in future years.
3	January 1, 2012	2012-13	2012	\$ 10 million property value limitation.

Year of Agreement	Date of Appraisal	School Year	Tax Year	Summary Description of Provisions
4	January 1, 2013	2013-14	2013	\$ 10 million property value limitation. Possible tax credit due to Applicant.
5	January 1, 2014	2014-15	2014	\$ 10 million property value limitation. Possible tax credit due to Applicant.
6	January 1, 2015	2015-16	2015	\$ 10 million property value limitation. Possible tax credit due to Applicant.
7	January 1, 2016	2016-17	2016	\$ 10 million property value limitation. Possible tax credit due to Applicant.
8	January 1, 2017	2017-18	2017	\$ 10 million property value limitation. Possible tax credit due to Applicant.
9	January 1, 2018	2018-19	2018	\$ 10 million property value limitation. Possible tax credit due to Applicant.
10	January 1, 2019	2019-20	2019	\$ 10 million property value limitation. Possible tax credit due to Applicant.
11	January 1, 2020	2020-21	2020	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.
12	January 1, 2021	2021-22	2021	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.
13	January 1, 2022	2022-23	2022	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.

Section 1.3 DEFINITIONS

Wherever used herein, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning, to-wit:

“Act” means the Texas Economic Development Act set forth in Chapter 313 of the Texas Tax Code, as amended, as it existed as the date of this Agreement.

“Affiliate” means any entity that directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with the Applicant. For purposes of this definition, control of an entity means (i) the ownership, directly or indirectly, of fifty (50) percent or more of the voting rights in a company or other legal entity or (ii) the right to direct the management or operation of such entity whether by ownership (directly or indirectly) of securities, by contract or otherwise.

“Affiliated Group” means a group of one or more entities in which a controlling interest is owned by a common owner or owners, either corporate or non-corporate, or by one or more of the member entities.

“Agreement” means this Agreement, as the same may be modified, amended, restated, amended and restated, or supplemented from time to time in accordance with Section 6.3.

“Applicant” means Cedro Hill Wind LLC, (*Texas Taxpayer ID # 32039436038*), the company listed in the Preamble of this Agreement who, on May 14, 2009, filed the Original Application and on August 3, 2009 filed a Supplemental Application with the District for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The term “Applicant” shall also include the Applicant’s assigns and successors-in-interest.

“Appraised Value” shall have the meaning assigned to such term in Section 1.04(8) of the Texas Tax Code.

“Applicable School Finance Law” means Chapters 41 and 42 of the Texas Education Code, the Texas Economic Development Act (Chapter 313 of the Texas Tax Code), Chapter 403, Subchapter M, of the Texas Government Code applicable to the District, and the Constitution and general laws of the State applicable to the independent school districts of the State, including specifically, the applicable rules and regulations of the agencies of the State having jurisdiction over any matters relating to the public school systems and school districts of the State, and judicial decisions construing or interpreting any of the above. The term also includes any amendments or successor statutes that may be adopted in the future that could impact or alter the calculation of the Applicant’s ad valorem tax obligation to the District, either with or without the limitation of property values made pursuant to this Agreement.

“Application” means collectively the Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C, of the Texas Tax Code) initially filed with the District by the Applicant on May 14, 2009, and the August 3, 2009 Supplemental Application filed with the District.

“Appraisal District” means the Webb County Appraisal District.

“Comptroller” means the Texas Comptroller of Public Accounts.

“Comptroller’s Rules” means the applicable rules and regulations of the Comptroller set forth at Chapter 34 Texas Administrative Code, together with any court or administrative decisions interpreting same.

“County” means Webb County, Texas.

“District” or “School District” means the Webb Consolidated Independent School District, being a duly authorized and operating independent school district in the State, having the power to levy, assess, and collect ad valorem taxes within its boundaries and to which Subchapter C of the Act applies. The term also includes any successor independent school district or other successor governmental authority having the power to levy and collect ad valorem taxes for school purposes on the Applicant’s Qualified Property or the Applicant’s Qualified Investment.

“Force Majeure” means a failure caused by (a) provisions of law, or the operation or effect of rules, regulations or orders promulgated by any governmental authority having jurisdiction over the Applicant, the Applicant’s Qualified Property or the Applicant’s Qualified Investment or any upstream, intermediate or downstream equipment or support facilities as are necessary to the operation of the Applicant’s Qualified Property or the Applicant’s Qualified Investment; (b) any demand or requisition, arrest, order, request, directive, restraint or requirement of any government or governmental agency whether federal, state, military, local or otherwise; (c) the action, judgment or decree of any court; (d) floods, storms, hurricanes, evacuation due to threats of hurricanes, lightning, earthquakes, washouts, high water, fires, acts of God or public enemies, wars (declared or undeclared), blockades, epidemics, riots or civil disturbances, insurrections, strikes, labor disputes (it being understood that nothing contained in this Agreement shall require the Applicant to settle any such strike or labor dispute), explosions, breakdown or failure of plant, machinery, equipment, lines of pipe or electric power lines (or unplanned or forced outages or shutdowns of the foregoing for inspections, repairs or maintenance), inability to obtain, renew or extend franchises, licenses or permits, loss, interruption, curtailment or failure to obtain electricity, gas, steam, water, wastewater disposal, waste disposal or other utilities or utility services, inability to obtain or failure of suppliers to deliver equipment, parts or material, or inability of the Applicant to ship or failure of carriers to transport electricity from the Applicant’s facilities; or (e) any other cause (except financial), whether similar or dissimilar, over which the Applicant has no reasonable control and which forbids or prevents performance.

“Land” shall have the meaning assigned to such term in Section 2.2.

“Maintain Viable Presence” means the operation over the term of this Agreement of the facility or facilities for which the tax limitation is granted, as the same may from time to time be expanded, upgraded, improved, modified, changed, remodeled, repaired, restored, reconstructed, reconfigured, and/or reengineered and (ii) the retention over the term of this Agreement of not fewer than eight (8) Qualifying Jobs to be located and performed within Applicant’s entire Wind Energy Project that includes, but is not limited to, Applicant’s Qualified Property, as set forth in the Application, with the minimum salaries required by Texas Tax Code § 313.021(3)(E).

“Maintenance and Operations Revenue” or “M&O Revenue” means (i) those revenues which the District receives from the levy of its annual ad valorem maintenance and operations tax pursuant to Texas Education Code § 45.002 and Article VII § 3 of the Texas Constitution, plus (ii) all State revenues to which the District is or may be entitled under Chapter 42 of the Texas Education Code or any other statutory provision as well as any amendment or successor statute to these provisions, plus (iii) any indemnity payments received by the District under other agreements similar to this Agreement to the extent that such payments are designed to replace District M&O Revenue lost as a result of such similar agreements, less (iv) any amounts necessary to reimburse the State of Texas or another school district for the education of additional students pursuant to Chapter 41 of the Texas Education Code.

“Market Value” shall have the meaning assigned to such term in Section 1.04(7) of the Texas Tax Code.

“Qualified Investment” has the meaning set forth in Chapter 313 of the Texas Tax Code, as interpreted by the Comptroller’s Rules, as these provisions existed on the date of this Agreement, applying any specific requirements for rural school districts imposed by Subchapter C of Chapter 313 of the Texas Tax Code and by the Comptroller’s Rules.

“Qualifying job” has the meaning set forth at Section 313.021(3) of the Texas Tax Code, as it existed on the date of this Agreement, and means a permanent full-time job that: (A) requires at least 1,600 hours of work a year; (B) is not transferred from one area in this state to another area in this state; (C) is not created to replace a previous employee; (D) is covered by a group health benefit plan for which the business offers to pay at least 80 percent of the premiums or other charges assessed for employee-only coverage under the plan, regardless of whether an employee may voluntarily waive the coverage; and (E) pays at least 110 percent of the “county average weekly wage” for manufacturing jobs in the county where the job is located, as that term is defined in Section 313.021(5) of the Texas Tax Code.

“Qualified Property” has the meaning set forth in Chapter 313 of the Texas Tax Code, as interpreted by the Comptroller’s Rules and the Texas Attorney General, as these provisions existed on the date of this Agreement, applying any specific requirements for rural school districts imposed by Subchapter C of Chapter 313 of the Texas Tax Code and by the Comptroller’s Rules.

“Qualifying Time Period” means the period that begins on the date of this Agreement by the District’s Board of Trustees and ends on December 31st of the second Tax Year that begins after such date of approval, as is defined in Texas Tax Code § 313.021(4)(A).

“Revenue Protection Amount” means the amount calculated pursuant to Section 3.2 of this Agreement.

“State” means the State of Texas.

“Tax Credit” means the tax credit, either to be paid by the District to Applicant, or to be applied against any taxes that the school district imposes in Qualified Property, as computed under the provisions of Subchapter D of the Act, and rules adopted by the Comptroller and/or the Texas Education Agency, provided that Applicant complies with the requirements under such provisions, including the timely filing of a completed application under Texas Tax Code § 313.103 and the duly adopted administrative rules.

“Tax Limitation Amount” means the maximum amount which may be placed as the Appraised Value on Qualified Property/Qualified Investment for years three (3) through ten (10) of this Agreement pursuant to Texas Tax Code § 313.054. That is, for each of the eight (8) Tax Years 2012, 2013, 2014, 2015, 2016, 2017, 2018 and 2019, the Appraised Value of the Applicant’s Qualified Investment for the District’s maintenance and operations ad valorem tax purposes shall not exceed, and the Tax Limitation Amount shall be, the lesser of:

- (i) the Market Value of the Applicant’s Qualified Investment; or
- (ii) Ten Million Dollars (\$10,000,000.00).

This Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the effective date of this Agreement, as set out by Tax Code, §313.022(b) or §313.052.

“Tax Year” shall have the meaning assigned to such term in Section 1.04(13) of the Texas Tax Code (*i.e.*, the calendar year).

“Taxable Value” shall have the meaning assigned to such term in Section 1.04(10) of the Texas Tax Code.

“Texas Education Agency Rules” means the applicable rules and regulations adopted by the Texas Commissioner of Education in relation to the administration of Chapter 313, Texas Tax Code, which are set forth at Chapter 19, Texas Administrative Code, together with any court or administrative decisions interpreting same.

“Wind Energy Project” means a renewable wind energy electric generation project as defined by Tex. Tax Code § 313.024(b)(5) that enters into an agreement for a limitation on appraised value pursuant to the Texas Economic Development Act (Chapter 313 of the Texas Tax Code).

ARTICLE II

PROPERTY DESCRIPTION

Section 2.1 LOCATION WITHIN A QUALIFIED REINVESTMENT OR ENTERPRISE ZONE

The Applicant’s Qualified Property upon which the Applicant’s Qualified Investment will be located is within an area designated as a reinvestment zone under Chapter 311 or 312 of the Texas Tax Code, or as an enterprise zone under Chapter 2303 of the Texas Government Code. The legal description of the reinvestment or enterprise zone in which the Applicant’s

Qualified Property is located is attached to this Agreement as Exhibit 1 and is incorporated herein by reference for all purposes.

Section 2.2 LOCATION OF QUALIFIED PROPERTY

The location of the Applicant's Qualified Property upon which the Applicant's Qualified Investment will be located is described in the legal description which is attached to this Agreement as Exhibit 2 and is incorporated herein by reference for all purposes. The Parties expressly agree that the boundaries of the Land may not be materially changed from its configuration described in Exhibit 2 without the express authorization of each of the Parties.

Section 2.3 DESCRIPTION OF QUALIFIED INVESTMENT

The Qualified Investment and/or Qualified Property that is subject to the Tax Limitation Amount is described in Exhibit 3, which is attached hereto and incorporated herein by reference for all purposes ("Applicant's Qualified Investment"). Property which is not specifically described in Exhibit 3 shall not be considered by the District or the Appraisal District to be part of the Applicant's Qualified Investment for purposes of this Agreement, unless pursuant to Texas Tax Code § 313.027(e) and Section 8.3 of this Agreement, the Board of Trustees, by official action, provides that such other property is a part of the Applicant's Qualified Investment for purposes of this Agreement.

Section 2.4 QUALIFYING USE

The Applicant's Qualified Investment described above in Section 2.3 qualifies for a tax limitation agreement under Texas Tax Code § 313.024(b)(5) as a renewable energy generation facility.

Section 2.5 APPRAISED VALUE LIMITATION

So long as Applicant makes a Qualified Investment in the amount Ten Million Dollars (\$10,000,000.00), or greater, during the Qualifying Time Period; and unless this Agreement has been terminated as provided herein before such Tax Year, for each of the eight (8) Tax Years 2012, 2013, 2014, 2015, 2016, 2017, 2018, and 2019, the Appraised Value of the Applicant's Qualified Investment for the District's maintenance and operations ad valorem tax purposes shall not exceed the lesser of:

- (i) the Market Value of the Applicant's Qualified Investment; or
- (ii) Ten Million Dollars (\$10,000,000.00).

This Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the effective date of this Agreement, as set out by Tax Code, §313.022(b) or §313.052.

ARTICLE III

PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 3.1 INTENT OF THE PARTIES

Subject to the limitations contained in this Agreement (including Section 5.1), it is the intent of the Parties that the District shall, in addition to the receipt of payments as set forth below in Article IV of this Agreement, be compensated by the Applicant for any loss that the District incurs in its Maintenance and Operations Revenue as a result, or on account of entering into this Agreement, after taking into account any payments to be made under this Agreement, other than payments as set forth in Article IV. Subject to the limitations contained in this Agreement (including Section 5.1), it is the intent of the Parties that the risk of any negative financial consequence to the District in making the decision to enter into this Agreement will be borne by the Applicant and not by the District.

Section 3.2 CALCULATING THE AMOUNT OF LOSS OF REVENUES BY THE DISTRICT

Subject to the provisions of Sections 5.1 and 5.2, the amount to be paid by the Applicant to compensate the District for loss of Maintenance and Operations Revenue resulting from or on account of this Agreement for each year during the term of this Agreement shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula:

The M&O amount owed by the Applicant to District means the Original M&O Revenue *minus* the NewM&O Revenue;

Where:

- (i) Original M&O Revenue means the total State and local Maintenance & Operations Revenue that the District would have received for the school year under the Applicable School Finance Law had this Agreement not been entered into by the Parties and the Qualified Property and/or Qualified Investment been subject to the ad valorem maintenance & operations tax.
- (ii) New M&O Revenue means the total State and local Maintenance & Operations Revenue that the District actually received for such school year.

In making the calculations required by this Section 3.2:

- (i) The Taxable Value of property for each school year will be determined under the Applicable School Finance Law.
- (ii) For purposes of this calculation, the tax collection rate on the Applicant's Qualified Property and/or the Applicant's Qualified Investment will be presumed to be one hundred percent (100%)

- (iii) If, for any year of this Agreement, the difference between the Original M&O Revenue and the New M&O Revenue as calculated under this Section 3.2 results in a negative number, the negative number will be considered to be zero.
- (iv) All calculations made for years three (3) through ten (10) of this Agreement under Section 3.2, Subsection *ii* of this Agreement will reflect the Tax Limitation Amount for such year.
- (v) All calculations made under this Section 3.2 shall be made by a methodology which isolates only the revenue impact caused by this Agreement. Applicant shall not be responsible to reimburse the District for other revenue losses created by other agreements or any other factors.

Section 3.3 COMPENSATION FOR LOSS OF OTHER REVENUES

In addition to the amounts determined pursuant to Section 3.2 above, and to the extent provided in Section 6.3, the Applicant, on an annual basis, shall also indemnify and reimburse the District for the following:

- (i) all non-reimbursed costs it incurred by the District in paying or otherwise crediting to the account of Applicant, any applicable tax credit to which Applicant may be entitled pursuant to Chapter 313, Subchapter D of the Texas Tax Code, and for which the District does not receive reimbursement from the State pursuant to Texas Educ. Code § 42.2515, or other similar or successor statute.
- (ii) all non-reimbursed costs, certified by the District's external auditor to have been incurred by the District for extraordinary education-related expenses related to the project that are not directly funded in state aid formulas, including expenses for the purchase of portable classrooms and the hiring of additional personnel to accommodate a temporary increase in student enrollment attributable to the project.
- (iii) all non-reimbursed charges to the District which are attributable to the payment by Applicant to or on behalf any other third party beneficiary.

Section 3.4 CALCULATIONS TO BE MADE BY THIRD PARTY

All calculations under this Agreement shall be made annually by an independent third party (the "Third Party") jointly approved each year by the District and the Applicant. If the Parties cannot agree on the Third Party, then the Third Party shall be selected by the mediator provided in Section 7.8 of this Agreement.

Section 3.5 DATA USED FOR CALCULATIONS

The calculations for payments under this Agreement shall be initially based upon the valuations placed upon the Applicant's Qualified Investment and/or the Applicant's Qualified

Property by the Webb County Appraisal District in its annual certified tax roll submitted to the District pursuant to Texas Tax Code § 26.01 on or about July 25 of each year of this Agreement. Immediately upon receipt of the valuation information by the District, the District shall submit the valuation information to the Third Party selected under Section 3.4. The certified tax roll data shall form the basis of the calculation of any and all amounts due under this Agreement. All other data utilized by the Third Party to make the calculations contemplated by this Agreement shall be based upon the best available current estimates. The data utilized by the Third Party shall be adjusted from time to time by the Third Party to reflect actual amounts, subsequent adjustments by the Webb County Appraisal District to the District's certified tax roll or any other changes in student counts, tax collections, or other data.

Section 3.6 DELIVERY OF CALCULATIONS

On or before November 1 of each year for which this Agreement is effective, the Third Party appointed pursuant to Section 3.4 of this Agreement shall forward to the Parties a certification containing the calculations required under Sections 3.2 and/or 3.3 of this Agreement in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Third Party shall simultaneously submit his, her or its invoice for fees for services rendered to the Parties, if any fees are being claimed. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Third Party's offices, personnel, books, records, and correspondence pertaining to the calculation and fee for the purpose of verification. The Third Party shall maintain supporting data consistent with generally accepted accounting practices, and the employees and agents of the Applicant shall have the right to reproduce and retain for purpose of audit, any of these documents. The Third Party shall preserve all documents pertaining to the calculation and fee for a period of three (3) years after payment. The Applicant shall not be liable for any of Third Party's costs resulting from an audit of the Third Party's books, records, correspondence, or work papers pertaining to the calculations contemplated by this Agreement or the fee paid by the Applicant to the Third Party pursuant to Section 3.7, if such fee is timely paid.

Section 3.7 PAYMENT BY APPLICANT

The Applicant shall pay any amount determined to be due and owing to the District under this Agreement on or before the January 31 next following the tax levy for each year for which this Agreement is effective. By such date, the Applicant shall also pay any amount billed by the Third Party plus any legal expenses paid by the District to its attorneys, auditors, or financial consultants for the preparation and filing of any financial reports, disclosures, or tax credit or other reimbursement applications filed with or sent to the State of Texas which are, or may be required under the terms or because of the execution of this Agreement. In no year shall the Applicant be responsible for the payment of any total expenses under this Section in excess of Ten Thousand Dollars (\$10,000.00).

Section 3.8 RESOLUTION OF DISPUTES

Pursuant to Section 3.4 and Section 3.6, should the Applicant disagree with the certification containing the calculations, the Applicant may appeal the findings, in writing, to the Third Party within fifteen (15) days of receipt of the certification. Within fifteen (15) days of

receipt of the Applicant's appeal, the Third Party will issue, in writing, a final determination of the certification containing the calculations. Any appeal by the Applicant of the final determination of the Third Party may be made, in writing, to the Webb Consolidated Independent School District Board of Trustees within fifteen (15) days of the final determination.

Section 3.9 EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT

In the event that the Taxable Value of the Applicant's Qualified Investment and/or the Applicant's Qualified Property is changed after a final appeal of the valuation or is otherwise changed, once the determination of a new value becomes final, the calculations required by Sections 3.2 and 3.3 of this Agreement will be recomputed by the Third Party using the new valuations. Upon completion of the new calculations, the Third Party shall transmit the new calculations to the Parties. The Party owing funds to the other signatories to this Agreement shall pay any amounts owed within thirty (30) days of receipt of the new calculations from the Third Party.

Section 3.10 EFFECT OF STATUTORY CHANGES

Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 5.1, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by the Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, the District will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State, because of its participation in this Agreement, Applicant shall make payments to the District, up to the revenue protection amount limit set forth in Section 5.1, that are necessary to offset any negative impact on the District as a result of its participation in this Agreement. Such calculation shall take into account any adjustments to the amount calculated for the current fiscal year that should be made in order to reflect the actual impact on the District.

ARTICLE IV

SUPPLEMENTAL PAYMENTS

Section 4.1 AMOUNTS EXCLUSIVE OF INDEMNITY AMOUNTS

In addition to undertaking the responsibility for the payment of all of the amounts set forth under Article III, and as consideration for the execution of this Agreement by the District, the Applicant shall also be responsible for the Supplemental Payments set forth in this Article IV. It is the express intent of the Parties that the obligation for Supplemental Payments under this Article IV are separate and independent of the obligation of the Applicant to pay the amounts described in Article III; provided, however, that payments under Article III and IV are subject to the limitations contained in Section 5.1.

Section 4.2 SUPPLEMENTAL PAYMENTS TO THE DISTRICT

For each of year of this Agreement one (Tax Year 2010) through thirteen (Tax Year 2022) of this Agreement, the District shall be entitled to receive as Supplemental Payments an

amount equal to One Hundred Dollars (\$100.00) per Student in Average Daily Attendance (ADA) determined by Webb ISD's projected 2009-10 ADA of 319 (rounded to the nearest student). However, the payments for the first two Tax Years shall be deferred until the third Tax Year. Payments under this Section shall be due and payable in accordance with the amounts and upon the dates set forth on the following schedule:

Tax Year	Payment Due Date	Amount
2012	January 31, 2013	\$95,700.00
2013	January 31, 2014	\$31,900.00
2014	January 31, 2015	\$31,900.00
2015	January 31, 2016	\$31,900.00
2016	January 31, 2017	\$31,900.00
2017	January 31, 2018	\$31,900.00
2018	January 31, 2019	\$31,900.00
2019	January 31, 2020	\$31,900.00
2020	January 31, 2021	\$31,900.00
2021	January 31, 2022	\$31,900.00
2022	January 31, 2023	\$31,900.00

ARTICLE V

ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

Section 5.1 ANNUAL LIMITATION AFTER FIRST THREE YEARS

Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year during the term of this Agreement after the 2012 Tax Year, in no event shall (i) the sum of the maintenance and operations ad valorem taxes paid by the Applicant to the District for such Tax Year, plus the sum of all payments otherwise due from the Applicant to the District under Articles III and IV with respect to such Tax Year, exceed (ii) the amount of the maintenance and operations ad valorem taxes that the Applicant would have paid to the District for such Tax Year (determined by using the District's actual maintenance and operations tax rate for such Tax Year) if the Parties had not entered into this Agreement. The calculation and comparison of the amounts described in clauses (i) and (ii) of the preceding sentence shall be included in all calculations made pursuant to Section 3.4, and in the event the sum of the amounts described in said clause (i) exceeds the amount described in said clause (ii), then the

payments otherwise due from the Applicant to the District under Articles III and IV shall be reduced until such excess is eliminated.

Section 5.2 OPTION TO CANCEL AGREEMENT

In the event that any payment otherwise due from the Applicant to the District under Articles III and IV with respect to a Tax Year is subject to reduction in accordance with the provisions of Section 5.1 above, then the Applicant shall have the option to terminate this Agreement. The Applicant may exercise such option to cancel this Agreement by notifying the District of its election in writing not later than the July 31 of the year next following the Tax Year with respect to which a reduction under Section 5.1 is applicable. Any cancellation of this Agreement under the foregoing provisions of this Section 5.2 shall be effective immediately prior to the second Tax Year next following the Tax Year in which the reduction giving rise to the option occurred. Upon such termination this Agreement shall terminate and be of no further force or effect; provided, however, that the Parties respective rights and obligations under this Agreement with respect to the Tax Year or Tax Years (as the case may be) through and including the Tax Year during which such notification is delivered to the District, shall not be impaired or modified as a result of such termination and shall survive such termination unless and until satisfied and discharged.

ARTICLE VI

TAX CREDITS

Section 6.1 APPLICANT'S ENTITLEMENT TO TAX CREDITS

The Applicant shall be entitled to tax credits from the District under and in accordance with the provisions of Subchapter D of the Act and Comptroller Rules, provided that the Applicant complies with the requirements under such provisions, including the filing of a completed Application under Section 313.103 of the Texas Tax Code and Comptroller Rules.

Section 6.2 DISTRICT'S OBLIGATIONS WITH RESPECT TO TAX CREDITS

The District shall timely comply and shall cause the District's collector of taxes to timely comply with their obligations under Subchapter D of the Act and Comptroller Rules, including, but not limited to, such obligations set forth in Section 313.104 of the Texas Tax Code and either Comptroller and/or Texas Education Agency Rules.

Section 6.3 COMPENSATION FOR LOSS OF TAX CREDIT PROTECTION REVENUES

If after the Applicant has actually received the benefit of a tax credit under Section 6.1, the District does not receive aid from the State pursuant to Texas Education Code § 42.2515 or other similar or successor statute with respect to all or any portion of such tax credit for reasons other than the District's failure to comply with the requirements for obtaining such aid, then the District shall notify the Applicant in writing thereof and the circumstances surrounding the State's failure to provide such aid to the District. The Applicant shall pay to the District the amount of such tax credit for which the District did not receive such aid within thirty (30) calendar days after receipt of such notice, and such payment shall be subject to the same

provisions for late payment as are set forth in Section 7.5 and 7.6. If the District receives aid from the State for all or any portion of a tax credit with respect to which the Applicant has made a payment to the District under this Section 6.3, then the District shall pay to the Applicant the amount of such aid within thirty (30) calendar days after the District's receipt thereof.

ARTICLE VII

ADDITIONAL OBLIGATIONS OF APPLICANT

Section 7.1 DATA REQUESTS

During the term of this Agreement, and upon the written request of one Party (the "Requesting Party"), the other Party shall provide the Requesting Party with all information reasonably necessary for the Requesting Party to determine whether the other Party is in compliance with its obligations, including any employment obligations which may arise under this Agreement. The Applicant shall allow authorized employees of the District and/or the Webb County Appraisal District to have access to the Applicant's Qualified Property and/or business records during the term of this Agreement, in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of the Applicant's Qualified Property and any other tangible property on the premises. All inspections will be made at a mutually agreeable time after the giving of not less than forty-eight (48) hours prior written notice, and will be conducted in such a manner so as not to unreasonably interfere with either the construction or operation of the Applicant's Qualified Property. All inspections may be accompanied by one or more representatives of the Applicant, and shall be conducted in accordance with the Applicant's safety, security, and operational standards. Notwithstanding the foregoing, nothing contained in this Agreement shall require the Applicant to provide the District or the Webb County Appraisal District with any technical or business information that is private personnel data, proprietary, a trade secret or confidential in nature or is subject to a confidentiality agreement with any third party.

Section 7.2 REPORTS TO OTHER GOVERNMENTAL AGENCIES

Applicant shall timely make any and all reports that are or may be required under the provisions of law or administrative regulation, including but not limited to the annual report or certifications that may be required to be submitted by the Applicant to the Texas Comptroller of Public Accounts under the provisions of Texas Tax Code § 313.032. Applicant shall forward a copy of all such required reports or certifications to the District contemporaneously with the filing thereof. The obligation to make all such required filings shall be a material obligation under this Agreement.

Section 7.3 SUPPORT FOR DISTRICT TECHNICAL TRAINING PROGRAM

Applicant shall, during the entire course of this Agreement, provide support for the District's technical training program for the education and development of technical skills necessary for individuals seeking employment in the wind energy industry. Such support shall, at a minimum, consist of:

- (i) Conferring with the District for the purpose of identifying opportunities for employees of Applicant to participate in technical training programs operated by the District for the benefit of its students, and programs sponsored by the District;
- (ii) Disseminating technical information, at conferences with Applicant's employees to enhance the relevance of the District's training program;
- (iii) Providing a reasonable opportunity for groups of students of the District to make Applicant sponsored tours of its facilities at times convenient to Applicant and the District and consistent with Applicant's safety and security policies; and,
- (iv) Considering qualified graduates of the District's technical training program and/or graduates of programs sponsored by the District for available positions with Applicant.

Section 7.4 APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE

By entering into this Agreement, the Applicant warrants that:

- (i) it will abide by all of the terms of the Agreement;
- (ii) it will Maintain Viable Presence in the District through the termination date of this Agreement. Notwithstanding anything contained in this Agreement to the contrary, the Applicant shall not be in breach of, and shall not be subject to any liability for failure to Maintain Viable Presence to the extent such failure is caused by Force Majeure (as hereinafter defined), provided the Applicant makes commercially reasonable efforts to remedy the cause of such Force Majeure; and,
- (iii) it will meet minimum eligibility requirements under Tax Code, Chapter 313 throughout the value limitation and tax-credit settle-up periods.

Section 7.5 CONSEQUENCES OF EARLY TERMINATION OR OTHER BREACH BY APPLICANT

(a) In the event that the Applicant terminates this Agreement without the consent of the District, except as provided in Section 5.2, or in the event that the Applicant or its successor-in-interest fails to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, after the notice and cure period provided by Section 7.7, then the District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of this Agreement together with the payment of penalty and interest, as calculated in accordance with Section 7.6, on that recaptured ad valorem tax revenue. For purposes of this recapture calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III. Applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV.

(b) Notwithstanding Section 7.5(a), in the event that the District determines that the Applicant has failed to Maintain Viable Presence and provides written notice of termination of the Agreement, then the Applicant shall pay to the District liquidated damages for such failure within thirty (30) days after receipt of such termination notice. The sum of liquidated damages due and payable shall be the sum total of the District ad valorem taxes for all of the Tax Years for which a Tax Limitation was granted pursuant to this Agreement prior to the year in which the default occurs that otherwise would have been due and payable by the Applicant to the District without the benefit of this Agreement, including penalty and interest, as calculated in accordance with Section 7.6. For purposes of this liquidated damages calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III. The Applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV. Upon payment of such liquidated damages, Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy.

Section 7.6 CALCULATION OF PENALTY AND INTEREST

In determining the amount of penalty or interest, or both, due in the event of a breach of this Agreement, the District shall first determine the base amount of recaptured taxes owed less all credits under Section 7.5 for each Tax Year during the term of this Agreement since the Commencement Date. The District shall calculate penalty or interest for each Tax Year during the term of this Agreement since the Commencement Date in accordance with the methodology set forth in Chapter 33 of the Texas Tax Code, as if the base amount calculated for such Tax Year less all credits under Section 7.5 had become due and payable on February 1 of the calendar year following such Tax Year. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code § 33.01(a), or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code § 33.01(c), or its successor statute, provided, however, that no penalties shall accrue until thirty (30) days after Applicant shall have received our invoice from the District stating the amount due to the District under this Section 7.6.

Section 7.7 DETERMINATION OF BREACH

Prior to making a determination that the Applicant has failed to Maintain Viable Presence in the District as required by Section 7.4 of this Agreement, or has otherwise committed a material breach of this Agreement, the District shall provide the Applicant with a written notice of the facts which it believes have caused the material breach of this Agreement, and if cure is possible, the cure proposed by the District. After receipt of the notice, Applicant shall be given sixty (60) days to present any facts or arguments to the Board of Trustees showing that it is not in material breach of its obligations under the Agreement, or that it has cured or undertaken to cure any such material breach.

If the Board of Trustees is not satisfied with such response and/or that such breach has been cured, then the Board of Trustees shall, after reasonable notice to the Applicant, conduct a hearing called and held for the purpose of determining whether such breach has occurred and, if so, whether such breach has been cured. At any such hearing, the Applicant shall have the opportunity, together with their counsel, to be heard before the Board of Trustees. At the hearing, the Board of Trustees shall make findings as to whether or not a material breach of this

Agreement has occurred, the date such breach occurred, if any, and whether or not any such breach has been cured. In the event that the Board of Trustees determines that such a breach has occurred and has not been cured, it shall also determine the amounts of recaptured taxes under Section 7.5 (net of all credits under Section 7.5), and the amount of any penalty and/or interest under Section 7.6 that are owed to the District.

After making its determination regarding any alleged breach, the Board of Trustees shall cause the Applicant to be notified in writing of its determination.

Section 7.8 DISPUTE RESOLUTION

After receipt of notice of the Board of Trustee's determination of a material breach under Section 7.7, the Applicant shall have sixty (60) days in which either to tender payment or evidence of its efforts to cure, or to initiate mediation of the dispute by written notice to the District, in which case the District and the Applicant shall be required to make a good faith effort to resolve, without resort to litigation and within sixty (60) days after the Applicant's receipt of notice of the Board of Trustee's determination of breach under Section 7.7, such dispute through mediation with a mutually agreeable mediator and at a mutually convenient time and place for the mediation. If the Parties are unable to agree on a mediator, a mediator shall be selected by the senior state district court judge then residing in Webb County, Texas. The Parties agree to sign a document that provides the mediator and the mediation will be governed by the provisions of Chapter 154 of the Texas Civil Practice and Remedies Code and such other rules as the mediator shall prescribe. With respect to such mediation, (i) the District shall bear one-half of such mediator's fees and expenses and the Applicant shall bear one-half of such mediator's fees and expenses, and (ii) otherwise each Party shall bear all of its costs and expenses (including attorneys' fees) incurred in connection with such mediation.

In the event that any mediation is not successful in resolving the dispute or that payment is not received before the expiration of such sixty (60) days, the District shall have the remedies for the collection of the amounts determined under Section 7.7 as are set forth in Texas Tax Code Chapter 33, Subchapters B and C, for the collection of delinquent taxes. In the event that the District successfully prosecutes legal proceedings under this section, the Applicant shall also be responsible for the payment of attorney's fees and a tax lien on the Applicant's Qualified Property and the Applicant's Qualified Investment pursuant to Texas Tax Code § 33.07 to the attorneys representing the District pursuant to Texas Tax Code § 6.30.

In any event where a dispute between the District and the Applicant under this Agreement cannot be resolved by the Parties, after completing the procedures required above in this Section, either the District or the Applicant may seek a judicial declaration of their respective rights and duties under this Agreement or otherwise, in any judicial proceeding, assert any rights or defenses, or seek any remedy in law or in equity, against the other Party with respect to any claim relating to any breach, default, or nonperformance of any covenant, agreement or undertaking made by a Party pursuant to this Agreement.

Section 7.9 LIMITATION OF OTHER DAMAGES

Notwithstanding anything contained in this Agreement to the contrary, in the event of default or breach of this Agreement by the Applicant, the District's damages for such a default shall under no circumstances exceed the greater of either any amounts calculated under Sections 7.5 and 7.6 above, or the monetary sum of the difference between the payments and credits due and owing to the Applicant at the time of such default and the District taxes that would have been lawfully payable to the District had this Agreement not been executed. In addition, the District's sole right of equitable relief under this Agreement shall be its right to terminate this Agreement.

The Parties further agree that the limitation of damages and remedies set forth in this Section 7.9 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

Section 7.10 BINDING ON SUCCESSORS

In the event of a merger or consolidation of the District with another school district or other governmental authority, this Agreement shall be binding on the successor school district or other governmental authority.

Section 7.11 CONTRIBUTION TO SCHOLARSHIP TRUST ACCOUNT

Applicant hereby agrees to make annual contributions to a scholarship trust account established by the Laredo Area Community Foundation in the amount of Two Hundred and Fifty Thousand Dollars (\$250,000.00) per year for the years 2010 through 2023. The contributions to the scholarship trust account shall be made as set out in the Higher Education Scholarship Funding Agreement attached as Exhibit 4.

ARTICLE VIII

MISCELLANEOUS PROVISIONS

Section 8.1 INFORMATION AND NOTICES

Unless otherwise expressly provided in this Agreement, all notices required or permitted hereunder shall be in writing and deemed sufficiently given for all purposes hereof if (i) delivered in person, by courier (e.g., by Federal Express) or by registered or certified United States Mail to the Party to be notified, with receipt obtained, or (ii) sent by facsimile transmission, with "answer back" or other "advice of receipt" obtained, in each case to the appropriate address or number as set forth below. Each notice shall be deemed effective on receipt by the addressee as aforesaid; provided that, notice received by facsimile transmission after 5:00 p.m. at the location of the addressee of such notice shall be deemed received on the first business day following the date of such electronic receipt.

Notices to the District shall be addressed as follows:

Superintendent Dr. David Jones
WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
P O Box 206

Bruni, Texas 78344-0206
Fax (361) 747-5202

Or at such other address or to such other facsimile transmission number and to the attention of such other person as the District may designate by written notice to the Applicant.

Notices to the Applicant shall be addressed to:

Cedro Hill Wind LLC
Attn: Asset Management
18101 Von Karman Avenue, Suite 1700
Irvine, California 92612-1046
Fax (949) 474-2372

and

Cedro Hill Wind LLC
Attn: General Counsel
18101 Von Karman Avenue, Suite 1700
Irvine, California 92612-1046
Fax (949) 752-1420

or at such other address or to such other facsimile transmission number and to the attention of such other person as the Applicant may designate by written notice to the District.

Section 8.2 EFFECTIVE DATE, TERMINATION OF AGREEMENT

(a) This Agreement shall be and become effective on the date of final approval of this Agreement by the District's Board of Trustees,, the date upon which the tax limitation agreement is first made effective by the District.

(b) The obligation to Maintain Viable Presence under this Agreement shall remain in full force and effect through the termination in full date established in Section 1.2 of this Agreement.

(c) In the event that Applicant fails to make a Qualified Investment in the amount of Ten Million Dollars (\$10,000,000.00), or greater, during the Qualifying Time Period, this Agreement shall become null and void on December 31, 2011.

Section 8.3 AMENDMENTS TO AGREEMENT; WAIVERS

This Agreement may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties. Waiver of any term, condition or provision of this Agreement by any Party shall only be effective if in writing and shall not be construed as a waiver of any subsequent breach of, or failure to comply with, the same term, condition or provision, or a waiver of any other term, condition or provision of this Agreement. By official action of the Board of Trustees, this Agreement may be amended to include, in the Applicant's Qualified Investment, additional or replacement Qualified Property not specified in **EXHIBIT 3**,

provided that the Applicant reports to the District, the Comptroller, and the Appraisal District, in the same format, style, and presentation as the Application, all relevant investment, value, and employment information that is related to the additional property. Any amendment of the Agreement adding additional or replacement Qualified Property pursuant to this Section 8.3 shall, (1) require that all property added by amendment be eligible property as defined by Tax Code, §313.024; (2) clearly identify the property, investment, and employment information added by amendment from the property, investment, and employment information in the original Agreement; and (3) define minimum eligibility requirements for the recipient of limited value. This Agreement may not be amended to extend the value limitation time period beyond its eight year statutory term.

Section 8.4 ASSIGNMENT

The Applicant may assign this Agreement, or a portion of this Agreement, to an Affiliate or a new owner or lessee of all or a portion of the Applicant's Qualified Property and/or the Applicant's Qualified Investment, provided that the Applicant shall provide written notice of such assignment to the District. Upon such assignment, Applicant's assignee will be liable to the District for outstanding taxes or other obligations arising under this Agreement. A recipient of limited value under Tax Code, Chapter 313 shall notify immediately the District, the Comptroller, and the Appraisal District in writing of any change in address or other contract information for the owner of the property subject to the limitation agreement for the purposes of Tax Code §313.032. The assignee's or its reporting entity's Texas Taxpayer Identification Number shall be included in the notification.

Section 8.5 MERGER

This Agreement contains all of the terms and conditions of the understanding of the Parties relating to the subject matter hereof. All prior negotiations, discussions, correspondence, and preliminary understandings between the Parties and others relating hereto are superseded by this Agreement.

Section 8.6 MAINTENANCE OF COUNTY APPRAISAL DISTRICT RECORDS

When appraising the Applicant's Qualified Property and the Applicant's Qualified Investment subject to a limitation on Appraised Value under this Agreement, the Chief Appraiser of the Webb County Appraisal District shall determine the Market Value thereof and include both such Market Value and the appropriate value thereof under this Agreement in its appraisal records.

Section 8.7 GOVERNING LAW

This Agreement and the transactions contemplated hereby shall be governed by and interpreted in accordance with the laws of the State of Texas without giving effect to principles thereof relating to conflicts of law or rules that would direct the application of the laws of another jurisdiction. Venue in any legal proceeding shall be in Webb County, Texas.

Section 8.8 AUTHORITY TO EXECUTE AGREEMENT

Each of the Parties represents and warrants that its undersigned representative has been expressly authorized to execute this Agreement for and on behalf of such Party.

Section 8.9 SEVERABILITY

If any term, provision or condition of this Agreement, or any application thereof, is held invalid, illegal or unenforceable in any respect under any Law (as hereinafter defined), this Agreement shall be reformed to the extent necessary to conform, in each case consistent with the intention of the Parties, to such Law, and to the extent such term, provision or condition cannot be so reformed, then such term, provision or condition (or such invalid, illegal or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this Agreement, as the case may be, and the validity, legality and enforceability of the remaining terms, provisions and conditions contained herein (and any other application such term, provision or condition) shall not in any way be affected or impaired thereby. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement in an acceptable manner so as to effect the original intent of the Parties as closely as possible to the end that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 8.9, the term "Law" shall mean any applicable statute, law (including common law), ordinance, regulation, rule, ruling, order, writ, injunction, decree or other official act of or by any federal, state or local government, governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, or judicial or administrative body having jurisdiction over the matter or matters in question.

Section 8.10 PAYMENT OF EXPENSES

Except as otherwise expressly provided in this Agreement, or as covered by the application fee, each of the Parties shall pay its own costs and expenses relating to this Agreement, including, but not limited to, its costs and expenses of the negotiations leading up to this Agreement, and of its performance and compliance with this Agreement.

Section 8.11 INTERPRETATION

When a reference is made in this Agreement to a Section, Article or Exhibit, such reference shall be to a Section or Article of, or Exhibit to, this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The words "include," "includes" and "including" when used in this Agreement shall be deemed in such case to be followed by the phrase ", but not limited to,". Words used in this Agreement, regardless of the number or gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context shall require. This Agreement is the joint product of the Parties and each provision of this Agreement has been subject to the mutual consultation, negotiation and agreement of each Party and shall not be construed for or against any Party.

Section 8.12 EXECUTION OF COUNTERPARTS

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute but one and the same instrument, which may be sufficiently evidenced by one counterpart.

Section 8.13 PUBLICATION OF DOCUMENTS

The Parties acknowledge that the District is requires to publish the Application and its required schedules, or any amendment thereto; all economic analyses of the proposed project submitted to the District; the approved and executed copy of this Agreement or any amendment thereto; and each application requesting tax credits under Tex. Tax Code § 313.103, as follows:

(a) Within seven days of such document, the school district shall submit a copy to the Comptroller for Publication on the Comptroller's Internet website.

(b) District shall provide on its website a link to the location of those documents posted on the Comptroller's website.

(c) This Section does not require the Publication of information that is confidential under Tex. Tax Code § 313.028.

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 10th day of December, 2009.

CEDRO HILL WIND LLC,
a Delaware limited liability company

**WEBB CONSOLIDATED INDEPENDENT
SCHOOL DISTRICT**

By: *Robert W. Voss*
Name: ROBERT VOSS
Its: VICE PRESIDENT

By: *Enrique Cortinas*
ENRIQUE CORTINAS
President
Board of Trustees

ATTEST:
Ralph A. Moglia
RALPH MOGLIA
Secretary
Board of Trustees

EXHIBIT 1

DESCRIPTION OF QUALIFIED REINVESTMENT ZONE

The *Webb County Reinvestment Zone* was originally created on July 27, 2009 by action of the Webb County Commissioner's Court. A map of the *Webb County Reinvestment Zone* is attached as the last page of this **EXHIBIT 1**.

As a result of the action of the Webb County Commissioner's Court, the *Webb County Reinvestment Zone* includes real property within unincorporated Webb County, Texas, more specifically the following property and tracks.

EXHIBIT -A- WEBB COUNTY WIND ENERGY REINVESTMENT ZONE NO. 1

<u>Abstract Number</u>	<u>County</u>	<u>Acreage</u>	<u>Survey</u>	<u>Webb County GEO ID</u>
2240	Webb	393.05	708	900-22402-002
2238	Webb	259.72	48	900-22382-003
2238	Webb	72.50	48	900-22382-001
1083	Webb	254.08	47	900-10832-001
923	Webb	54.88	707	900-09232-010
1083	Webb	325.47	47	900-10832-002
2238	Webb	325.38	48	900-22382-002
2239	Webb	722.81	261	900-11402-001
2240	Webb	247.75	708	900-22402-001
1083	Webb	78.84	47	900-10832-003
2239	Webb	652.16	262	900-22392-001
923	Webb	54.97	707	900-09232-013
2002	Webb	43.38	710	900-20022-022
2002	Webb	43.37	710	900-20022-008
2002	Webb	46.28	710	900-20022-014
923	Webb	11.51	707	900-09232-030
923	Webb	4.50	707	900-09232-015
923	Webb	42.76	707	
2002	Webb	22.95	710	900-20022-010
923	Webb	11.49	707	900-09232-014
923	Webb	8.66	707	900-09232-017
1135	Webb	301.21	269	900-11352-001
2499	Webb	644.64	1012	900-24892-001
2994	Webb	537.87	270	900-29942-001
1116	Webb	757.62	231	
1848	Webb	648.14	1011	900-18462-001
1136	Webb	637.49	271	900-11362-001
2606	Webb	645.03	52	900-26062-001
2948	Webb	151.84		900-29482-001
1142	Webb	667.78	265	900-11422-001
3303	Webb	496.12	264	900-33022-001
2608	Webb	165.07		900-26082-001
2134	Webb	275.53	266	
1044	Webb	607.64	259	900-10442-001
2607	Webb	679.37	260	900-26072-001
1137	Webb	699.28	259	900-11372-001
2816	Webb	349.97	34	900-28162-001
2605	Webb	364.02	34	900-26052-001
1056	Webb	657.75	23	900-10562-001

I, Margie Ramirez Ibarra, County Clerk, Webb County, do hereby certify that this is a true and correct copy, as the same appears of record in my office,
 Witness my hand and seal of office on

SEP 8 2013

Margie Ramirez Ibarra
 Webb County Clerk
 By: *[Signature]*
 Deputy County Clerk



1654	Webb	23.80	719	900-16542-010
1654	Webb	50.00	719	
1654	Webb	25.04	719	900-16542-011
2902	Webb	674.57	336	900-29022-002
1424	Webb	580.07	335	900-14242-002
2241	Webb	649.18	676	900-22412-001
1355	Webb	636.15	263	900-13562-001
897	Webb	684.39	681	900-08972-001
2939	Webb	676.70	678	900-29392-001
899	Webb	667.41	677	900-08991-001
2903	Webb	582.70	682	900-29032-001
2132	Webb	63.90		900-21322-002
2132	Webb	616.46	268	
1134	Webb	562.96	267	900-11342-001
1424	Webb	63.92	335	900-14242-001
2245	Webb	626.73	680	900-22452-001
1983	Webb	646.23	675	900-19832-001
923	Webb	54.14	707	900-09232-012
923	Webb	39.60	707	900-09232-011
923	Webb	108.21	707	900-09232-005
923	Webb	46.58	707	900-09232-004
923	Webb	20.00	707	900-09232-007
3232	Webb	525.51	1102	900-32322-002
1337	Webb	340.28	110	
2837	Webb	635.63	466	900-28372-001
3161	Webb	320.00	272	900-31612-001
2836	Webb	1366.83	768	900-28362-001
2147	Webb	24.29		900-21472-001
2232	Webb	646.16	1100	900-22322-001
2527	Webb	21.81		900-25272-001
925	Webb	18.26	709	900-09252-006
2002	Webb	4.99	710	900-20022-004
925	Webb	30.59	709	900-09252-005
2002	Webb	8.15	710	900-20022-003
923	Webb	15.51	707	900-09232-026
923	Webb	38.74	707	900-09232-016
923	Webb	45.00	707	900-09232-001

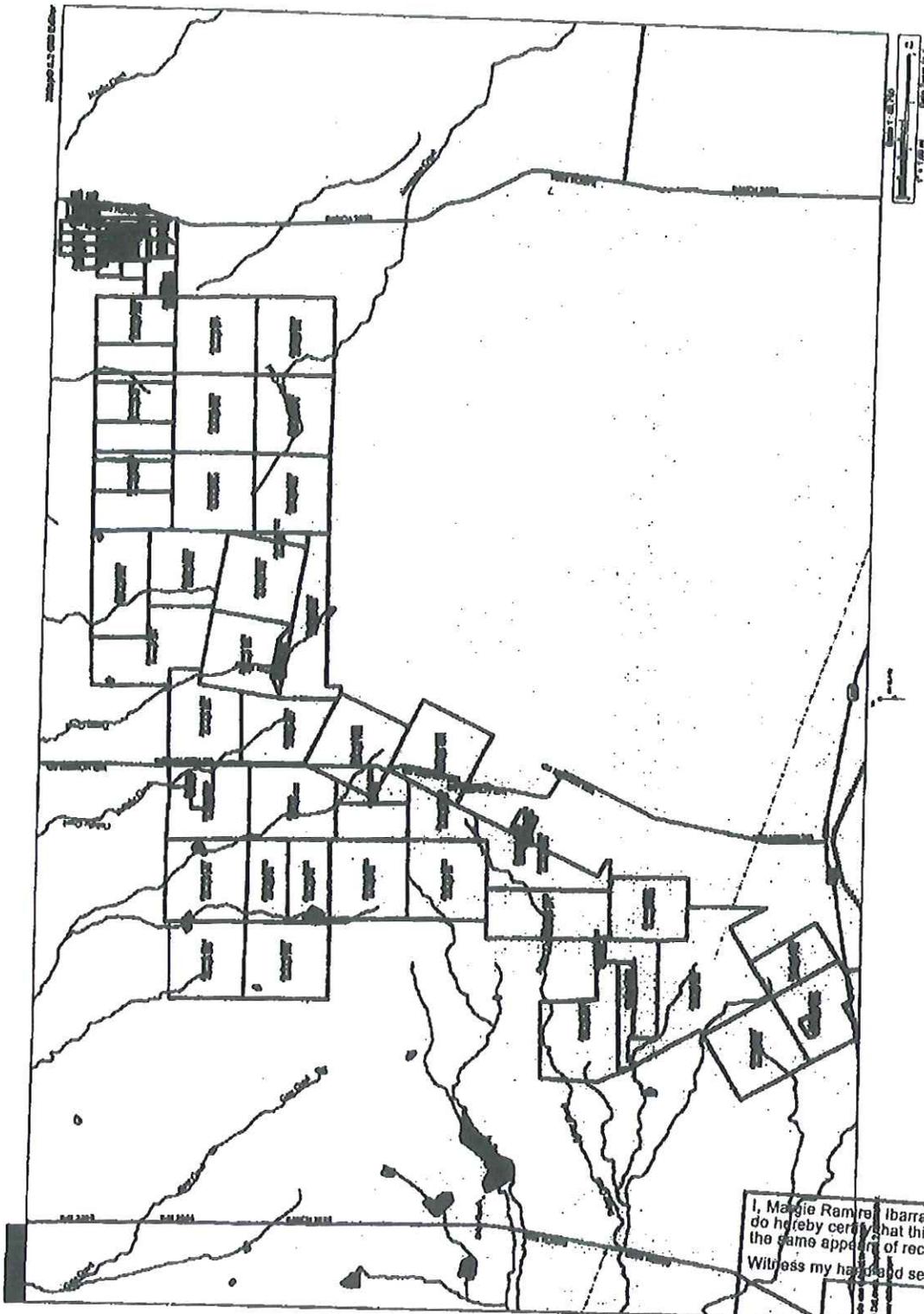
Total 25103.7 Acres

I, Margie Ramirez Ibarra, County Clerk, Webb County, do hereby certify that this is a true and correct copy, as the same appears of record in my office,
 Witness my hand and seal of office on

SEP 8 2013

Margie Ramirez Ibarra
 Webb County Clerk
 By: *[Signature]*
 Deputy County Clerk





I, Margie Ramirez Ibarra, County Clerk, Webb County, do hereby certify that this is a true and correct copy, a the same appears of record in my office, Witness my hand and seal of office on

SEP 8 2014
 Margie Ramirez Ibarra
 Webb County Clerk
 By: *[Signature]*
 Deputy County Clerk



EXHIBIT 2

LOCATION OF QUALIFIED PROPERTY

All Qualified Property owned by Applicant and located within the boundaries of both the Webb Consolidated Independent School District and *Webb County Reinvestment Zone* will be included in and subject to this Agreement. Specifically, all Qualified Property of Applicant located in the following sections of land is included, to wit:

EXHIBIT -A-
Cedro Hill Wind LLC - Webb CISD

<u>ABST NUM</u>	<u>County</u>	<u>Acreage</u>	<u>Survey</u>	<u>Webb County GEOID</u>
1056	Webb	657.75	23	900-10562-001
2816	Webb	349.97	34	900-28162-001
2605	Webb	364.02	34	900-26052-001
1083	Webb	254.08	47	900-10832-001
1083	Webb	325.47	47	900-10832-002
1083	Webb	78.84	47	900-10832-003
2238	Webb	259.72	48	900-22382-003
2238	Webb	72.50	48	900-22382-001
2238	Webb	325.38	48	900-22382-002
2606	Webb	645.03	52	900-26062-001
1337	Webb	340.30	110	
1116	Webb	757.64	231	
1044	Webb	607.64	259	900-10442-001
1137	Webb	699.28	259	900-11372-001
2607	Webb	679.37	260	900-26072-001
2239	Webb	722.81	261	900-11402-001
2239	Webb	652.16	262	900-22392-001
1355	Webb	636.15	263	900-13562-001
3303	Webb	496.12	264	900-33022-001
1142	Webb	667.78	265	900-11422-001
2134	Webb	275.54	266	
1134	Webb	562.96	267	900-11342-001
2132	Webb	616.47	268	
1135	Webb	301.21	269	900-11352-001
2994	Webb	537.87	270	900-29942-001
1136	Webb	637.49	271	900-11362-001
3161	Webb	320.00	272	900-31612-001
1424	Webb	580.07	335	900-14242-002
1424	Webb	63.92	335	900-14242-001
2902	Webb	674.57	336	900-29022-002
2837	Webb	635.63	466	900-28372-001
1983	Webb	646.23	675	900-19832-001
2241	Webb	649.18	676	900-22412-001
899	Webb	667.41	677	900-08991-001
2939	Webb	676.70	678	900-29392-001
2245	Webb	626.73	680	900-22452-001
897	Webb	684.39	681	900-08972-001
2903	Webb	582.70	682	900-29032-001
2240	Webb	393.05	708	900-22402-002
2240	Webb	247.75	708	900-22402-001
2002	Webb	43.38	710	900-20022-022
2002	Webb	24.55	710	900-20022-019
2002	Webb	43.37	710	900-20022-008
2002	Webb	46.28	710	900-20022-014
2002	Webb	22.95	710	900-20022-010
1654	Webb	23.80	719	900-16542-010

1654	Webb	50.00	719	
1654	Webb	25.04	719	900-16542-011
2836	Webb	1366.83	768	900-28362-001
923	Webb	44.91	707	900-09232-001
923	Webb	54.88	707	900-09232-010
923	Webb	54.97	707	900-09232-013
923	Webb	11.51	707	900-09232-030
923	Webb	4.50	707	900-09232-015
923	Webb	11.49	707	900-09232-014
923	Webb	54.14	707	900-09232-012
923	Webb	39.60	707	900-09232-011
923	Webb	108.21	707	900-09232-005
923	Webb	46.58	707	900-09232-004
923	Webb	20.00	707	900-09232-007
1848	Webb	648.14	1011	900-18462-001
2499	Webb	644.64	1012	900-24892-001
2232	Webb	646.16	1100	900-22322-001
3232	Webb	525.51	1102	900-32322-002
1758	Webb	33.50	2257	900-17582-007
875	Webb	17.09	2257	900-08752-007
875	Webb	7.31	2257	
1760	Webb	74.64	2259	900-17601-001
2132	Webb	63.90		900-21322-002
2147	Webb	24.29		900-21472-001
2527	Webb	21.81		900-25272-001
2948	Webb	151.84		900-29482-001
2608	Webb	165.07		900-26082-001

25,092.76

EXHIBIT 3

DESCRIPTION OF THE APPLICANT'S QUALIFIED INVESTMENT

The proposed project will consist of a facility designed to use wind power to generate electricity (commonly referred to as a wind farm). The property will include, but is not limited to, the following: up to approximately 100 – 1.5 megawatt wind power turbine generators; or equivalent; a reinforced concrete slab supporting the weight of each turbine tower; equipment and towers used to gather meteorological data; buried and overhead electrical conductor cables (including poles) used to transport electricity from each turbine tower to an electrical substation; the electrical substation and electrical conductor cables used to transport electricity off of the project site; one or more buildings used to hold maintenance supplies, replacement parts, and related equipment; and various appurtenant equipment and small items related to the above. All of the property for which the Applicant is seeking a limitation on appraised value will be owned by the Applicant or a valid assignee pursuant to this Agreement. The facility will also require a relatively insubstantial amount of personal property.

EXHIBIT 4

HIGHER EDUCATION SCHOLARSHIP FUNDING AGREEMENT

Agreement for Limitation on Appraised Value
Between Webb Consolidated Independent School District and Cedro Hill Wind LLC
December 10, 2009

HIGHER EDUCATION SCHOLARSHIP FUNDING AGREEMENT

THE STATE OF TEXAS)(

COUNTY OF WEBB)(

This Agreement is made on the 10th day of December, 2009 by and between the **LAREDO AREA COMMUNITY FOUNDATION**, a Texas nonprofit corporation having its principal place of business at 616 Leal St, Laredo, Texas 78044-2682, Webb County, Texas hereinafter called “**the Foundation**” and **CEDRO HILL WIND, LLC**, a Delaware limited liability company, each acting by and through its duly authorized officers or representatives, as follows:

WITNESSETH:

ARTICLE ONE

Section 1. Cedro Hill Wind, LLC desires to fund a higher education scholarship fund created by the Foundation with contributions from Cedro Hill Wind, LLC to the Foundation. These contributions and additions thereto, shall be known as the **Webb CISD Higher Education Fund** (hereinafter called “the Fund”). It is the intent of the Foundation that the Fund be utilized exclusively for the provision of funding to be used solely to support the pursuit of both post-secondary and, where applicable, pre-graduation higher education opportunities by current students (excluding funding costs otherwise the responsibility of and attributable to the Webb Consolidated Independent School District or its successors) and recently graduated students of the Webb Consolidated Independent School District. Accordingly, the net earnings from the Fund as well as principal shall be distributable to such students as directed by the Scholarship Committee, created and operated under Article Two, below; and, as limited by the qualified charitable purposes further defined in Article Three and Four of this agreement.

Section 2. Articles of Incorporation and By-laws of the Foundation as they exist from time to time are incorporated herein by reference and made a part hereof. Together they constitute the governing instrument of the Foundation and reference to that term shall be deemed to refer to both documents. The Foundation hereby agrees that the Fund will be administered by the Foundation subject to its governing instruments. As set forth in tax regulations, 1.170A-9(e)(11)(V)(B), (C), and (D) and Section 1(g) of Article VIII of the Foundation’s by-laws, the Board of directors of the Foundation shall have the power, after notifying the Cedro Hill Wind, LLC and giving Cedro Hill Wind, LLC an opportunity to object, to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to specified organizations (excluding the Webb Consolidated Independent School District or its successor) if in the reasonable judgment of the board such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community or area served.

Section 3. Cedro Hill Wind, LLC, by the execution of this Agreement, commits itself, its assigns, and its successors in interest to make the following minimum payments into the Fund:

Beginning on or before January 31, 2013, and in accordance with the following table, Cedro Hill Wind, LLC will make the following scheduled payments into the Fund:

Payment Due Date	Payment Amount
January 31, 2013	\$250,000
January 31, 2014	\$250,000
January 31, 2015	\$250,000
January 31, 2016	\$250,000
January 31, 2017	\$250,000
January 31, 2018	\$250,000
January 31, 2019	\$250,000
January 31, 2020	\$250,000
January 31, 2021	\$250,000
January 31, 2022	\$250,000
January 31, 2023	\$250,000

From time to time the Cedro Hill Wind, LLC may make gifts of cash or other property acceptable to the Foundation to or for the use of the Fund by naming or otherwise identifying the Fund. Such gifts will be held and administered as part of the Fund in accordance with this Agreement.

ARTICLE TWO

All decision concerning the expenditure of funds under this Agreement other than those expressly delineated in thus Agreement shall be vested in the Scholarship Committee. The Scholarship Committee shall consist of: the Superintendent of the Webb Consolidated Independent School District; the Principal of Bruni High School; and the President of the Board of Trustees of the Webb Consolidated Independent School District.

ARTICLE THREE

The Fund and all net earnings in addition thereto will be held exclusively for the benefit of the designated beneficiaries of this Fund. The assets of the Fund shall be held and administered by the Foundation, acting by and through its Board of Directors, and its authorized

officers, and agents. Assets of the Fund may be kept separate from other Foundation assets, or alternatively, may be commingled with other Foundation assets. However, the Foundation shall at all times keep accurate records showing the proportions of the assets to be included within the Fund, both as to principal and income. The assets of the Fund may be invested and reinvested from time to time in any securities, obligations or other property of any kind that the Foundation may deem advisable, including, but not limited to, interest bearing accounts, certificates of deposit, common trust funds, bonds, and equities fund administered and chosen by the Foundation. The Investment Policy of the Foundation as they exist from time to time shall guide the Foundation and its Investment Managers in order to maximize total return while providing professional management and preservation of capital for the benefit of the Fund. The Foundation shall provide financial reports of the Fund and shall provide for an annual audited financial statement of the Foundation to the Scholarship Committee and to Cedro Hill Wind, LLC on at least an annual basis.

ARTICLE FOUR

Section 1. The Scholarship Committee may direct qualified scholarship grant distributions as further provided for in Section 2 of this Article Four of this agreement, annually of an amount not greater than five percent of a rolling twelve quarter average of the value of the Fund as of the previous December 31st. Any distributions in excess of the said five percent annually must be requested in writing certifying that the requested excess distribution has the approval of the Scholarship Committee. Said certification shall document that at a meeting of the Scholarship Committee, at which meeting a quorum was present, the Scholarship Committee adopted such a resolution. Such distribution will be made by the Foundation not more than thirty days after the Foundation has received such a request.

Section 2. The Foundation and the Scholarship Committee will establish policies and procedures for the selection and awarding of the scholarships as well as the administration of the application, awarding and renewal process.

Section 3. The Foundation will be responsible for the accounting and disbursements from this Fund which will be a sub-account of the Foundation's banking and investment accounts and will provide accounting of these disbursements to the Scholarship Committee.

Section 4. Should the Scholarship Committee ever cease to exist or to perform its charitable functions, the Foundation shall make available distributions of this fund to benefit the provision of higher education opportunities to students in Webb County, Texas, including the Webb Consolidated Independent School District, and should the Foundation cease to exist, then to other qualified charitable organizations (excluding the Webb Consolidated Independent School District, or its successors) that provide similar services in Webb County, Texas. The Foundation will consider the original purpose of the Fund and those individuals, groups, or causes that the Scholarship Committee previously sought to benefit in making such distributions.

ARTICLE FIVE

If deemed necessary by the Board of Directors of the Foundation, the Fund will bear its proportionate share of such services and expenses. The Fund will be assessed fees by the

Foundation in accordance with the fee schedule set by the Board of Directors as defined in the Financial Administration Policy of the Foundation from time to time, prorated and applied monthly. The administrative fees provide for the Foundation to manage and administer this Fund in accordance with this agreement and subsequent agreed upon policies and procedures, including the Foundation's own audit, IRS 990 organizational filings, accounting and related deposits and disbursements of the Fund and investment consulting expenses of the Foundation. The administrative fee does not include internal investment expenses of the investment funds which the Foundation may invest this and other funds of the Foundation. The fee does not include any expenses that the Scholarship Committee may incur to conduct its own audit of this Fund. In the event it is determined necessary to employ additional attorneys or accountants for purposes of determining distributions, values, or opinion as to the rights and obligations of the Foundation as to the funds described under this Agreement, this Fund shall bear all such reasonable expenses. It is the desire of the Foundation to provide these administrative fees at a rate that is commensurate to the appropriate estimated costs to manage the Fund and the Foundation desires to lower administrative fees said costs allow the Foundation to lower its fee. However, it is also possible for the Foundation to increase its fee if said Fund costs are greater than the amount provided. If the Foundation amends its policy to change this administrative fee, it must notify the Scholarship Committee of said proposed fee change within ninety days of proposed change, and the Scholarship Committee shall have the right to terminate this agreement and advise the Foundation to transfer management of the Fund to another qualified entity to manage this Fund.

Executed this ___ day of _____, 2009

Laredo Area Community Foundation

By: _____

Cedro Hill Wind, LLC,
a Delaware limited liability company

By: Robert W. Koss
Name: ROBERT W. KOSS
Its: VICE PRESIDENT

Foundation in accordance with the fee schedule set by the Board of Directors as defined in the Financial Administration Policy of the Foundation from time to time, prorated and applied monthly. The administrative fees provide for the Foundation to manage and administer this Fund in accordance with this agreement and subsequent agreed upon policies and procedures, including the Foundation's own audit, IRS 990 organizational filings, accounting and related deposits and disbursements of the Fund and investment consulting expenses of the Foundation. The administrative fee does not include internal investment expenses of the investment funds which the Foundation may invest this and other funds of the Foundation. The fee does not include any expenses that the Scholarship Committee may incur to conduct its own audit of this Fund. In the event it is determined necessary to employ additional attorneys or accountants for purposes of determining distributions, values, or opinion as to the rights and obligations of the Foundation as to the funds described under this Agreement, this Fund shall bear all such reasonable expenses. It is the desire of the Foundation to provide these administrative fees at a rate that is commensurate to the appropriate estimated costs to manage the Fund and the Foundation desires to lower administrative fees said costs allow the Foundation to lower its fee. However, it is also possible for the Foundation to increase its fee if said Fund costs are greater than the amount provided. If the Foundation amends its policy to change this administrative fee, it must notify the Scholarship Committee of said proposed fee change within ninety days of proposed change, and the Scholarship Committee shall have the right to terminate this agreement and advise the Foundation to transfer management of the Fund to another qualified entity to manage this Fund.

Executed this 10 day of December 2009

Laredo Area Community Foundation

By: Elizabeth R. Sames

Elizabeth R. Sames

Cedro Hill Wind, LLC,
a Delaware limited liability company

By: _____

Name: _____

Its: _____