

FINDINGS
of the
FRIONA INDEPENDENT SCHOOL
DISTRICT
BOARD OF TRUSTEES

Under Chapter 313 of the
Texas Tax Code

ON THE APPLICATION FOR
APPRAISED VALUE LIMITATION
ON QUALIFIED PROPERTY

SUBMITTED BY

SCANDIA WIND, L.L.C.

Comptroller Application Number 1130

RESOLUTION AND FINDINGS OF FACT
of the
FRIONA INDEPENDENT SCHOOL DISTRICT BOARD OF TRUSTEES
UNDER CHAPTER 313 OF THE TEXAS TAX CODE
ON THE APPLICATION FOR APPRAISED VALUE LIMITATION
ON QUALIFIED PROPERTY
SUBMITTED BY SCANDIA WIND, L.L.C.

STATE OF TEXAS §
 §
COUNTY OF PARMER §

PREAMBLE

On the 12th day of September, 2016, a public meeting of the Board of Trustees of the Friona Independent School District (the “Board”) was held to solicit input from interested parties on the application by Scandia Wind, L.L.C. (“Scandia Wind” or “Applicant”) for an appraised value limitation on qualified property under Chapter 313 of the Texas Tax Code. 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 considered the application by Scandia Wind for a Limitation on Appraised Value on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations from interested parties within the District. After hearing presentations from the District’s administrative staff and the consultants retained by the District to advise the Board in this matter and reviewing the Comptroller’s Economic Impact Evaluation under Texas Tax Code §313.026 and 34 T.A.C. §9.1054, the Board of Trustees of the Friona Independent School District makes the following Findings regarding the Application:

On or about the 24th day of March, 2016, the Board of Trustees for the Friona Independent School District received an Application for Appraised Value Limitation on Qualified Property from Scandia Wind, pursuant to Chapter 313 of the Texas Tax Code (the “Application”). The general nature of Applicant’s investment in qualified property set forth in the Application is for design and construction of a [renewable] wind energy facility (the “Property”). See Application, Tab 4, attached hereto as Attachment A and Attachment D. The Board agreed to consider such Application, and the District’s Superintendent formally acknowledged receipt of the Application for consideration on behalf of the District, which was delivered to the Texas Comptroller of Public Accounts immediately upon a determination that the Application was complete. The Comptroller acknowledged receipt of the Application on or about April 6, 2015. Thereafter, on or about April 27, 2016, the District, on behalf of the Applicant, submitted Amendment No. 01 (revised wage data), and the Comptroller issued its notice of completeness by letter dated May 3, 2016, the Application Review Start Date. Thereafter, on behalf of the Applicant, the District submitted an Amendment No. 02 (revised job waiver letter) on or about June 28, 2016. The Application and Amendment Nos. 01 and 02 are hereafter collectively referred to as the “Application.” A copy of the Application and Comptroller’s completeness letter of May 3, 2016 are collectively attached hereto as Attachment A.

The Texas Taxpayer Identification number for Scandia Wind, L.L.C. is 32039452480. Scandia Wind is an entity subject to Chapter 171 of the Texas Tax Code and is certified to be in good standing with the Texas Comptroller of Public Accounts as required by Texas Tax Code §313.024(a). *See* Attachments A, B and C.

The Board acknowledged receipt of the Application and necessary application fee as established by §313.025(a)(1) of the Texas Tax Code and Local District Policy.

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

A copy of the Application was delivered to the Parmer County Appraisal District for review pursuant to 34 Texas Administrative Code §9.1054.

The Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code §§313.025 and 313.026. After receipt of the Application, the Texas Comptroller's Office caused an Economic Impact Evaluation to be conducted. The Comptroller, pursuant to Texas Tax Code §313.025(h), determined the project subject to the Application meets the requirements for eligibility under Texas Tax Code §313.024 for a limitation on appraised value, and after reviewing the Application based on the criteria set out in Texas Tax Code § 313.026, issued a Certificate for a Limitation on Appraised Value on July 8, 2016 that the Application be approved (the "Certification"). *See* Attachment C. The Board of Trustees has carefully considered such Evaluation and Certification. Copies of the Certification and Economic Impact Evaluation are attached to these Findings as Attachments C and D.

The Board also directed that a specific school financial analysis be conducted of the impact of the proposed value limitation on the finances of Friona Independent School District. A copy of a report prepared by McDowell & Brown, LLC is attached to these Findings as Attachment E.

The Board has confirmed that the taxable value of industrial property in the Friona Independent School District for the preceding tax year, as determined under Subchapter M, Chapter 403 of the Texas Government Code, fell within a rural school district, Category 2 of §313.054 of the Texas Tax Code at the time the Certification was issued. *See* Comptroller's "2015 ISD Summary Worksheet," attached hereto as Attachment G; *see also* Attachment D.

After receipt of the completed Application, the District entered into negotiations with Scandia Wind regarding the specific language to be included in the Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes (the "Agreement") pursuant to Chapter 313 of the Texas Tax Code, including appropriate revenue protection provisions for the District. The parties were able to agree upon language for inclusion into a draft agreement pursuant to Texas Tax Code §313.027. Some of the terms agreed to by the parties varied from the specific language contained in Comptroller Form 50-286. Such changes were submitted to the Texas Comptroller for review pursuant to 34 Tex. Admin. Code §9.1055(e)(1). At the specific direction of the Comptroller's Office, the parties used the template Texas Economic Development Agreement. As required by the Comptroller's Office, the parties changed only the provisions of the template that the Comptroller permitted. The proposed Agreement is attached to these Findings as Attachment H, and that form of the Agreement was

submitted to and approved by the Comptroller as set out under 34 Texas Administrative Code §9.1015, *et seq.* See copy of August 25, 2016, Agreement Review Letter from the Comptroller, attached to these Findings as Attachment I.

After review of the Comptroller's Certification and Economic Impact Evaluation, and in consideration of its own analysis of Scandia Wind's Application and all other substantive documentation related thereto, the Board, in addition to the above Findings, further finds as follows:

Board Finding Number 1.

Based on the Application and the Comptroller's Certification, the Property meets the requirements of Texas Tax Code §313.024 for eligibility for a limitation on appraised value under Texas Tax Code §313.024(5) as a renewable energy electric generation project.

In support of Finding Number 1, the Comptroller's Certification states:

Determination required by 313.025(h)

- Sec. 313.024(a) Applicant is subject to tax imposed by Chapter 171.
- Sec. 313.024(b) Applicant is proposing to use the property for an eligible project.
- Sec. 313.024(d) Applicant has requested a waiver to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.

* * *

Based on the information provided by the applicant, the Comptroller has determined that the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

See Attachments C and D.

Board Finding Number 2.

The project proposed by Applicant is reasonably likely to generate sufficient tax revenue to offset the District's maintenance and operations ad valorem tax revenue lost as a result of the Agreement before the 25th anniversary of the beginning of the limitation period.

In support of Finding Number 2, the Certification states:

The Comptroller has determined that the project proposed by the applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the school

district maintenance and operations ad valorem tax revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period.

See Attachment C.

Also in support of Finding Number 2, the Comptroller's Economic Impact Evaluation states:

Attachment B - Tax Revenue over 25 Years

This represents the Comptroller's determination that Scandia Wind, LLC (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy and direct, indirect and induced tax effects from project employment directly related to this project, using estimated taxable values provided in the application.

[see tables on next pages]

| | Tax Year | Estimated ISD M&O Tax Levy Generated (Annual) | Estimated ISD M&O Tax Levy Generated (Cumulative) | Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual) | Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative) |
|--|----------|---|---|---|---|
| Limitation Pre-Years | 2016 | \$0 | \$0 | \$0 | \$0 |
| | 2017 | \$165,375 | \$165,375 | \$0 | \$0 |
| | 2018 | \$1,786,050 | \$1,951,425 | \$0 | \$0 |
| Limitation Period (10 Years) | 2019 | \$245,000 | \$2,196,425 | \$2,235,625 | \$2,235,625 |
| | 2020 | \$245,000 | \$2,441,425 | \$2,731,750 | \$4,967,375 |
| | 2021 | \$245,000 | \$2,686,425 | \$2,731,750 | \$7,699,125 |
| | 2022 | \$245,000 | \$2,931,425 | \$2,566,375 | \$10,265,500 |
| | 2023 | \$245,000 | \$3,176,425 | \$2,401,000 | \$12,666,500 |
| | 2024 | \$245,000 | \$3,421,425 | \$2,235,625 | \$14,902,125 |
| | 2025 | \$245,000 | \$3,666,425 | \$2,070,250 | \$16,972,375 |
| | 2026 | \$245,000 | \$3,911,425 | \$1,904,875 | \$18,877,250 |
| | 2027 | \$245,000 | \$4,156,425 | \$1,739,500 | \$20,616,750 |
| | 2028 | \$245,000 | \$4,401,425 | \$1,574,125 | \$22,190,875 |
| Maintain Viable Presence (5 Years) | 2029 | \$1,653,750 | \$6,055,175 | \$0 | \$22,190,875 |
| | 2030 | \$1,488,375 | \$7,543,550 | \$0 | \$22,190,875 |
| | 2031 | \$1,488,375 | \$9,031,925 | \$0 | \$22,190,875 |
| | 2032 | \$992,250 | \$10,024,175 | \$0 | \$22,190,875 |
| | 2033 | \$992,250 | \$11,016,425 | \$0 | \$22,190,875 |
| Additional Years as Required by 313.026(c)(1) (10 Years) | 2034 | \$992,250 | \$12,008,675 | \$0 | \$22,190,875 |
| | 2035 | \$992,250 | \$13,000,925 | \$0 | \$22,190,875 |
| | 2036 | \$992,250 | \$13,993,175 | \$0 | \$22,190,875 |
| | 2037 | \$992,250 | \$14,985,425 | \$0 | \$22,190,875 |
| | 2038 | \$992,250 | \$15,977,675 | \$0 | \$22,190,875 |
| | 2039 | \$992,250 | \$16,969,925 | \$0 | \$22,190,875 |
| | 2040 | \$992,250 | \$17,962,175 | \$0 | \$22,190,875 |
| | 2041 | \$992,250 | \$18,954,425 | \$0 | \$22,190,875 |
| | 2042 | \$992,250 | \$19,946,675 | \$0 | \$22,190,875 |
| | 2043 | \$992,250 | \$20,938,925 | \$0 | \$22,190,875 |
| | | \$20,938,925 | is less than | \$22,190,875 | |
| Analysis Summary | | | | | |
| Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement? | | | | | No |
| NOTE: The analysis above only takes into account this project's estimated impact on the M&O portion of the school district property tax levy directly related to this project. | | | | | |

Source: CPA, Scandia Wind, LLC

| Year | Employment | | | Personal Income | | | Revenue & Expenditure | | |
|------|------------|--------------------|-------|-----------------|--------------------|--------------|-----------------------|---------------------|---------------------|
| | Direct | Indirect + Induced | Total | Direct | Indirect + Induced | Total | Revenue | Expenditure | Net Tax Effect |
| 2016 | 50 | 51 | 101 | \$2,340,000 | \$3,660,000 | \$6,000,000 | 328064 | -183105 | \$511,169 |
| 2017 | 200 | 190 | 390 | \$9,360,000 | \$15,640,000 | \$25,000,000 | 1281738 | -617981 | \$1,899,719 |
| 2018 | 155 | 146 | 301 | \$7,261,025 | \$13,738,975 | \$21,000,000 | 1037598 | -213623 | \$1,251,221 |
| 2019 | 5 | 13 | 18 | \$241,025 | \$3,758,975 | \$4,000,000 | 198364 | 488281 | -\$289,917 |
| 2020 | 5 | 1 | 6 | \$241,025 | \$2,758,975 | \$3,000,000 | 144958 | 427246 | -\$282,288 |
| 2021 | 5 | 1 | 6 | \$241,025 | \$1,758,975 | \$2,000,000 | 106812 | 335693 | -\$228,881 |
| 2022 | 5 | (5) | 0 | \$241,025 | \$1,758,975 | \$2,000,000 | 38147 | 267029 | -\$228,882 |
| 2023 | 5 | (3) | 2 | \$241,025 | \$758,975 | \$1,000,000 | 7629 | 190735 | -\$183,106 |
| 2024 | 5 | (5) | 0 | \$241,025 | \$758,975 | \$1,000,000 | 45776 | 144958 | -\$99,182 |
| 2025 | 5 | 3 | 8 | \$241,025 | \$758,975 | \$1,000,000 | 38147 | 76294 | -\$38,147 |
| 2026 | 5 | (1) | 4 | \$241,025 | \$758,975 | \$1,000,000 | 22888 | 7629 | \$15,259 |
| 2027 | 5 | 3 | 8 | \$241,025 | \$758,975 | \$1,000,000 | -30518 | -68665 | \$38,147 |
| 2028 | 5 | 1 | 6 | \$241,025 | \$758,975 | \$1,000,000 | -38147 | -122070 | \$83,923 |
| 2029 | 5 | (3) | 2 | \$241,025 | -\$241,025 | \$0 | -91553 | -160217 | \$68,664 |
| 2030 | 5 | (7) | -2 | \$241,025 | -\$241,025 | \$0 | -129700 | -190735 | \$61,035 |
| 2031 | 5 | (9) | -4 | \$241,025 | -\$241,025 | \$0 | -167847 | -267029 | \$99,182 |
| 2032 | 5 | (9) | -4 | \$241,025 | -\$1,241,025 | -\$1,000,000 | -198364 | -289917 | \$91,553 |
| 2033 | 5 | (9) | -4 | \$241,025 | -\$1,241,025 | -\$1,000,000 | -221252 | -381470 | \$160,218 |
| 2034 | 5 | (13) | -8 | \$241,025 | -\$1,241,025 | -\$1,000,000 | -267029 | -411987 | \$144,958 |
| 2035 | 5 | (19) | -14 | \$241,025 | -\$2,241,025 | -\$2,000,000 | -289917 | -473022 | \$183,105 |
| 2036 | 5 | (17) | -12 | \$241,025 | -\$3,241,025 | -\$3,000,000 | -350952 | -579834 | \$228,882 |
| 2037 | 5 | (17) | -12 | \$241,025 | -\$3,241,025 | -\$3,000,000 | -343323 | -625610 | \$282,287 |
| 2038 | 5 | (19) | -14 | \$241,025 | -\$3,241,025 | -\$3,000,000 | -350952 | -663757 | \$312,805 |
| 2039 | 5 | (21) | -16 | \$241,025 | -\$3,241,025 | -\$3,000,000 | -381470 | -732422 | \$350,952 |
| 2040 | 5 | (25) | -20 | \$241,025 | -\$5,241,025 | -\$5,000,000 | -457764 | -801086 | \$343,322 |
| 2041 | 5 | (23) | -18 | \$241,025 | -\$4,241,025 | -\$4,000,000 | -488281 | -877380 | \$389,099 |
| 2042 | 5 | (26) | -21 | \$241,025 | -\$5,241,025 | -\$5,000,000 | -503540 | -900269 | \$396,729 |
| | | | | | | Total | -\$1,060,488 | -\$6,622,314 | \$5,561,826 |
| | | | | | | | \$26,500,751 | is greater than | \$22,190,875 |

Analysis Summary

Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?

Yes

Source: CPA, REMI, Scandia Wind, LLC

See Attachment D.

Board Finding Number 3.

The new qualifying jobs creation requirement under § 313.051(b) exceeds the industry standard for the number of employees reasonably necessary for the operation of the Applicant’s facility described in the Application, and Applicant qualifies for a waiver of the new jobs requirement pursuant to § 313.025(f-1).

In support of this Finding, Applicant submitted information as Tab 12 to its Application regarding the industry standard for the number of jobs for a project with qualified property of this size and type. Tab 12 provides that for a project of the size and type described in the Application, the project will require less than ten (10) permanent jobs. Applicant reports the industry standard for employment is typically one full-time employee for approximately every 15-20 turbines, and that while wind projects create a substantial number of full and part-time positions during the construction phase, the number of qualified technicians tasked with maintaining and operating the project during commercial

operations tends to be low. In addition to the onsite employees, there may be off-site personnel may be utilized to support the project. Applicant reports it will create 5 jobs for 78 turbines (approximately 270 MW of a 600 MW project), which is consistent with industry standards. A copy of Tab 12 submitted with the Application and a letter from Scandia Wind confirming the number of turbines allocated to the project for this Application are attached hereto as Attachment J.

See also Attachments A and D.

Board Finding Number 4.

The Applicant will create five (5) new qualifying jobs, which Applicant affirms will meet all of the requirements set out in Texas Tax Code §313.021(3), including: (1) at least 1,600 hours of work per year; (2) provision of group health benefit plan with at least 80% of the premium paid by Applicant; and (3) an annual wage of \$48,205, an amount equal to 110% of the average weekly wage for manufacturing jobs in the region and Friona ISD.

See Attachments A, D and J.

Board Finding Number 5.

The ability of the Applicant to locate the proposed wind energy facility in another state or another region of this state is significant because of the highly competitive marketplace for economic development. Therefore, the limitation on appraised value is a determining factor in the Applicant's decision to invest capital and construct the project in Texas.

See Attachment C.

In support of Finding Number 5, the Economic Impact Evaluation states:

The Comptroller has determined that the limitation on appraised value is a determining factor in Scandia Wind, LLC's decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the Comptroller notes the following:

- Scandia Wind, LLC stated in Tab 5 of their application that "tax incentives play a fundamental role in the development of a wind energy project of this magnitude."
- Per the applicant, the Chapter 313 "value limitation incentive, in particular, is considered a vital component of the overall viability and marketability of the project. The critical project economics are due in part to: The continued decline of gas prices and its effect on the price of

electricity, Limited grid access in the Texas Panhandle; and Additional costs associated with construction additional transmission lines to Hereford, TX.”

- Scandia Wind, LLC asserts “the value limitation incentive plays a significant function in the decision to invest capital for this project as it is considered essential in the overall economic analysis.”

* * *

- Per applicant email dated June 13, 2016, there are no current wind related improvements on site.
- Attached maps indicate the location of the project in relation to current CREZ lines.

See Attachment D.

Board Finding Number 6.

The proposed limitation on appraised value for the qualified property is \$25,000,000.

See Attachments A and D.

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, McDowell & Brown, LLC estimate in the District’s Financial Impact Report, based on Scandia Wind’s Application, that the project would add \$303,750,000 to the tax base at the peak investment level for the 2020 tax year. This additional value is fully taxable for debt service taxes and can be used to meet any current or future debt needs. See Table I of Attachment E. See also Table 4 of Attachment D. In addition, the potential revenue gains from the proposed Agreement are estimated to be \$1,672,000. See Attachment H at Section 6.2.A and Table VI of Attachment E.

Board Finding Number 8.

The effect of the Applicant’s proposal, if approved, is not expected to increase the District’s instructional facility needs. Friona ISD can easily accommodate the projected student growth anticipated from Applicant’s project with its existing facilities. However, possible increases in and/or changes to class size and personnel could cause the District to incur extraordinary educational expenses.

In support of this finding, the District’s Financial Impact Report states:

Scandia Wind, L.L.C. provided supplemental information with their application that projected the number of full-time employees that are expected for permanent employment after construction of the project is completed. They projected that five full-time employees are expected. It is not known whether these would be new employees to the Friona ISD, or if current residents would occupy these positions; however, it is assumed that these employees would be new residents to the district.

Based on average statewide figures provided by a demographer, it is projected that each new household would produce .5 students. Thus, the new five positions equates to 3 new students.

This minimal projected student growth can easily be accommodated with the current facilities of Friona ISD.

See Table VII of Attachment E. *See also* TEA’s Facilities Impact Review Letter at Attachment F.

Board Finding Number 9.

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, based on the further depreciations of investment provided by Applicant, is shown in Table II of Attachment E (column labeled “Taxes w/o Agreement”), and is further based on the assumption that the projected total maintenance and operations tax rate and interest and sinking fund tax rate per \$100 in valuation in each year of the Agreement will be as indicated in Table II.

[see table on next page]

TABLE II- Computation of Net Tax Savings:

| Fiscal Year | Projected M&O Tax Rate | Projected I&S Tax Rate | Taxes w/o Agreement | Tax Savings with Agreement | Payment of District's Revenue Losses | Net Tax Savings |
|-------------|------------------------------|------------------------------|------------------------|----------------------------------|---|--------------------|
| 2016-2017 | 0.98 | 0.090 | 0 | 0 | 0 | 0 |
| 2017-2018 | 0.98 | 0.085 | 165,375 | 0 | 0 | 0 |
| 2018-2019 | 0.96 | 0.059 | 1,749,600 | 0 | 0 | 0 |
| 2019-2020 | 0.98 | 0.052 | 2,480,625 | 2,235,625 | (2,402,108) | (166,483) |
| 2020-2021 | 0.98 | 0.047 | 2,976,750 | 2,731,750 | (476,906) | 2,254,844 |
| 2021-2022 | 0.98 | 0.047 | 2,976,750 | 2,731,750 | 0 | 2,731,750 |
| 2022-2023 | 0.98 | 0.048 | 2,811,375 | 2,566,375 | 0 | 2,566,375 |
| 2023-2024 | 0.98 | 0.049 | 2,646,000 | 2,401,000 | 0 | 2,401,000 |
| 2024-2025 | 0.98 | 0.050 | 2,480,625 | 2,235,625 | 0 | 2,235,625 |
| 2025-2026 | 0.98 | 0.051 | 2,315,250 | 2,070,250 | 0 | 2,070,250 |
| 2026-2027 | 0.98 | 0.053 | 2,149,875 | 1,904,875 | 0 | 1,904,875 |
| 2027-2028 | 0.98 | 0.000 | 1,984,500 | 1,739,500 | 0 | 1,739,500 |
| 2028-2029 | 0.98 | 0.000 | 1,819,125 | 1,574,125 | 0 | 1,574,125 |
| 2029-2030 | 0.96 | 0.000 | 1,620,000 | 0 | 0 | 0 |
| 2030-2031 | 0.98 | 0.000 | 1,488,375 | 0 | 0 | 0 |
| 2031-2032 | 0.98 | 0.000 | 1,488,375 | 0 | 0 | 0 |
| 2032-2033 | 0.98 | 0.000 | 992,250 | 0 | 0 | 0 |
| 2033-2034 | 0.98 | 0.000 | 992,250 | 0 | 0 | 0 |
| Totals | | | 33,137,100 | 22,190,875 | (2,879,013) | 19,311,862 |

Board Finding Number 10.

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 receive a limitation on appraised value with the projected depreciations of investment, is discernible from Table II of Attachment E (subtracting the amounts in the column labeled “Tax Savings with Agreement” from the column labeled “Taxes w/o Agreement”), and is based on the assumption that the projected total maintenance and operations tax rate and interest and sinking fund tax rate per \$100 in valuation in each year of the Agreement will be as indicated in Table II.

See also Attachment D, Table 4.

[see table on next page]

TABLE II- Computation of Net Tax Savings:

| Fiscal Year | Projected M&O Tax Rate | Projected I&S Tax Rate | Taxes w/o Agreement | Tax Savings with Agreement | Payment of District's Revenue Losses | Net Tax Savings |
|-------------|------------------------------|------------------------------|------------------------|----------------------------------|---|--------------------|
| 2016-2017 | 0.98 | 0.090 | 0 | 0 | 0 | 0 |
| 2017-2018 | 0.98 | 0.085 | 165,375 | 0 | 0 | 0 |
| 2018-2019 | 0.96 | 0.059 | 1,749,600 | 0 | 0 | 0 |
| 2019-2020 | 0.98 | 0.052 | 2,480,625 | 2,235,625 | (2,402,108) | (166,483) |
| 2020-2021 | 0.98 | 0.047 | 2,976,750 | 2,731,750 | (476,906) | 2,254,844 |
| 2021-2022 | 0.98 | 0.047 | 2,976,750 | 2,731,750 | 0 | 2,731,750 |
| 2022-2023 | 0.98 | 0.048 | 2,811,375 | 2,566,375 | 0 | 2,566,375 |
| 2023-2024 | 0.98 | 0.049 | 2,646,000 | 2,401,000 | 0 | 2,401,000 |
| 2024-2025 | 0.98 | 0.050 | 2,480,625 | 2,235,625 | 0 | 2,235,625 |
| 2025-2026 | 0.98 | 0.051 | 2,315,250 | 2,070,250 | 0 | 2,070,250 |
| 2026-2027 | 0.98 | 0.053 | 2,149,875 | 1,904,875 | 0 | 1,904,875 |
| 2027-2028 | 0.98 | 0.000 | 1,984,500 | 1,739,500 | 0 | 1,739,500 |
| 2028-2029 | 0.98 | 0.000 | 1,819,125 | 1,574,125 | 0 | 1,574,125 |
| 2029-2030 | 0.96 | 0.000 | 1,620,000 | 0 | 0 | 0 |
| 2030-2031 | 0.98 | 0.000 | 1,488,375 | 0 | 0 | 0 |
| 2031-2032 | 0.98 | 0.000 | 1,488,375 | 0 | 0 | 0 |
| 2032-2033 | 0.98 | 0.000 | 992,250 | 0 | 0 | 0 |
| 2033-2034 | 0.98 | 0.000 | 992,250 | 0 | 0 | 0 |
| Totals | | | 33,137,100 | 22,190,875 | (2,879,013) | 19,311,862 |

Board Finding Number 11.

Based upon the Applicant's certification that the Application is true and correct, the Comptroller's Economic Impact Evaluation, the Comptroller's Certification, and the consultants' review of these and other documents, the Board has determined that the information provided by the Applicant in its Application was true and correct when it was submitted.

See Attachments A, B, C and D.

Board Finding Number 12.

The Applicant (Taxpayer Id. 32039452480) 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.

See Attachments A, B and C.

Board Finding Number 13.

The project will be located within an area that is currently designated as a reinvestment zone, pursuant to Chapter 312 of the Texas Tax Code. Should it be required, the District will cooperate with the Applicant's efforts to ensure that the area remains designated as a reinvestment zone through the Final Termination Date of the Agreement.

See Attachment A, Tabs 11 and 16.

Board Finding Number 14.

The Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment H, includes adequate and appropriate revenue protection provisions for the District.

In support of this Finding and based on the information provided by Applicant in its Application, the District's Financial Impact Analysis demonstrates that the District will incur a revenue loss during tax years 2019 and 2020. However, the negative consequences of granting the value limitation are offset through the revenue protection provision of the Agreement and other revenue protection provisions agreed to by the Applicant and the District. See Table II in Attachment E, and proposed Agreement, Article IV, at Attachment H.

Board Finding Number 15.

Considering the purpose and effect of the law and the terms of the Agreement, it is in the best interest of the District and the State to approve Scandia Wind's Application and enter into the attached Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Board Finding Number 16.

The Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment H, is in the form of the template Texas Economic Development Act Agreement adopted by the Comptroller, as of January 24, 2016.

IT IS THEREFORE ORDERED, that all of the Findings above, including the recitals and statements set out in the Preamble herein, are adopted and approved as the Findings of the Friona Independent School District Board of Trustees, and the Board of Trustees has made the above factual Findings in accordance with the Texas Tax Code § 313.025(e) and Texas Administrative Code 34, Chapter 9, subchapter F; and,

IT IS FURTHER ORDERED that the Application attached hereto as Attachment A is hereby APPROVED; and,

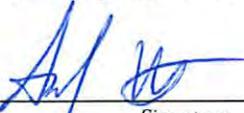
IT IS FURTHER ORDERED that the new jobs requirement pursuant to § 313.051(b) is hereby WAIVED; and,

IT IS FURTHER ORDERED that the Agreement attached hereto as Attachment H is APPROVED and is hereby authorized to be executed and delivered by the Trustees whose signatures appear below on behalf of the Friona Independent School District, along with a copy of the these Findings, which shall be binding upon the parties upon receipt of an executed original of the Agreement from Applicant; and,

IT IS FURTHER ORDERED that these Findings and the Attachments referenced herein be made a part of the official minutes of this meeting, and maintained in the permanent records of the Friona Independent School District Board of Trustees.

Dated this 12th day of September, 2016.

Friona Independent School District

By  _____
Signature

Andy Montant Vice President
Printed Name and Title

Attest:

By  _____
Signature

Becky Riethmayer, Sec.
Printed Name and Title

LIST OF ATTACHMENTS

| <i>Attachment</i> | <i>Description</i> |
|-------------------|---|
| A | Application and Comptroller's Completeness Letter |
| B | Franchise Tax Certification of Account Status |
| C | Comptroller's Certification Letter |
| D | Comptroller Economic Impact Analysis |
| E | District's Financial Impact Analysis |
| F | TEA's Facilities Impact Letter |
| G | Comptroller's 2015 Summary Worksheet |
| H | Proposed Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes |
| I | Comptroller's August 25, 2016 Agreement Review Letter |
| J | Job Waiver Request and Applicant's Letter Confirming Number of Turbines |



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

May 3, 2016

Kenny Austin
Superintendent
Friona Independent School District
909 East. 11th
Friona, Texas 79035

Dear Superintendent Austin:

On April 6, 2016, the Comptroller's office received from Friona Independent School District (Friona ISD) an application from Scandia Wind LLC for a limitation on appraised value (App #1130).

The purpose of this letter is to inform you that the Comptroller's office has reviewed the submitted application and determined that it includes the information necessary to be determined as complete on May 3, 2016.

Texas Tax Code §313.025(d) directs the Comptroller's office to issue a certificate for a limitation on the appraised value of the property, or provide the governing body of the school district with a written explanation of the comptroller's decision to not issue a certificate no later than the 90th day after receiving the completed application. The requirements to determine eligibility and to issue a certificate for a limitation do not begin until an application is complete as determined by this agency. The Comptroller's office will move forward with our economic impact evaluation and will send a letter of determination to the ISD and the applicant.

This letter does not constitute a review of the application under Section 313.025(h) to determine if the project meets the requirements of Section 313.024 for eligibility for a limitation on appraised value. Likewise, this letter does not address the determinations required under Section 313.026(c).

Should you have any questions, please contact Desiree Caufield with our office. She can be reached by email at desiree.caufield@cpa.texas.gov or by phone at 1-800-531-5441, ext. 6-8597, or direct in Austin at 512-936-8597.

Sincerely,

A handwritten signature in black ink that reads "Korry Castillo".

Korry Castillo
Director
Data Analysis & Transparency Division

cc: Fred Stormer, Underwood Law Firm, P.C.
Blas Ortiz, Popp Hutcheson PLLC
James R. Swafford, Scandia Wind LLC

TAB 01

SCANDIA WIND LLC

**CHAPTER 313
APPLICATION FOR APPRAISED
VALUE LIMITATION ON QUALIFIED PROPERTY**

FRIONA INDEPENDENT SCHOOL DISTRICT



Application for Appraised Value Limitation on Qualified Property (Tax Code, Chapter 313, Subchapter B or C)

Economic Development
and Analysis
Form 50-296-A

INSTRUCTIONS: This application must be completed and filed with the school district. In order for an application to be processed, the governing body (school board) must elect to consider an application, but — by Comptroller rule — the school board may elect to consider the application only after the school district has received a completed application. Texas Tax Code, Section 313.025 requires that any completed application and any supplemental materials received by the school district must be forwarded within seven days to the Comptroller of Public Accounts.

If the school board elects to consider the application, the school district must:

- notify the Comptroller that the school board has elected to consider the application. This notice must include:
 - the date on which the school district received the application;
 - the date the school district determined that the application was complete;
 - the date the school board decided to consider the application; and
 - a request that the Comptroller prepare an economic impact analysis of the application;
- provide a copy of the notice to the appraisal district;
- must complete the sections of the application reserved for the school district and provide information required in the Comptroller rules located at 34 Texas Administrative Code (TAC) Section 9.1054; and
- forward the original hard copy of the completed application to the Comptroller in a three-ring binder with tabs, as indicated on page 9 of this application, separating each section of the documents, in addition to an electronic copy on CD. See 34 TAC Chapter 9, Subchapter F.

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 34 TAC Chapter 9, Subchapter F.

When the Comptroller receives the notice and required information from the school district, the Comptroller will publish all submitted application materials on its website. The Comptroller is authorized to treat some application information as confidential and withhold it from publication on the Internet. To do so, however, the information must be segregated and comply with the other requirements set out in the Comptroller rules. For more information, see guidelines on Comptroller's website.

The Comptroller will independently determine whether the application has been completed according to the Comptroller's rules (34 TAC Chapter 9, Subchapter F). If the Comptroller finds the application is not complete, the Comptroller will request additional materials from the school district. Pursuant to 9.1053(a)(1)(C), requested information shall be provided within 20 days of the date of the request. When the Comptroller determines that the application is complete, it will send the school district a notice indicating so. The Comptroller will determine the eligibility of the project, issue a certificate for a limitation on appraised value to the school board regarding the application and prepare an economic impact evaluation by the 90th day after the Comptroller receives a complete application—as determined by the Comptroller.

The school board must approve or disapprove the application not later than the 150th day after the application review start date (the date the application is finally determined to be complete), unless an extension is granted. The Comptroller and school district are authorized to request additional information from the applicant that is reasonably necessary to issue a certificate, complete the economic impact evaluation or consider the application at any time during the application review period.

Please visit the Comptroller's website to find out more about the program at www.texasahead.org/tax_programs/chapter313/. There are links to the Chapter 313 statute, rules, guidelines and forms. Information about minimum limitation values for particular districts and wage standards may also be found at that site.

SECTION 1: School District Information

1. Authorized School District Representative

March 24, 2016

Date Application Received by District

Kenny

First Name

Austin

Last Name

Superintendent

Title

Friona Independent School District

School District Name

909 E. 11th Street

Street Address

909 E. 11th Street

Mailing Address

Friona

City

806-250-2747

Phone Number

TX

State

806-250-3805

Fax Number

kaustin@frionaisd.com

Email Address

79035

ZIP

Mobile Number (optional)

2. Does the district authorize the consultant to provide and obtain information related to this application?



Yes



No

SECTION 1: School District Information (continued)

3. Authorized School District Consultant (If Applicable)

Fred _____ Stormer _____
 First Name Last Name
 Attorney _____
 Title _____
 Underwood Law Firm, P.C. _____
 Firm Name _____
 806-379-0306 _____ 806-379-0316 _____
 Phone Number Fax Number
 Fred.Stormer@uwlaw.com _____
 Mobile Number (optional) Email Address
 4. On what date did the district determine this application complete? April 5, 2016
 5. Has the district determined that the electronic copy and hard copy are identical? Yes No

SECTION 2: Applicant Information

1. Authorized Company Representative (Applicant)

James R. _____ Swafford _____
 First Name Last Name
 Chief Executive Officer _____ Scandia Wind L.L.C. _____
 Title Organization
 509 Avenue I _____
 Street Address _____
 P.O. Box 874 _____
 Mailing Address _____
 Bovina _____ TX _____ 79009 _____
 City State ZIP
 806-251-1234 _____
 Phone Number Fax Number
 jim@scandiawind.com _____
 Mobile Number (optional) Business Email Address

2. Will a company official other than the authorized company representative be responsible for responding to future information requests? Yes No
 2a. If yes, please fill out contact information for that person.

 First Name Last Name

 Title Organization

 Street Address _____

 Mailing Address _____

 City State ZIP

 Phone Number Fax Number

 Mobile Number (optional) Business Email Address

3. Does the applicant authorize the consultant to provide and obtain information related to this application? Yes No



Application for Appraised Value Limitation on Qualified Property

SECTION 2: Applicant Information (continued)

4. Authorized Company Consultant (If Applicable)

| | |
|--|--|
| <p>Blas First Name Tax Incentives Manager Title Popp Hutcheson PLLC Firm Name 512-473-2661 Phone Number blas.ortiz@property-tax.com Business Email Address</p> | <p>Ortiz Last Name 512-479-8013 Fax Number</p> |
|--|--|

SECTION 3: Fees and Payments

- Has an application fee been paid to the school district? Yes No
 The total fee shall be paid at time of the application is submitted to the school district. Any fees not accompanying the original application shall be considered supplemental payments.
 1a. If yes, attach in **Tab 2** proof of application fee paid to the school district.
 For the purpose of questions 2 and 3, "payments to the school district" include any and all payments or transfers of things of value made to the school district or to any person or persons in any form if such payment or transfer of thing of value being provided is in recognition of, anticipation of, or consideration for the agreement for limitation on appraised value.
- Will any "payments to the school district" that you may make in order to receive a property tax value limitation agreement result in payments that are not in compliance with Tax Code §313.027(i)? Yes No N/A
- If "payments to the school district" will only be determined by a formula or methodology without a specific amount being specified, could such method result in "payments to the school district" that are not in compliance with Tax Code §313.027(i)? Yes No N/A

SECTION 4: Business Applicant Information

- What is the legal name of the applicant under which this application is made? Scandia Wind, L.L.C.
- List the Texas Taxpayer I.D. number of entity subject to Tax Code, Chapter 171 (11 digits) 32039452480
- List the NAICS code 221115
- Is the applicant a party to any other pending or active Chapter 313 agreements? Yes No
 4a. If yes, please list application number, name of school district and year of agreement

SECTION 5: Applicant Business Structure

- Identify Business Organization of Applicant (corporation, limited liability corporation, etc) Limited Liability Company
- Is applicant a combined group, or comprised of members of a combined group, as defined by Tax Code §171.0001(7)? Yes No
 2a. If yes, attach in **Tab 3** a copy of Texas Comptroller Franchise Tax Form No. 05-165, No. 05-166, or any other documentation from the Franchise Tax Division to demonstrate the applicant's combined group membership and contact information.
- Is the applicant current on all tax payments due to the State of Texas? Yes No
- Are all applicant members of the combined group current on all tax payments due to the State of Texas? Yes No N/A
- If the answer to question 3 or 4 is no, please explain and/or disclose any history of default, delinquencies and/or any material litigation, including litigation involving the State of Texas. (If necessary, attach explanation in **Tab 3**)

SECTION 6: Eligibility Under Tax Code Chapter 313.024

1. Are you an entity subject to the tax under Tax Code, Chapter 171? Yes No
2. The property will be used for one of the following activities:
 - (1) manufacturing Yes No
 - (2) research and development Yes No
 - (3) a clean coal project, as defined by Section 5.001, Water Code Yes No
 - (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code Yes No
 - (5) renewable energy electric generation Yes No
 - (6) electric power generation using integrated gasification combined cycle technology Yes No
 - (7) nuclear electric power generation Yes No
 - (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) Yes No
 - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051 Yes No
3. Are you requesting that any of the land be classified as qualified investment? Yes No
4. Will any of the proposed qualified investment be leased under a capitalized lease? Yes No
5. Will any of the proposed qualified investment be leased under an operating lease? Yes No
6. Are you including property that is owned by a person other than the applicant? Yes No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? Yes No

SECTION 7: Project Description

1. In **Tab 4**, attach a 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.
2. Check the project characteristics that apply to the proposed project:

| | |
|---|--|
| <input checked="" type="checkbox"/> Land has no existing improvements | <input type="checkbox"/> Land has existing improvements (<i>complete Section 13</i>) |
| <input type="checkbox"/> Expansion of existing operation on the land (<i>complete Section 13</i>) | <input type="checkbox"/> Relocation within Texas |

SECTION 8: Limitation as Determining Factor

1. Does the applicant currently own the land on which the proposed project will occur? Yes No
2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project? Yes No
3. Does the applicant have current business activities at the location where the proposed project will occur? Yes No
4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location? Yes No
5. Has the applicant received any local or state permits for activities on the proposed project site? Yes No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site? Yes No
7. Is the applicant evaluating other locations not in Texas for the proposed project? Yes No
8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities? Yes No
9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project? Yes No
10. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas? Yes No

Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

SECTION 9: Projected Timeline

- 1. Application approval by school board Q3 2016
 - 2. Commencement of construction Q3 2016
 - 3. Beginning of qualifying time period Q3 2016
 - 4. First year of limitation 2019
 - 5. Begin hiring new employees Q1 2018
 - 6. Commencement of commercial operations Q1 2018 - Q3 2018
 - 7. Do you propose to construct a new building or to erect or affix a new improvement after your application review start date (date your application is finally determined to be complete)? Yes No
- Note:** Improvements made before that time may not be considered qualified property.
- 8. When do you anticipate the new buildings or improvements will be placed in service? Q1 2018 - Q3 2018

SECTION 10: The Property

- 1. Identify county or counties in which the proposed project will be located Parmer County
- 2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property Parmer County Appraisal District
- 3. Will this CAD be acting on behalf of another CAD to appraise this property? Yes No
- 4. List all taxing entities that have jurisdiction for the property, the portion of project within each entity and tax rates for each entity:

| | |
|---|---|
| County: <u>Parmer County, \$0.4336, 100%</u> <small>(Name, tax rate and percent of project)</small> | City: <u>N/A</u> <small>(Name, tax rate and percent of project)</small> |
| Hospital District: <u>Parmer Co. Hospital, \$0.2429, 100%</u> <small>(Name, tax rate and percent of project)</small> | Water District: <u>High Plains UWCD, \$0.008026, 100%</u> <small>(Name, tax rate and percent of project)</small> |
| Other (describe): <u>Parmer Co. FM Road, \$0.108, 100%</u> <small>(Name, tax rate and percent of project)</small> | Other (describe): _____ <small>(Name, tax rate and percent of project)</small> |
- 5. Is the project located entirely within the ISD listed in Section 1? Yes No
 - 5a. If no, attach in **Tab 6** additional information on the project scope and size to assist in the economic analysis.
- 6. Did you receive a determination from the Texas Economic Development and Tourism Office that this proposed project and at least one other project seeking a limitation agreement constitute a single unified project (SUP), as allowed in §313.024(d-2)? Yes No
 - 6a. If yes, attach in **Tab 6** supporting documentation from the Office of the Governor.

SECTION 11: Investment

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 Subchapter B or Subchapter C, and the taxable value of the property within the school district. For assistance in determining estimates of these minimums, access the Comptroller's website at www.texasahead.org/tax_programs/chapter313/.

- 1. At the time of application, what is the estimated minimum qualified investment required for this school district? 20,000,000.00
 - 2. What is the amount of appraised value limitation for which you are applying? 25,000,000.00
- Note:** The property value limitation amount is based on property values available at the time of application and may change prior to the execution of any final agreement.
- 3. Does the qualified investment meet the requirements of Tax Code §313.021(1)? Yes No
 - 4. Attach a description of the qualified investment [See §313.021(1).] The description must include:
 - a. a specific and detailed description of the qualified investment you propose to make on the property for which you are requesting an appraised value limitation as defined by Tax Code §313.021 (**Tab 7**);
 - b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your minimum qualified investment (**Tab 7**); and
 - c. a detailed map of the qualified investment showing location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period, with vicinity map (**Tab 11**).
 - 5. Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or §313.053 for Subchapter C school districts) for the relevant school district category during the qualifying time period? Yes No

SECTION 12: Qualified Property

1. Attach a detailed description of the qualified property. [See §313.021(2)] (If qualified investment describes qualified property exactly, you may skip items a, b and c below.) The description must include:
 - 1a. a specific and detailed description of the qualified property for which you are requesting an appraised value limitation as defined by Tax Code §313.021 (Tab 8);
 - 1b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your qualified property (Tab 8); and
 - 1c. a map of the qualified property showing location of new buildings or new improvements with vicinity map (Tab 11).
2. Is the land upon which the new buildings or new improvements will be built part of the qualified property described by §313.021(2)(A)? Yes No
 - 2a. If yes, attach complete documentation including:
 - a. legal description of the land (Tab 9);
 - b. each existing appraisal parcel number of the land on which the new improvements will be constructed, regardless of whether or not all of the land described in the current parcel will become qualified property (Tab 9);
 - c. owner (Tab 9);
 - d. the current taxable value of the land. Attach estimate if land is part of larger parcel (Tab 9); and
 - e. a detailed map showing the location of the land with vicinity map (Tab 11).
3. Is the land on which you propose new construction or new improvements 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
 - 3a. If yes, attach the applicable supporting documentation:
 - a. evidence that the area qualifies as a enterprise zone as defined by the Governor's Office (Tab 16);
 - b. legal description of reinvestment zone (Tab 16);
 - c. order, resolution or ordinance establishing the reinvestment zone (Tab 16);
 - d. guidelines and criteria for creating the zone (Tab 16); and
 - e. a map of the reinvestment zone or enterprise zone boundaries with vicinity map (Tab 11)
 - 3b. If no, submit detailed description of proposed reinvestment zone or enterprise zone with a map indicating the boundaries of the zone on which you propose new construction or new improvements to the Comptroller's office within 30 days of the application date. What is the anticipated date on which you will submit final proof of a reinvestment zone or enterprise zone? _____

SECTION 13: Information on Property Not Eligible to Become Qualified Property

1. In Tab 10, attach a specific and detailed description of all existing property. This includes buildings and improvements existing as of the application review start date (the date the application is determined to be complete by the Comptroller). The description must provide sufficient detail to locate all existing property on the land that will be subject to the agreement and distinguish existing property from future proposed property.
2. In Tab 10, attach a specific and detailed description of all proposed new property that will not become new improvements as defined by TAC 9.1051. This includes proposed property that: functionally replaces existing or demolished/removed property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property; or is otherwise ineligible to become qualified property. The description must provide sufficient detail to distinguish existing property (question 1) and all proposed new property that cannot become qualified property from proposed qualified property that will be subject to the agreement (as described in Section 12 of this application).
3. For the property not eligible to become qualified property listed in response to questions 1 and 2 of this section, provide the following supporting information in Tab 10:
 - a. maps and/or detailed site plan;
 - b. surveys;
 - c. appraisal district values and parcel numbers;
 - d. inventory lists;
 - e. existing and proposed property lists;
 - f. model and serial numbers of existing property; or
 - g. other information of sufficient detail and description.
4. Total estimated market value of existing property (that property described in response to question 1): \$ 0.00
5. In Tab 10, include an appraisal value by the CAD of all the buildings and improvements existing as of a date within 15 days of the date the application is received by the school district.
6. Total estimated market value of proposed property not eligible to become qualified property (that property described in response to question 2): \$ 0.00

Note: Investment for the property listed in question 2 may count towards qualified investment in Column C of Schedules A-1 and A-2, if it meets the requirements of 313.021(1). Such property cannot become qualified property on Schedule B.

Application for Appraised Value Limitation on Qualified Property

SECTION 14: Wage and Employment Information

1. What is the estimated number of permanent jobs (more than 1,600 hours a year), with the applicant or a contractor of the applicant, on the proposed qualified property during the last complete quarter before the application review start date (date your application is finally determined to be complete)? 0

2. What is the last complete calendar quarter before application review start date:
 First Quarter Second Quarter Third Quarter Fourth Quarter of 2015
(year)

3. What were the number of permanent jobs (more than 1,600 hours a year) this applicant had in Texas during the most recent quarter reported to the Texas Workforce Commission (TWC)? 0
Note: For job definitions see TAC §9.1051 and Tax Code §313.021(3).

4. What is the number of new qualifying jobs you are committing to create? 5

5. What is the number of new non-qualifying jobs you are estimating you will create? 0

6. Do you intend to request that the governing body waive the minimum new qualifying job creation requirement, as provided under Tax Code §313.025(f-1)? Yes No
 - 6a. If yes, attach evidence in **Tab 12** documenting that the new qualifying job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards.

7. Attach in **Tab 13** the four most recent quarters of data for each wage calculation below, including documentation from the TWC website. The final actual statutory minimum annual wage requirement for the applicant for each qualifying job — which may differ slightly from this estimate — will be based on information from the four quarterly periods for which data were available at the time of the application review start date (date of a completed application). See TAC §9.1051(21) and (22).
 - a. Average weekly wage for all jobs (all industries) in the county is 761.00
 - b. 110% of the average weekly wage for manufacturing jobs in the county is 1,346.13
 - c. 110% of the average weekly wage for manufacturing jobs in the region is 926.98

8. Which Tax Code section are you using to estimate the qualifying job wage standard required for this project? §313.021(5)(A) or §313.021(5)(B)

9. What is the minimum required annual wage for each qualifying job based on the qualified property? 48,203.10

10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 48,205.00

11. Will the qualifying jobs meet all minimum requirements set out in Tax Code §313.021(3)? Yes No

12. Do you intend to satisfy the minimum qualifying job requirement through a determination of cumulative economic benefits to the state as provided by §313.021(3)(F)? Yes No
 - 12a. If yes, attach in **Tab 12** supporting documentation from the TWC, pursuant to §313.021(3)(F).

13. Do you intend to rely on the project being part of a single unified project, as allowed in §313.024(d-2), in meeting the qualifying job requirements? Yes No
 - 13a. If yes, attach in **Tab 6** supporting documentation including a list of qualifying jobs in the other school district(s).

SECTION 15: Economic Impact

1. Complete and attach Schedules A1, A2, B, C, and D in **Tab 14**. Note: Excel spreadsheet versions of schedules are available for download and printing at URL listed below.
2. Attach an Economic Impact Analysis, if supplied by other than the Comptroller's Office, in **Tab 15**. (*not required*)
3. If there are any other payments made in the state or economic information that you believe should be included in the economic analysis, attach a separate schedule showing the amount for each year affected, including an explanation, in **Tab 15**.

APPLICATION TAB ORDER FOR REQUESTED ATTACHMENTS

| TAB | ATTACHMENT |
|-----|---|
| 1 | Pages 1 through 11 of Application |
| 2 | Proof of Payment of Application Fee |
| 3 | Documentation of Combined Group membership under Texas Tax Code 171.0001(7), history of tax default, delinquencies and/or material litigation <i>(if applicable)</i> |
| 4 | Detailed description of the project |
| 5 | Documentation to assist in determining if limitation is a determining factor |
| 6 | Description of how project is located in more than one district, including list of percentage in each district and, if determined to be a single unified project, documentation from the Office of the Governor <i>(if applicable)</i> |
| 7 | Description of Qualified Investment |
| 8 | Description of Qualified Property |
| 9 | Description of Land |
| 10 | Description of all property not eligible to become qualified property <i>(if applicable)</i> |
| 11 | <p>Maps that clearly show:</p> <ul style="list-style-type: none"> a) Project vicinity b) Qualified investment including location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period c) Qualified property including location of new buildings or new improvements d) Existing property e) Land location within vicinity map f) Reinvestment or Enterprise Zone within vicinity map, showing the actual or proposed boundaries and size <p>Note: Electronic maps should be high resolution files. Include map legends/markers.</p> |
| 12 | Request for Waiver of Job Creation Requirement and supporting information <i>(if applicable)</i> |
| 13 | Calculation of three possible wage requirements with TWC documentation |
| 14 | Schedules A1, A2, B, C and D completed and signed Economic Impact <i>(if applicable)</i> |
| 15 | Economic Impact Analysis, other payments made in the state or other economic information <i>(if applicable)</i> |
| 16 | <p>Description of Reinvestment or Enterprise Zone, including:</p> <ul style="list-style-type: none"> a) evidence that the area qualifies as a enterprise zone as defined by the Governor's Office b) legal description of reinvestment zone* c) order, resolution or ordinance establishing the reinvestment zone* d) guidelines and criteria for creating the zone* <p>* To be submitted with application or before date of final application approval by school board</p> |
| 17 | Signature and Certification page, signed and dated by Authorized School District Representative and Authorized Company Representative <i>(applicant)</i> |

TAB 02

Proof of Payment of Application Fee

THIS DOCUMENT HAS A GRADUATED BACKGROUND. DARK IN LIGHT. THE REVERSE SIDE INCLUDES AN ARTIFICIAL WATERMARK.

Scandia Wind, LLC

1000 8th St
PO Box 783
Bovina, TX 79009
806-251-1015

Friona State Bank

111th & Cleveland
Friona, TX 79035
806-250-5000

DATE 3/20/2016

PAY TO THE
ORDER OF

Friona Independent School District

Seventy-Five Thousand and 00/100***** DOLLARS

Friona Independent School District

MEMO Abatement application

Mitchell

Redacted for Security Purposes

TAB 03

Combined Group membership documentation

-Not Applicable-

TAB 04

Project Description

TAB 04, PROJECT DESCRIPTION:

This proposed project provides for the design and construction of a wind energy facility, and all associated infrastructure, with a total rated production capacity of 600 megawatts (MW) located within Parmer County Reinvestment Zone No. 2016-01. The total estimated Qualified Investment for this project is \$750 million dollars, with an estimated \$337,500,000 to be allocated within Friona Independent School District. The remaining investment will be located within neighboring Bovina Independent School District. Please see **Tab 06** for additional details.

If approved, the overall project may be executed in two phases and estimated to commence construction on or about Q3 2016 with completion on or about Q1 2018.

Site Information:

If approved, the proposed wind energy facility would be constructed in what is described as vacant, rural farm land located exclusively within Parmer County, Texas. The legal description of the Land within Parmer County Reinvestment Zone No. 2016-01 can be found in **Tab 16**.

Proposed Improvements:

Potential project-related improvements for which this value limitation is sought include, but are not limited to, the following: wind turbines (rotor blades, nacelles, gearboxes, generators, power cables, and towers) transformers, brake systems, lighting and other electrical infrastructure, and inverters.

Additional support infrastructure related to the project should include: structural foundations, roads and crane pads, underground collection systems for cables, concrete and gravel foundations, transmission lines, a substation, and an operations and maintenance building. All qualified property and investment would reside within a contiguous reinvestment zone within the school district boundaries.

Items For Which Value Limitation Is Requested:

The Applicant requests that a value limitation be approved for all items mentioned above under Proposed Improvements, as well as any additional qualified project-related items.

TAB 05

Limitation as a determining factor

TAB 05, LIMITATION AS A DETERMINING FACTOR:

Scandia Wind LLC (Scandia) is comprised of wind energy firms and partnerships with over 80 years of combined experience in developing and implementing large-scale renewable energy projects around the globe. In Texas alone, Scandia has coordinated and developed over 600 megawatts (MW) of wind energy production capacity. These unique attributes allow flexibility and ample opportunity to invest in a variety of competing regions, including potential development in nearby New Mexico.

Currently, this project is in its early development stages, and the decision to invest capital is still on-going. Therefore, the opportunity to consider capital investment for alternative locations is still available.

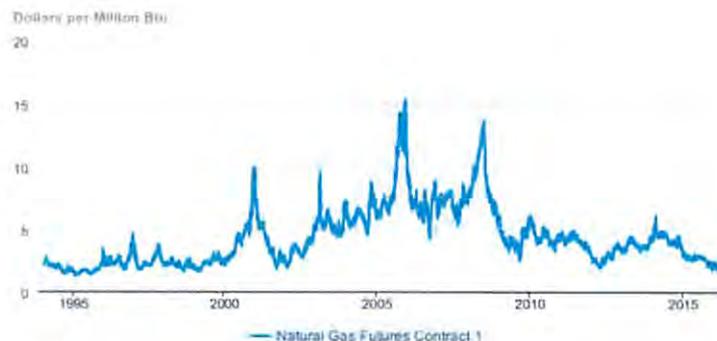
Tax incentives play a fundamental role in the development of a wind energy project of this magnitude. The value limitation incentive, in particular, is considered a vital component of the overall viability and marketability of the project. The critical project economics are due in part to:

- The continued decline of gas prices and its effect on the price of electricity (see Chart below)
- Limited grid access in the Texas Panhandle; and
- Additional costs associated with construction additional transmission lines to Hereford, TX

In light of these obstacles, the value limitation incentive plays a significant function in the decision to invest capital for this project as it is considered essential in the overall economic analysis.

Currently, Scandia is pursuing local and state regulatory permits and tax abatement agreements.

Natural Gas Futures Contract 1



TAB 06

Description of Project located in more than one District

TAB 06, DESCRIPTION OF PROJECT LOCATED IN MORE THAN ONE DISTRICT:

The proposed wind energy project, if approved, will be located within the Parmer County Reinvestment Zone No. 2016-01. The current objective entails constructing the project in two phases, "Phase A" and "Phase B":

- ◆ Phase A will be located south of US Highway 60 within the designated reinvestment zone and contain approximately 22.5% of the total project.
- ◆ Phase B will be located north of US Highway 60 within the designated reinvestment zone and contain approximately 22.5% of the total project.

Approximately forty-five percent (45%) of the total proposed project will be located within the boundaries of Friona Independent School District. The remaining fifty-five percent (55%) of the project will be located within the boundaries of Bovina Independent School District.

TAB 07

Description of Qualified Investment

TAB 07. DESCRIPTION OF QUALIFIED INVESTMENT:

This proposed project provides for the design and construction of a wind energy facility, and all associated infrastructure, with a total rated production capacity of 600 megawatts (MW) located within Parmer County Reinvestment Zone No. 2016-01. The total estimated investment for this project is \$750 million dollars, with an estimated \$337,500,000 to be allocated within Friona Independent School District. The remaining investment will be located within neighboring Bovina Independent School District.

If approved, the proposed wind facility would be constructed in what is described as vacant, rural farm land located exclusively within Parmer County, Texas. The legal description of the Land within Parmer County Reinvestment Zone No. 2016-01 can be found in **Tab 16**.

Potential, new project-related improvements for which this value limitation is sought include, but are not limited to, the following:

- wind turbines (rotor blades, nacelles, gearboxes generators, power cables, and towers)
- transformers
- brake systems
- lighting and other electrical infrastructure
- inverters

Additional support infrastructure related to the project should include:

- structural foundations
- roads and crane pads
- underground collection systems for cables
- concrete and gravel foundations
- transmission lines
- one Substation
- one Operations and Maintenance Building

TAB 08

Description of Qualified Property

TAB 08. DESCRIPTION OF QUALIFIED PROPERTY:

This proposed project provides for the design and construction of a wind energy facility, and all associated infrastructure, with a total rated production capacity of 600 megawatts (MW) located within Parmer County Reinvestment Zone No. 2016-01. The total estimated investment for this project is \$750 million dollars, with an estimated \$337,500,000 to be allocated within Friona Independent School District. The remaining investment will be located within neighboring Bovina Independent School District.

If approved, the proposed wind facility would be constructed in what is described as vacant, rural farm land located exclusively within Parmer County, Texas. The legal description of the Land within Parmer County Reinvestment Zone No. 2016-01 can be found in **Tab 16**.

Potential, new project-related improvements for which this value limitation is sought include, but are not limited to, the following:

- o wind turbines (rotor blades, nacelles, gearboxes generators, power cables, and towers)
- o transformers
- o brake systems
- o lighting and other electrical infrastructure
- o inverters

Additional support infrastructure related to the project should include:

- o structural foundations
- o roads and crane pads
- o underground collection systems for cables
- o concrete and gravel foundations
- o transmission lines
- o one Substation
- o one Operations and Maintenance Building

TAB 09

Description of Land

TAB 09. DESCRIPTION OF LAND:

The land properties associated with the proposed project are described as vacant, rural farm land located within Parmer County, Texas, Friona Independent School District, and the contiguous Parmer County Reinvestment Zone No. 2016-01. The legal descriptions of the land can be found in **Tab 16**. Currently, there are no existing project-related or applicant-owned improvements on the designated land.

TAB 10

Description of any Existing Improvements

-Not Applicable-

TAB 11

Maps

TAB 11, MAPS:

- 11.a. 1. Proposed project vicinity map
2. Proposed project vicinity map (zoom)
- 11.b. 1. Qualified Investment ("Phase A" proposed wind facility turbine footprint)
****CONFIDENTIAL****
2. Qualified Investment ("Phase B" proposed wind facility turbine footprint)
****CONFIDENTIAL****
- 11.c. Qualified Property (same as 11.b.1.)
Qualified Property (same as 11.b.2.)
- 11.d. Existing property (not applicable)
- 11.e. Land location within vicinity map
- 11.f. 1. Reinvestment zone within vicinity map
2. Location of proposed project area within ISD boundary

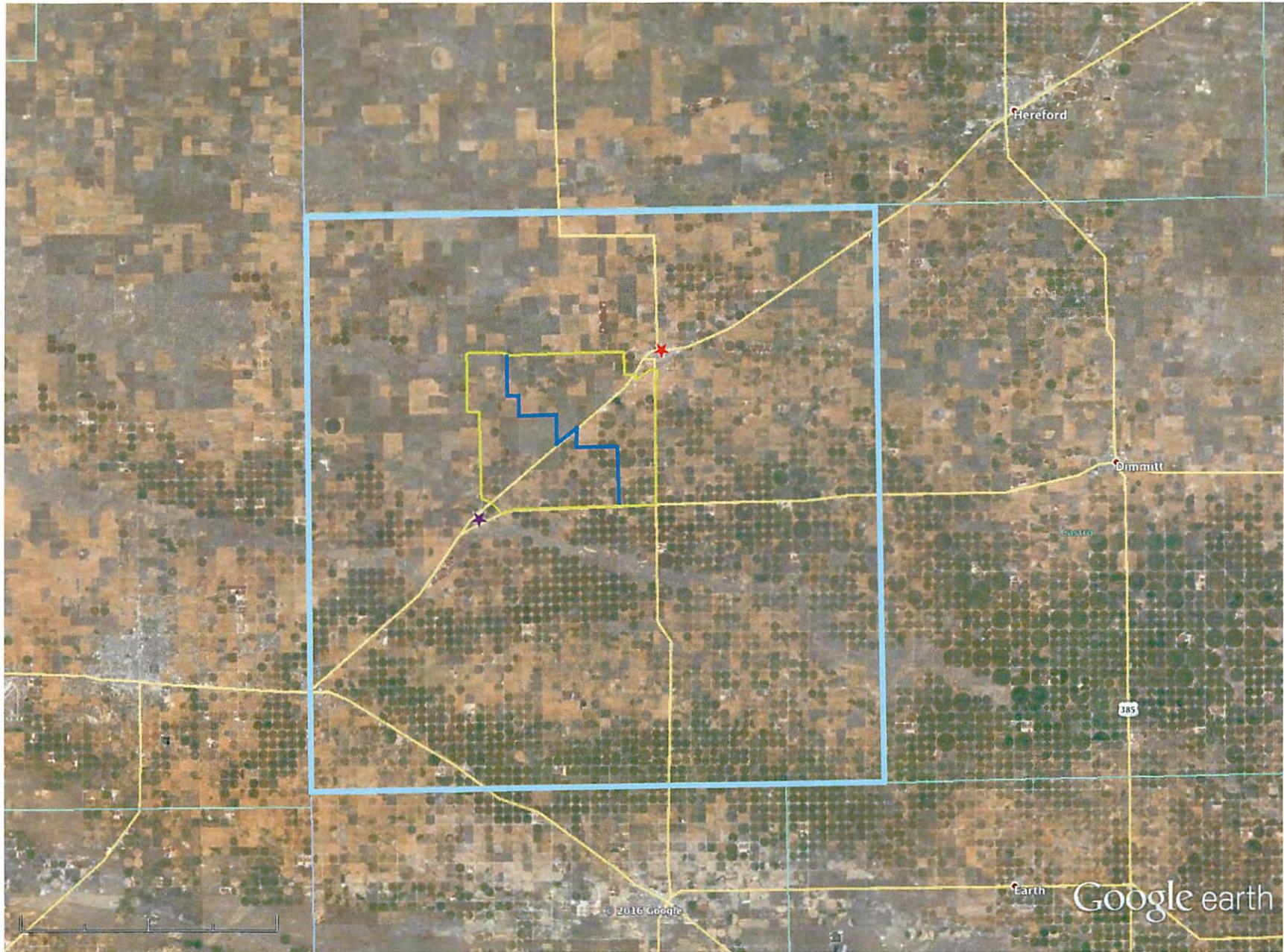
Confidentiality Request

In accordance with 34 TAC 9.1053 please accept this as a request for the following items to be deemed confidential and segregated from the remaining value limitation application materials. These items will be submitted separately to protect against unintended disclosure:

Tab 11.b.1. *Qualified Investment and Property project layout*

Tab 11.b.2. *Qualified Investment and Property project layout*

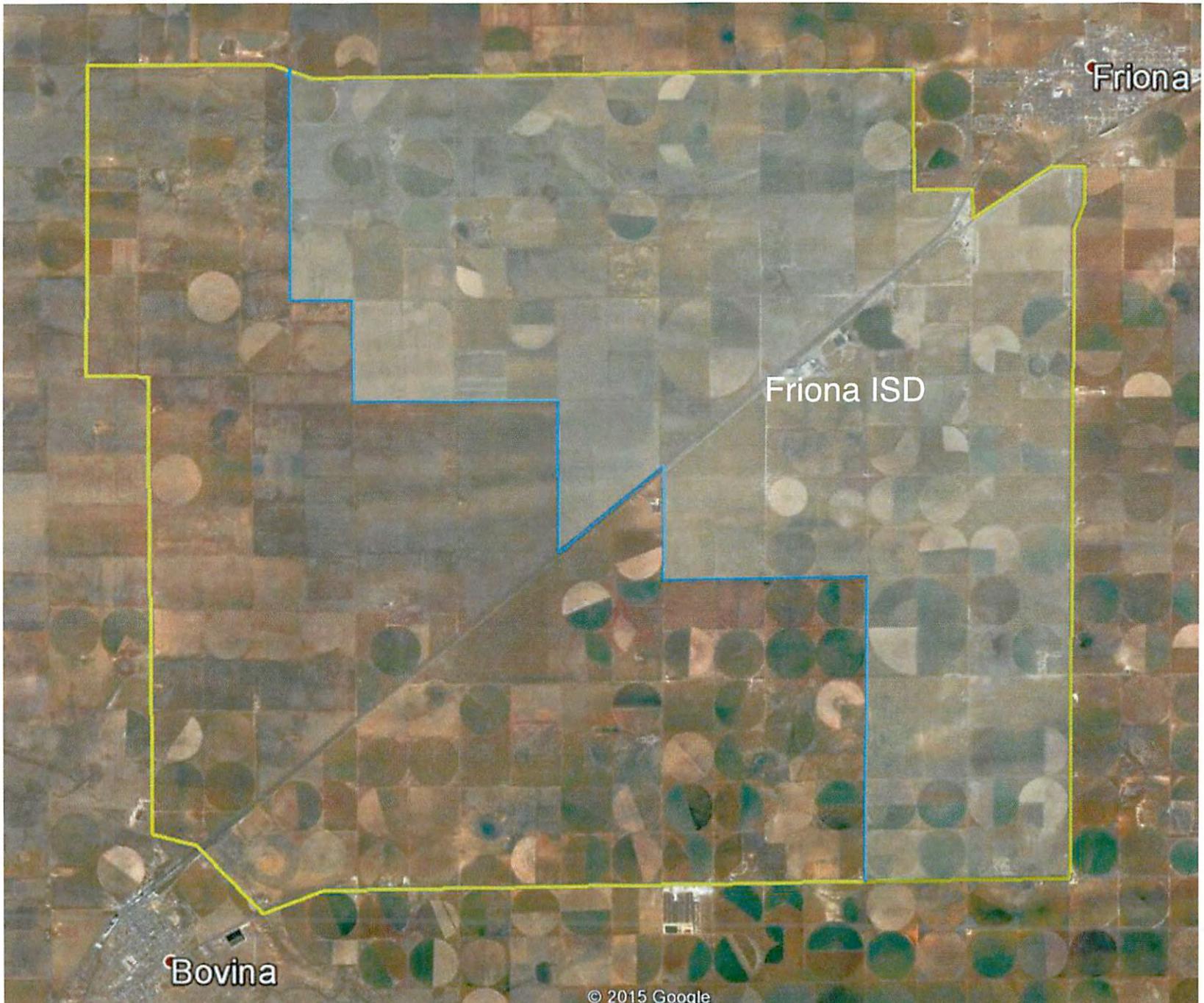
These items depict trade secret information of a specific and proprietary nature that could potentially expose the proposed project to detrimental and unwarranted observation from industry competitors. Therefore, pursuant to Texas Government Code 552.110, we formally request that the aforementioned items be considered confidential, removed and submitted separately from the remaining value limitation application materials.



MAP 11-a.1.

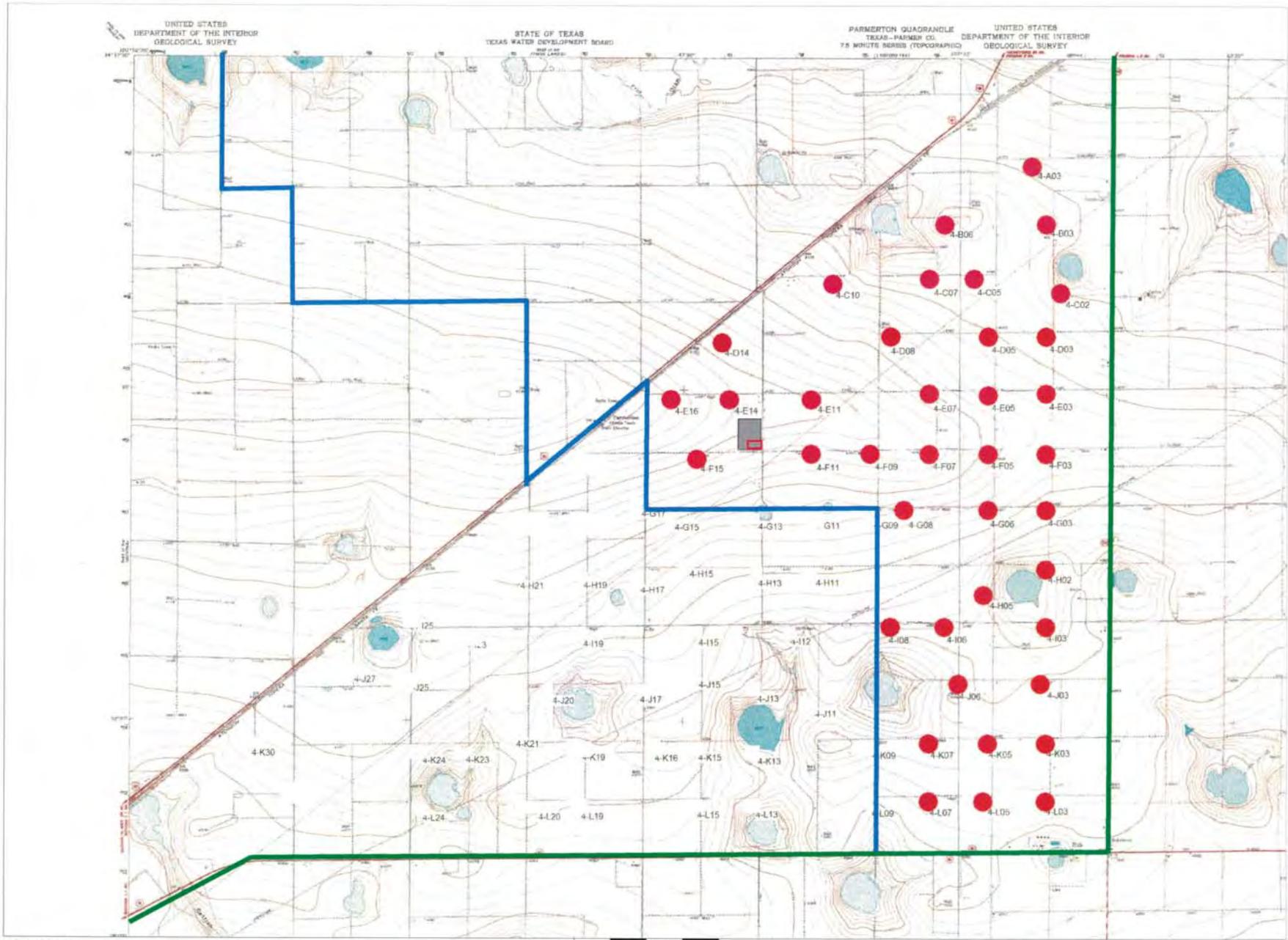
- ★ City of Friona, TX
- ★ City of Bovina, TX
- Parmer County, Texas Boundary
- Reinvestment Zone Boundary
- School District Boundary





MAP 11-a.2.

 Project Area Location



- PHASE A
LEGEND:**
- Green line: southeast border of reinvestment zone/project area.
 - Blue line: School district boundary
 - Red dot: Approximate location of wind turbine within reinvestment zone/project area
 - Gray rectangle: Approximate location of Operations & Maintenance building
 - Red rectangle: Approximate location of Substation

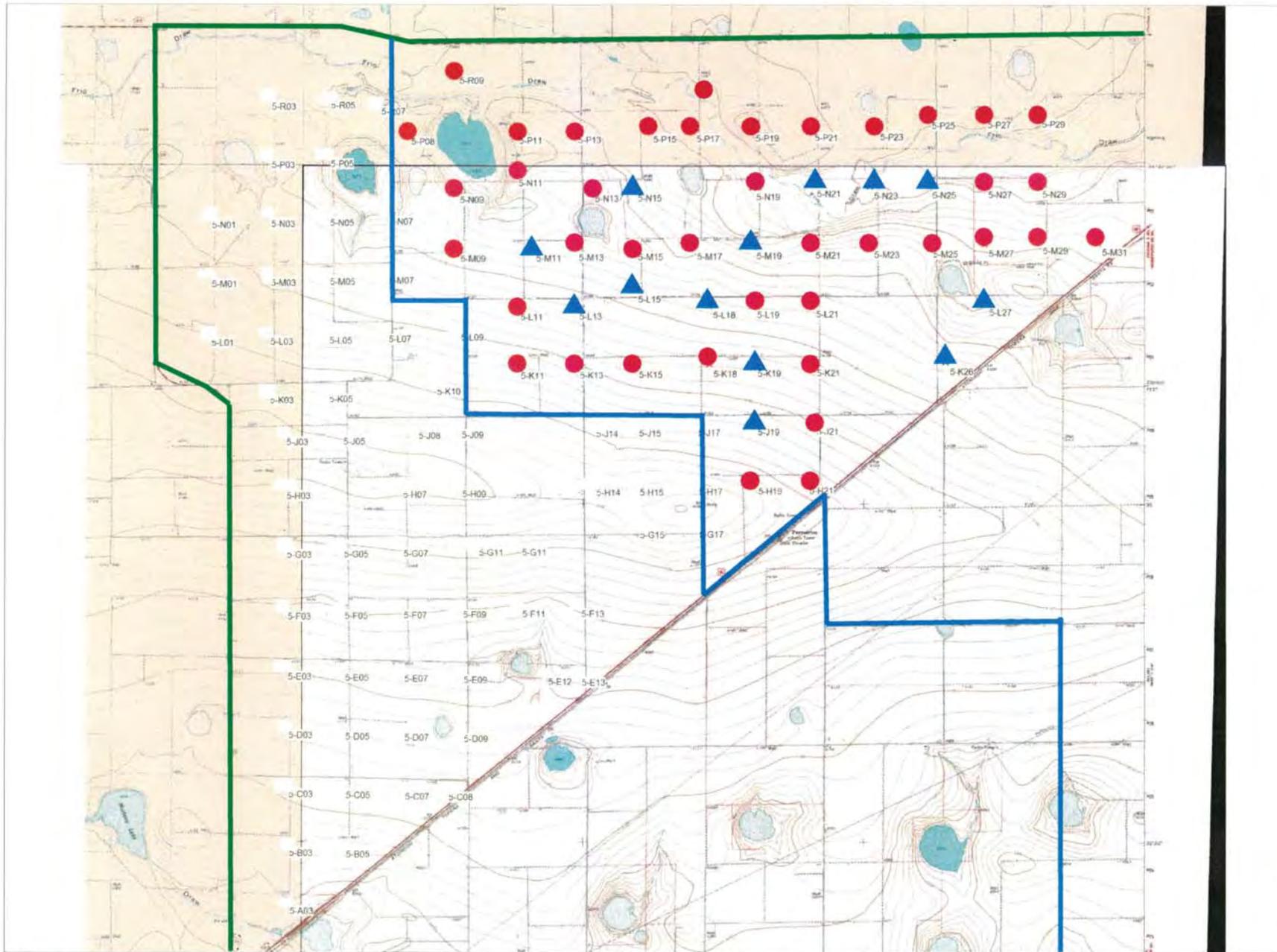


BASIS - Map Calculation:

MAP 11-b.1.
CONFIDENTIAL

Map: Farmerton-Hub merged map, Plot scale 1:35,000, Map center UTM WGS84 Zone: 13 East: 701,859 North: 3,827,712

**Approximate locations of wind turbines indicated with red dot symbols. Some locations will be subject to change, but all turbines will remain within the reinvestment zone/project area.



PHASE B LEGEND:

- Green line: north and western borders of reinvestment zone/ project area.
- Blue line: School district boundary
- Red dot: Approximate location of wind turbine within reinvestment zone/ project area
- Blue triangle: Approximate location of reserve wind turbine within reinvestment zone/ project area



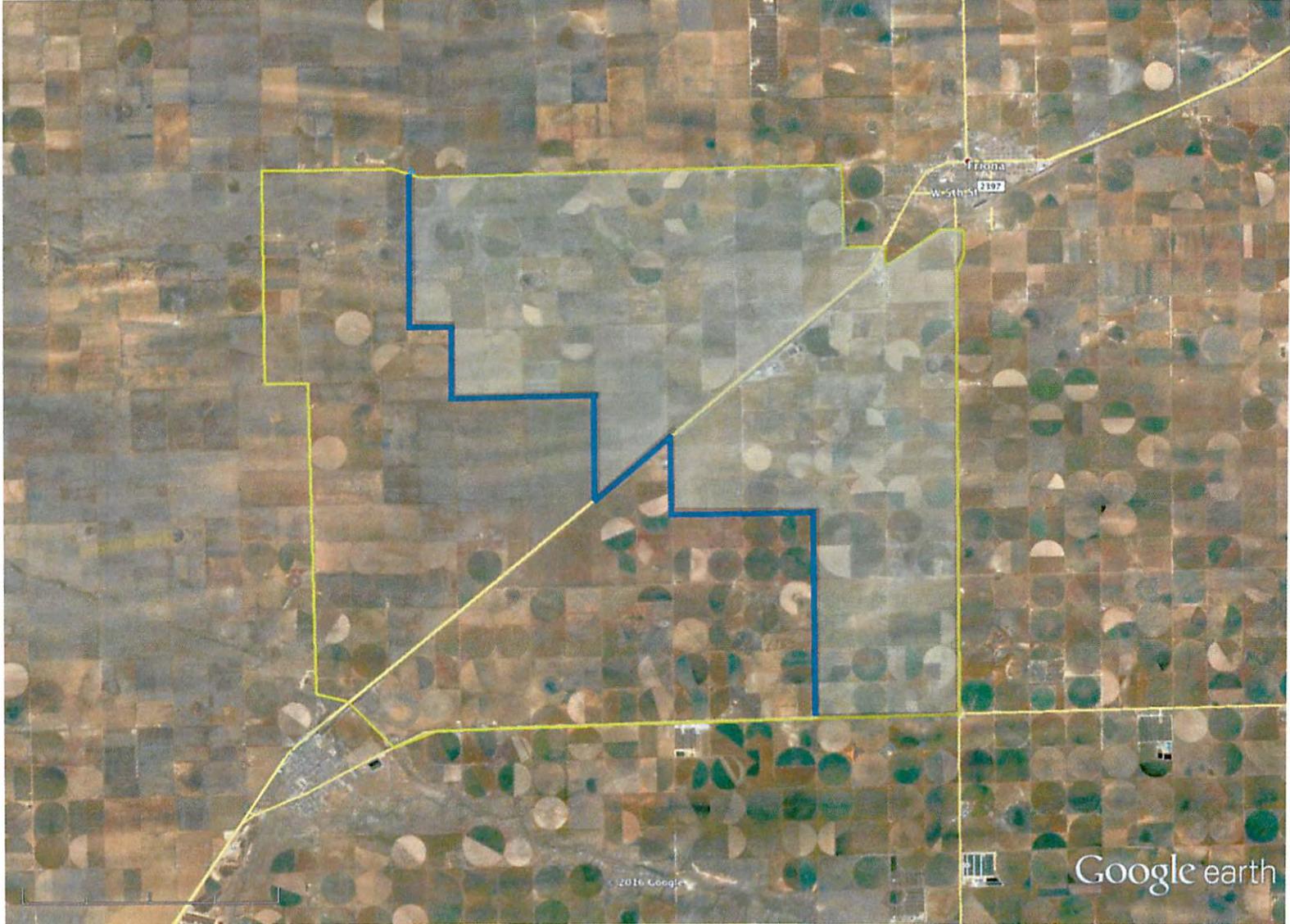
BASIS -
Map

MAP 11-b.2.

****CONFIDENTIAL****

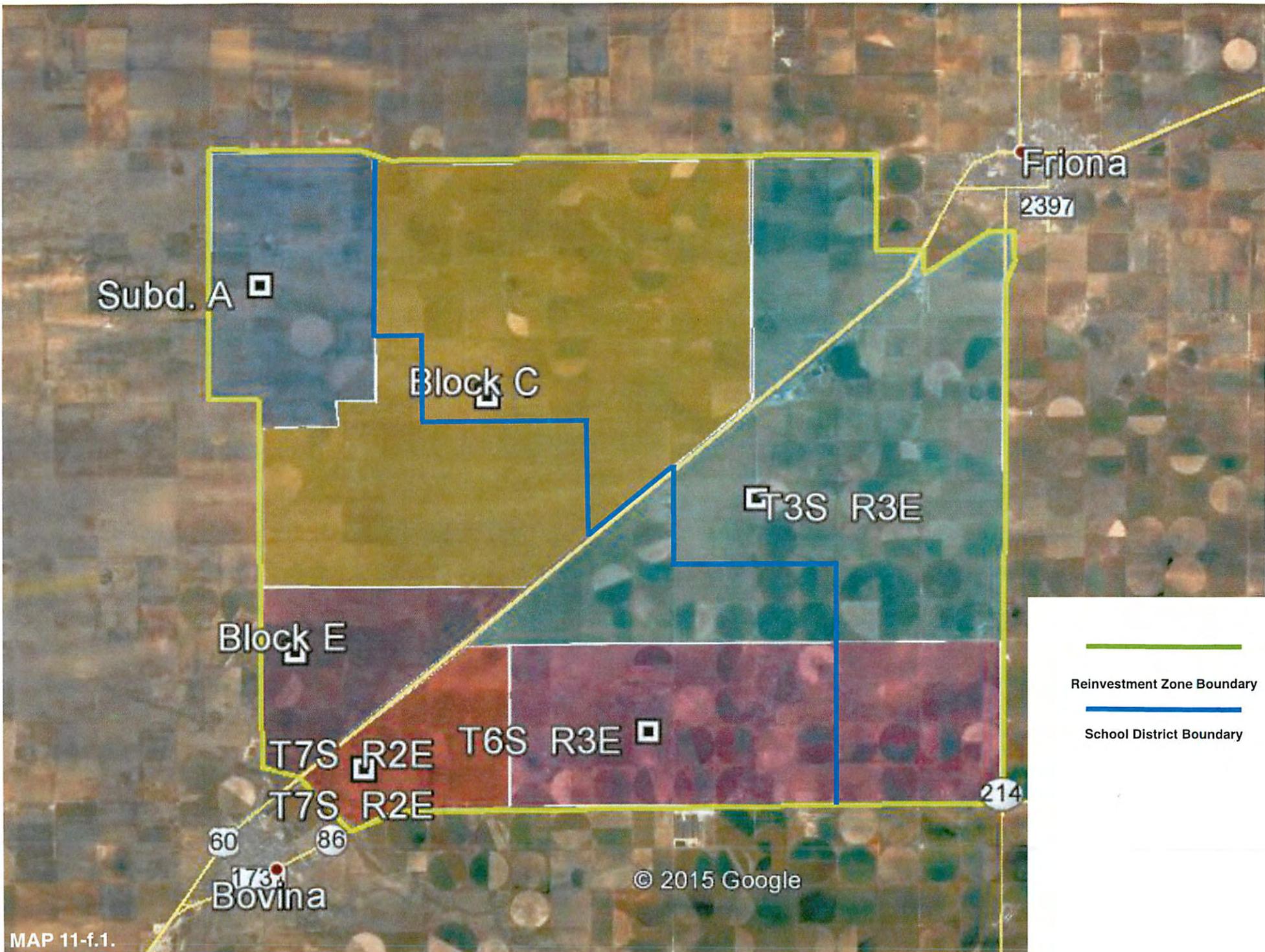
Map: Phase 5 compiled Cut map, Print scale 1:35,000, Map center Geo NAD 83 East: -102°49'27.76" E North: 34°35'05.19" N

**Approximate locations of wind turbines indicated with red dot symbols. Some locations will be subject to change, but all turbines will remain within the reinvestment zone/project area.



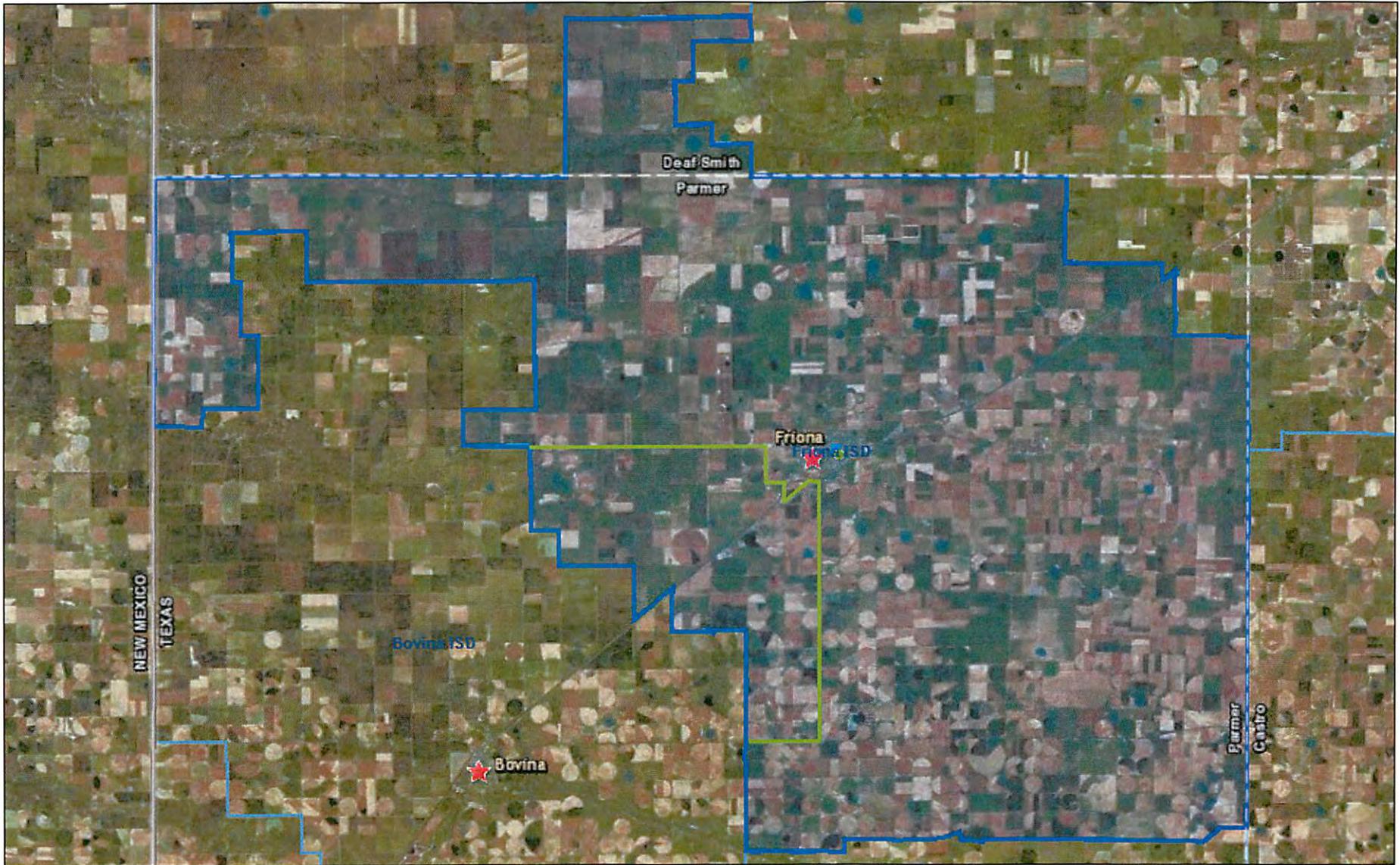
MAP 11-e.





MAP 11-f.1.

FRIONA ISD BOUNDARY MAP



MAP 11-f.2.

Current_Schools

- Elementary School
- Middle School



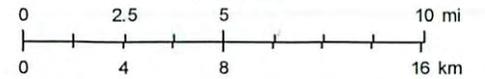
High School

Texas_Outline

Current_Districts

- Reinvestment Zone Boundary
- School District Boundary

1:288,895



Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AEX, Getmapping, Aerogrid, IGN, IGP, swisstopo, and

****Project area located within reinvestment zone and school district boundary**

TAB 12

Request for Waiver of Job Creation Requirement



June 23, 2016

Dr. Pamela Nelson-Ray, Superintendent
Friona Independent School District
909 E. 11th Street
Friona, Texas 79035

Re: Chapter 313 Request for Waiver of Job Creation Requirement for Scandia Wind, LLC.

Dear Superintendent Nelson-Ray,

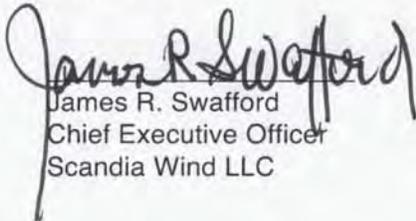
Please accept this letter as a formal request that the Friona Independent School District's Board of Trustees waive the job requirement provision as allowed by Section 313.025 (f-1) of the Texas Property Tax Code. This waiver would be based on the board finding that the jobs creation requirement exceeds the industry standard for the number of employees reasonably necessary to operate the proposed facility described in the property owner's application.

Scandia Wind LLC respectfully requests that Friona Independent School District makes such a finding and grants a waiver of the current job creation requirement of 10 permanent, full-time jobs. In accordance with industry standards for job requirements (one full-time employee per an estimated 15 to 20 turbines), Scandia Wind LLC has committed to create five (5) total qualifying jobs for the project, all of which will be located within Friona ISD. In addition to on-site qualified technicians, off-site personnel may also be utilized to support the project.

While wind projects create a substantial number of full and part-time positions during the construction phase, the number of qualified technicians tasked with maintaining and operating the project during commercial operations tends to be low. The permanent employees of a wind project maintain and service wind turbines, underground electrical connections, substations and other related infrastructure associated with the safe and reliable operation of the project.

The waiver request herein is comparable to the industry standard for maintenance and operations employment and is affirmed by similar wind project value limitation applications. This number may vary depending on the maintenance and operations requirements of the turbines selected as well as the support and technical assistance offered by the turbine manufacturer.

SINCERELY,


James R. Swafford
Chief Executive Officer
Scandia Wind LLC

TAB 13

Calculation of three possible Wage Requirements and Supporting information

7.a.

| Year | Quarter | County | Ownership | Industry | Avg. Weekly Wages |
|--------------------|---------|--------|-----------|----------------|--|
| 2015 | 1st | Parmer | Private | All Industries | \$ 719 |
| 2015 | 2nd | Parmer | Private | All Industries | \$ 722 |
| 2015 | 3rd | Parmer | Private | All Industries | \$ 802 |
| 2015 | 4th | Parmer | Private | All Industries | \$ 801 |
| <i>(Mean Avg.)</i> | | | | | \$ 761.00 <i>Average Weekly Wage For All Jobs</i> |

7.b.

| Year | Quarter | County | Ownership | Industry | Avg. Weekly Wages |
|--------------------|---------|--------|-----------|---------------|--|
| 2015 | 1st | Parmer | Private | Manufacturing | \$ 1,161 |
| 2015 | 2nd | Parmer | Private | Manufacturing | \$ 936 |
| 2015 | 3rd | Parmer | Private | Manufacturing | \$ 1,721 |
| 2015 | 4th | Parmer | Private | Manufacturing | \$ 1,077 |
| <i>(Mean Avg.)</i> | | | | | \$ 1,223.75 |
| | | | | | 110% |
| \$ 1,346.13 | | | | | <i>110% of County Average Weekly Wage for Manufacturing Jobs</i> |
| | | | | | **Based on data for Animal Food Manufacturing |

7.c.

| Year | Panhandle Regional Planning Commission | |
|------------------------|--|--|
| As of July 2015 | | \$ 43,821 |
| | | 110% |
| | | \$ 48,203.10 <i>110% of County Average Annual Wage for Manufacturing Jobs</i> |
| | | \$ 926.98 <i>110% of County Average Weekly Wage for Manufacturing Jobs</i> |

*Note: All data was taken from the Texas Workforce Commission TRACER database.

Quarterly Employment and Wages (QCEW)

[Back](#)

Page 1 of 1 (40 results/page)

| Year | Period | Area | Ownership | Division | Level | Ind Code | Industry | Avg Weekly Wages |
|------|---------|---------------|-----------|----------|-------|----------|-----------------------|------------------|
| 2015 | 1st Qtr | Parmer County | Private | 00 | 0 | 10 | Total, All Industries | \$719 |
| 2015 | 2nd Qtr | Parmer County | Private | 00 | 0 | 10 | Total, All Industries | \$722 |
| 2015 | 3rd Qtr | Parmer County | Private | 00 | 0 | 10 | Total, All Industries | \$802 |
| 2015 | 4th Qtr | Parmer County | Private | 00 | 0 | 10 | Total, All Industries | \$801 |

Quarterly Employment and Wages (QCEW)

[Back](#)

Page 1 of 1 (40 results/page)

| Year | Period | Area | Ownership | Division | Level | Ind Code | Industry | Avg Weekly Wages |
|------|---------|---------------|-----------|----------|-------|----------|---------------------------|------------------|
| 2015 | 1st Qtr | Parmer County | Private | 31 | 4 | 3111 | Animal food manufacturing | \$1,161 |
| 2015 | 2nd Qtr | Parmer County | Private | 31 | 4 | 3111 | Animal food manufacturing | \$936 |
| 2015 | 3rd Qtr | Parmer County | Private | 31 | 4 | 3111 | Animal food manufacturing | \$1,721 |
| 2015 | 4th Qtr | Parmer County | Private | 31 | 4 | 3111 | Animal food manufacturing | \$1,077 |

**2014 Manufacturing Average Wages by Council of Government Region
Wages for All Occupations**

| COG | Wages | |
|---|----------------|-----------------|
| | Hourly | Annual |
| Texas | \$24.18 | \$50,305 |
| 1. Panhandle Regional Planning Commission | \$21.07 | \$43,821 |
| 2. South Plains Association of Governments | \$16.75 | \$34,834 |
| 3. NORTEX Regional Planning Commission | \$20.23 | \$42,077 |
| 4. North Central Texas Council of Governments | \$25.32 | \$52,672 |
| 5. Ark-Tex Council of Governments | \$17.80 | \$37,017 |
| 6. East Texas Council of Governments | \$19.87 | \$41,332 |
| 7. West Central Texas Council of Governments | \$19.41 | \$40,365 |
| 8. Rio Grande Council of Governments | \$17.82 | \$37,063 |
| 9. Permian Basin Regional Planning Commission | \$23.65 | \$49,196 |
| 10. Concho Valley Council of Governments | \$18.70 | \$38,886 |
| 11. Heart of Texas Council of Governments | \$20.98 | \$43,636 |
| 12. Capital Area Council of Governments | \$28.34 | \$58,937 |
| 13. Brazos Valley Council of Governments | \$17.57 | \$36,547 |
| 14. Deep East Texas Council of Governments | \$17.76 | \$36,939 |
| 15. South East Texas Regional Planning Commission | \$29.21 | \$60,754 |
| 16. Houston-Galveston Area Council | \$26.21 | \$54,524 |
| 17. Golden Crescent Regional Planning Commission | \$23.31 | \$48,487 |
| 18. Alamo Area Council of Governments | \$19.46 | \$40,477 |
| 19. South Texas Development Council | \$13.91 | \$28,923 |
| 20. Coastal Bend Council of Governments | \$25.12 | \$52,240 |
| 21. Lower Rio Grande Valley Development Council | \$16.25 | \$33,808 |
| 22. Texoma Council of Governments | \$20.51 | \$42,668 |
| 23. Central Texas Council of Governments | \$18.02 | \$37,486 |
| 24. Middle Rio Grande Development Council | \$20.02 | \$41,646 |

Source: Texas Occupational Employment and Wages

Data published: July 2015

Data published annually, next update will be July 31, 2016

Note: Data is not supported by the Bureau of Labor Statistics (BLS).

Wage data is produced from Texas OES data, and is not to be compared to BLS estimates.

Data intended for TAC 313 purposes only.

TAB 14

Schedules A1 - D

Schedule A1: Total Investment for Economic Impact (through the Qualifying Time Period)

Date 24-Mar-16
 Applicant Name Scandia Wind LLC
 ISD Name FRIONA ISD

Form 50-296A
 Revised May 2014

| PROPERTY INVESTMENT AMOUNTS | | | | | | | | | |
|--|------|--|---|---|---|---|--|---|------|
| (Estimated investment in each year. Do not put cumulative totals.) | | | | | | | | | |
| | Year | School Year (YYYY-YYYY) | Tax Year (Fill in actual tax year below) YYYY | Column A | Column B | Column C | Column D | Column E | |
| | | | | New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property | New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property | Other new investment made during this year that will not become Qualified Property [SEE NOTE] | Other new investment made during this year that may become Qualified Property [SEE NOTE] | Total Investment (Sum of Columns A+B+C+D) | |
| Investment made before filing complete application with district | | | | Not eligible to become Qualified Property | | | | [The only other investment made before filing complete application with district that may become Qualified Property is land.] | \$ - |
| Investment made after filing complete application with district, but before final board approval of application | -- | Year preceding the first complete tax year of the qualifying time period (assuming no deferrals of qualifying time period) | 2016 | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period | | | | \$ 33,750,000.00 | \$ - | \$ - | \$ - | \$ 33,750,000.00 | |
| Complete tax years of qualifying time period | QTP1 | 2017-2018 | 2017 | \$ 270,000,000.00 | \$ - | \$ - | \$ - | \$ 270,000,000.00 | |
| | QTP2 | 2018-2019 | 2018 | \$ 33,750,000.00 | \$ - | \$ - | \$ - | \$ 33,750,000.00 | |
| Total Investment through Qualifying Time Period [ENTER this row in Schedule A2] | | | | \$ 337,500,000.00 | \$ - | \$ - | \$ - | \$ 337,500,000.00 | |
| | | | | Enter amounts from TOTAL row above in Schedule A2 | | | | | |
| Total Qualified Investment (sum of green cells) | | | | \$ 337,500,000.00 | | | | | |

For All Columns: List amount invested each year, not cumulative totals.

Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include estimates of investment for "replacement" property if the property is specifically described in the application.

Only tangible personal property that is specifically described in the application can become qualified property.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings.

Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that will not become qualified property include investment meeting the definition of 313.021(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property; is used to maintain, refurbish, renovate, modify or upgrade existing property, or is affixed to existing property—described in SECTION 13, question #5 of the application.

Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that may result in qualified property are land or professional services.

Total Investment: Add together each cell in a column and enter the sum in the blue total investment row. Enter the data from this row into the first row in Schedule A2.

Qualified Investment: For the green qualified investment cell, enter the sum of all the green-shaded cells.

Schedule A2: Total Investment for Economic Impact (Including Qualified Property and other Investments)

| PROPERTY INVESTMENT AMOUNTS (Estimated investment in each year. Do not put cumulative totals.) | | | | | | | | | | |
|---|---|--|--|--|--|----------------------------|-------------------------|----|----|-----------------------------------|
| Year | School Year (YYYY-YYYY) Tax Year (fill in actual tax year below) | Column A New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property. | Column B New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property. | Column C Other investment made during this year that will become Qualified Property. [SEE NOTE] | Column D Other investment made during this year that will become Qualified Property. [SEE NOTE] | Total Investment (A+B+C+D) | TOTALS FROM SCHEDULE A1 | | | Total investment from Schedule A1 |
| | | | | | | | \$ | \$ | \$ | |
| 0 | 2016-2017 | | | | | | 337,500,000.00 | | | 337,500,000.00 |
| Enter amounts from TOTAL row in Schedule A1 in the row below | | | | | | | | | | |
| 1 | 2016-2017 | | | | | | | | | |
| 2 | 2017-2018 | | | | | | | | | |
| 3 | 2018-2019 | | | | | | | | | |
| 4 | 2019-2020 | | | | | | | | | |
| 5 | 2020-2021 | | | | | | | | | |
| 6 | 2021-2022 | | | | | | | | | |
| 7 | 2022-2023 | | | | | | | | | |
| 8 | 2023-2024 | | | | | | | | | |
| 9 | 2024-2025 | | | | | | | | | |
| 10 | 2025-2026 | | | | | | | | | |
| 11 | 2026-2027 | | | | | | | | | |
| 12 | 2027-2028 | | | | | | | | | |
| 13 | 2028-2029 | | | | | | | | | |
| 14 | 2029-2030 | | | | | | | | | |
| 15 | 2030-2031 | | | | | | | | | |
| 16 | 2031-2032 | | | | | | | | | |
| 17 | 2032-2033 | | | | | | | | | |
| 18 | 2033-2034 | | | | | | | | | |
| 19 | 2034-2035 | | | | | | | | | |
| 20 | 2035-2036 | | | | | | | | | |
| 21 | 2036-2037 | | | | | | | | | |
| 22 | 2037-2038 | | | | | | | | | |
| 23 | 2038-2039 | | | | | | | | | |
| 24 | 2039-2040 | | | | | | | | | |
| 25 | 2040-2041 | | | | | | | | | |
| 26 | 2041-2042 | | | | | | | | | |
| 27 | 2042-2043 | | | | | | | | | |
| 28 | 2043-2044 | | | | | | | | | |
| Total investment made through limitation | | | | | | | | | | |
| 29 | 2029-2030 | | | | | | 337,500,000.00 | | | 337,500,000.00 |
| 30 | 2030-2031 | | | | | | | | | |
| 31 | 2031-2032 | | | | | | | | | |
| 32 | 2032-2033 | | | | | | | | | |
| 33 | 2033-2034 | | | | | | | | | |
| 34 | 2034-2035 | | | | | | | | | |
| 35 | 2035-2036 | | | | | | | | | |
| 36 | 2036-2037 | | | | | | | | | |
| 37 | 2037-2038 | | | | | | | | | |
| 38 | 2038-2039 | | | | | | | | | |
| 39 | 2039-2040 | | | | | | | | | |
| 40 | 2040-2041 | | | | | | | | | |
| 41 | 2041-2042 | | | | | | | | | |
| 42 | 2042-2043 | | | | | | | | | |
| 43 | 2043-2044 | | | | | | | | | |

* All investments made through the qualifying time period are captured and totaled on Schedule A1 [blue box] and incorporated into this schedule in the first row.
 ** Only investments made during deferrals of the start of the limitation (after the end of qualifying time period but before the start of the Value Limitation Period) should be included in the "year prior to start of value limitation period" row(s). If the limitation starts at the end of the qualifying time period or the qualifying time period overlaps the limitation, no investment should be included on this line.
 *** If your qualifying time period will overlap your value limitation period, do not also include investment made during the qualifying time period in years 1 and/or 2 of the value limitation period, depending on the overlap. Only include investments/years that were not captured on Schedule A1.
 For All Columns: List amount invested each year; not cumulative total. Only include investments in the remaining rows of Schedule A2 that were not captured on Schedule A1.
 Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include estimates of investment for "replacement" property if the property is specifically described in the application.
 Column B: Only tangible personal property that is specifically described in the application can become qualified property.
 Column C: The total dollar amount of planned investment in buildings or nonremovable component of buildings.
 Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that may not become qualified property include investment meeting the definition of 13.021(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property. is used to maintain, refurbish, remove, modify or upgrade existing property, or is added to existing property—described SECTION 13 question #8 of the application.
 Column E: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that may result in qualified property are land or professional services.

Schedule B: Estimated Market And Taxable Value (of Qualified Property Only)

Date
Applicant Name
ISD Name

24-Mar-16
Scandia Wind LLC
FRIONA ISD

Form 50-296A

Revised May 2014

| | Year | School Year (YYYY-YYYY) | Tax Year (in actual tax year) YYYY | Qualified Property | | | Estimated Taxable Value | | |
|---|------|----------------------------|--|-----------------------------------|---|---|--|---|---|
| | | | | Estimated Market Value of Land | Estimated Total Market Value of new buildings or other new improvements | Estimated Total Market Value of tangible personal property in the new buildings or "in or on the new improvements" | Market Value less any exemptions (such as pollution control) and before limitation | Final taxable value for I&S after all reductions | Final taxable value for M&O after all reductions |
| Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i> | 0 | 2016-2017 | 2016 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| | 1 | 2017-2018 | 2017 | \$ - | \$ - | \$ 16,875,000.00 | \$ 16,875,000.00 | \$ 16,875,000.00 | \$ 16,875,000.00 |
| | 2 | 2018-2019 | 2018 | \$ - | \$ - | \$ 182,250,000.00 | \$ 182,250,000.00 | \$ 182,250,000.00 | \$ 182,250,000.00 |
| Value Limitation Period | 1 | 2019-2020 | 2019 | \$ - | \$ - | \$ 253,125,000.00 | \$ 253,125,000.00 | \$ 253,125,000.00 | \$ 25,000,000.00 |
| | 2 | 2020-2021 | 2020 | \$ - | \$ - | \$ 303,750,000.00 | \$ 303,750,000.00 | \$ 303,750,000.00 | \$ 25,000,000.00 |
| | 3 | 2021-2022 | 2021 | \$ - | \$ - | \$ 303,750,000.00 | \$ 303,750,000.00 | \$ 303,750,000.00 | \$ 25,000,000.00 |
| | 4 | 2022-2023 | 2022 | \$ - | \$ - | \$ 286,875,000.00 | \$ 286,875,000.00 | \$ 286,875,000.00 | \$ 25,000,000.00 |
| | 5 | 2023-2024 | 2023 | \$ - | \$ - | \$ 270,000,000.00 | \$ 270,000,000.00 | \$ 270,000,000.00 | \$ 25,000,000.00 |
| | 6 | 2024-2025 | 2024 | \$ - | \$ - | \$ 253,125,000.00 | \$ 253,125,000.00 | \$ 253,125,000.00 | \$ 25,000,000.00 |
| | 7 | 2025-2026 | 2025 | \$ - | \$ - | \$ 236,250,000.00 | \$ 236,250,000.00 | \$ 236,250,000.00 | \$ 25,000,000.00 |
| | 8 | 2026-2027 | 2026 | \$ - | \$ - | \$ 219,375,000.00 | \$ 219,375,000.00 | \$ 219,375,000.00 | \$ 25,000,000.00 |
| | 9 | 2027-2028 | 2027 | \$ - | \$ - | \$ 202,500,000.00 | \$ 202,500,000.00 | \$ 202,500,000.00 | \$ 25,000,000.00 |
| | 10 | 2028-2029 | 2028 | \$ - | \$ - | \$ 185,625,000.00 | \$ 185,625,000.00 | \$ 185,625,000.00 | \$ 25,000,000.00 |
| Continue to maintain viable presence | 11 | 2029-2030 | 2029 | \$ - | \$ - | \$ 168,750,000.00 | \$ 168,750,000.00 | \$ 168,750,000.00 | \$ 168,750,000.00 |
| | 12 | 2030-2031 | 2030 | \$ - | \$ - | \$ 151,875,000.00 | \$ 151,875,000.00 | \$ 151,875,000.00 | \$ 151,875,000.00 |
| | 13 | 2031-2032 | 2031 | \$ - | \$ - | \$ 151,875,000.00 | \$ 151,875,000.00 | \$ 151,875,000.00 | \$ 151,875,000.00 |
| | 14 | 2032-2033 | 2032 | \$ - | \$ - | \$ 101,250,000.00 | \$ 101,250,000.00 | \$ 101,250,000.00 | \$ 101,250,000.00 |
| | 15 | 2033-2034 | 2033 | \$ - | \$ - | \$ 101,250,000.00 | \$ 101,250,000.00 | \$ 101,250,000.00 | \$ 101,250,000.00 |
| Additional years for 25 year economic impact as required by 313.026(c)(1) | 16 | 2034-2035 | 2034 | \$ - | \$ - | \$ 101,250,000.00 | \$ 101,250,000.00 | \$ 101,250,000.00 | \$ 101,250,000.00 |
| | 17 | 2035-2036 | 2035 | \$ - | \$ - | \$ 101,250,000.00 | \$ 101,250,000.00 | \$ 101,250,000.00 | \$ 101,250,000.00 |
| | 18 | 2036-2037 | 2036 | \$ - | \$ - | \$ 101,250,000.00 | \$ 101,250,000.00 | \$ 101,250,000.00 | \$ 101,250,000.00 |
| | 19 | 2037-2038 | 2037 | \$ - | \$ - | \$ 101,250,000.00 | \$ 101,250,000.00 | \$ 101,250,000.00 | \$ 101,250,000.00 |
| | 20 | 2038-2039 | 2038 | \$ - | \$ - | \$ 101,250,000.00 | \$ 101,250,000.00 | \$ 101,250,000.00 | \$ 101,250,000.00 |
| | 21 | 2039-2040 | 2039 | \$ - | \$ - | \$ 101,250,000.00 | \$ 101,250,000.00 | \$ 101,250,000.00 | \$ 101,250,000.00 |
| | 22 | 2040-2041 | 2040 | \$ - | \$ - | \$ 101,250,000.00 | \$ 101,250,000.00 | \$ 101,250,000.00 | \$ 101,250,000.00 |
| | 23 | 2041-2042 | 2041 | \$ - | \$ - | \$ 101,250,000.00 | \$ 101,250,000.00 | \$ 101,250,000.00 | \$ 101,250,000.00 |
| | 24 | 2042-2043 | 2042 | \$ - | \$ - | \$ 101,250,000.00 | \$ 101,250,000.00 | \$ 101,250,000.00 | \$ 101,250,000.00 |
| | 25 | 2043-2044 | 2043 | \$ - | \$ - | \$ 101,250,000.00 | \$ 101,250,000.00 | \$ 101,250,000.00 | \$ 101,250,000.00 |

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation.

Only include market value for eligible property on this schedule.

Schedule C: Employment Information

Date 24-Mar-16
 Applicant Name Scandia Wind LLC
 ISD Name FRIONA ISD

Form 50-296A
 Revised May 2014

| | Year | School Year (YYYY-YYYY) | Tax Year (Actual tax year) YYYY | Construction | | Non-Qualifying Jobs | Qualifying Jobs | |
|--|---------------------|----------------------------|---------------------------------------|--|---|---|---|---|
| | | | | Column A Number of Construction FTE's or man-hours (specify) | Column B Average annual wage rates for construction workers | Column C Number of non-qualifying jobs applicant estimates it will create (cumulative) | Column D Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative) | Column E Average annual wage of new qualifying jobs |
| Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i> | 0 | 2016-2017 | 2016 | 50 FTEs | \$ 46,800.00 | 0 | 0 | \$ - |
| | 1 | 2017-2018 | 2017 | 200 FTEs | \$ 46,800.00 | 0 | 0 | \$ - |
| | 2 | 2018-2019 | 2018 | 150 FTEs | \$ 46,800.00 | 0 | 5 | \$ 48,205.00 |
| Value Limitation Period <i>The qualifying time period could overlap the value limitation period</i> | 1 | 2019-2020 | 2019 | | | 0 | 5 | \$ 48,205.00 |
| | 2 | 2020-2021 | 2020 | | | 0 | 5 | \$ 48,205.00 |
| | 3 | 2021-2022 | 2021 | | | 0 | 5 | \$ 48,205.00 |
| | 4 | 2022-2023 | 2022 | | | 0 | 5 | \$ 48,205.00 |
| | 5 | 2023-2024 | 2023 | | | 0 | 5 | \$ 48,205.00 |
| | 6 | 2024-2025 | 2024 | | | 0 | 5 | \$ 48,205.00 |
| | 7 | 2025-2026 | 2025 | | | 0 | 5 | \$ 48,205.00 |
| | 8 | 2026-2027 | 2026 | | | 0 | 5 | \$ 48,205.00 |
| | 9 | 2027-2028 | 2027 | | | 0 | 5 | \$ 48,205.00 |
| 10 | 2028-2029 | 2028 | | | 0 | 5 | \$ 48,205.00 | |
| Years Following Value Limitation Period | 11 through 25 | 2029-2044 | 2029-2043 | | | 0 | 5 | \$ 48,205.00 |

Notes: See TAC 9.1051 for definition of non-qualifying jobs.
 Only include jobs on the project site in this school district.

- C1. Are the cumulative number of qualifying jobs listed in Column D less than the number of qualifying jobs required by statute? (25 qualifying jobs in Subchapter B districts, 10 qualifying jobs in Subchapter C districts) Yes No
- If yes, answer the following two questions:
- C1a. Will the applicant request a job waiver, as provided under 313.025(f-1)? Yes No
- C1b. Will the applicant avail itself of the provision in 313.021(3)(F)? Yes No

Date **20-Apr-16**
 Applicant Name **Scandia Wind LLC**
 ISD Name **FRIONA ISD**

| State and Local Incentives for which the Applicant intends to apply (Estimated) | | | | | | |
|---|--|---------------------------|------------------------------|-----------------------------------|----------------------|----------------------|
| Incentive Description | Taxing Entity (as applicable) | Beginning Year of Benefit | Duration of Benefit | Annual Tax Levy without Incentive | Annual Incentive | Annual Net Tax Levy |
| Tax Code Chapter 311 | County: | | | | | |
| | City: | | | | | |
| | Other: | | | | | |
| Tax Code Chapter 312 | County: Parmer County (Please see below) | 2018 | Ten-years (tentative) | \$ 819,088.00 | \$ 395,434.00 | \$ 423,654.00 |
| | City: | | | | | |
| | Other: Parmer County Hospital District (Please see below) | 2018 | Ten-years (tentative) | \$ 458,848.00 | \$ 221,520.00 | \$ 237,328.00 |
| | City: | | | | | |
| Local Government Code Chapters 380/381 | County: | | | | | |
| | City: | | | | | |
| | Other: | | | | | |
| Freeport Exemptions | | | | | | |
| Non-Annexation Agreements | | | | | | |
| Enterprise Zone/Project | | | | | | |
| Economic Development Corporation | | | | | | |
| Texas Enterprise Fund | | | | | | |
| Employee Recruitment | | | | | | |
| Skills Development Fund | | | | | | |
| Training Facility Space and Equipment | | | | | | |
| Infrastructure Incentives | | | | | | |
| Permitting Assistance | | | | | | |
| Other: | | | | | | |
| Other: | | | | | | |
| Other: | | | | | | |
| Other: | | | | | | |
| TOTAL | | | | \$ 1,277,936.00 | \$ 616,954.00 | \$ 660,982.00 |

Additional information on incentives for this project:

The above twenty-five year projections are based on potential ten-year abatement agreements structured as follows: 100% abatement for Years 1-5, then 90%/80%/70%/60%/50% abatements for Years 6-10, respectively. These calculations are adjusted for depreciation and tax rate fluctuations, but do not account for potential Payments In-Lieu of Taxes.

TAB 15

Economic Impact Study

-Pending, Not Attached-

TAB 16

Description of Reinvestment Zone

**RESOLUTION OF THE COMMISSIONERS COURT
OF PARMER COUNTY, TEXAS
DESIGNATING REINVESTMENT ZONE NUMBER 2016-01**

A RESOLUTION DESIGNATING A CERTAIN AREA AS A REINVESTMENT ZONE FOR A COMMERCIAL/INDUSTRIAL TAX ABATEMENT IN PARMER COUNTY, TEXAS, ESTABLISHING THE BOUNDARIES THEREOF, AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Commissioners Court of Parmer County, Texas desires to promote the development or redevelopment of a certain contiguous geographic area within its jurisdiction by the creation of a reinvestment zone as authorized by the Property Redevelopment and Tax Abatement Act, as amended (Texas Property Tax Code § 312.001, *et seq.*), and the Tax Abatement Guidelines and Criteria of Parmer County (the "Guidelines"); and

WHEREAS, on February 8, 2016, a hearing before the Commissioners Court of Parmer County, Texas was held, such date being at least seven (7) days after the date of publication of the notice of such public hearing in the local newspaper of general circulation in Parmer County and the delivery of written notice to the respective presiding officers of each taxing entity that includes within its boundaries real property that is to be included in the proposed reinvestment zone; and

WHEREAS, the Commissioners Court of Parmer County, Texas at such public hearing invited any interested person to appear and speak for or against the creation of the reinvestment zone and whether all or part of the territory described should be included in the proposed reinvestment zone; and

WHEREAS, the proponents of the reinvestment zone offered evidence, both oral and documentary, in favor of all of the foregoing matters relating to the creation of the reinvestment zone and opponents, if any, of the reinvestment zone appeared to contest the creation of the reinvestment zone.

BE IT RESOLVED BY THE COMMISSIONERS COURT OF PARMER COUNTY, TEXAS:

SECTION 1. That the facts and recitations contained in the preamble of this Resolution are hereby found and declared to be true and correct.

SECTION 2. That the Commissioners Court of Parmer County, Texas, after conducting such hearing and having heard such evidence and testimony, has made the following findings and determinations based on the evidence and testimony presented to it:

- (a) That the public hearing on adoption of the reinvestment zone has been properly called, held and conducted and that notice of such hearing has been published as required by law and mailed to the respective presiding officers of the governing bodies of all taxing units overlapping the territory inside the proposed

reinvestment zone; and

- (b) That the boundaries of the proposed reinvestment zone should be the area described in the description attached hereto as Exhibit "A" and depicted on the map attached hereto as Exhibit "B", both Exhibits being incorporated herein by reference for all purposes, and the contents of Exhibit "B" controlling in the event of any discrepancy between Exhibit "A" and Exhibit "B"; and,
- (c) That creation of the reinvestment zone will result in benefits to Parmer County, Texas and to land included in the reinvestment zone and that the improvements sought are feasible and practical; and
- (d) The reinvestment zone meets the criteria set forth in Texas Property Tax Code Chapter 312 for the creation of a reinvestment zone as set forth in the Property Redevelopment and Tax Abatement Act, as amended, and the Guidelines, in that it is reasonably likely as a result of the designation to contribute to the retention or expansion of primary employment or to attract investment in the zone that would be a benefit to the property and that would contribute to the economic development of Parmer County, Texas, and that the entire tract of land is located entirely within an unincorporated area of Parmer County, Texas.

SECTION 3. That pursuant to the Property Redevelopment and Tax Abatement Act, as amended, and the Guidelines, the Parmer County Commissioners Court hereby creates Parmer County Reinvestment Zone Number 2016-01; a reinvestment zone for commercial-industrial tax abatement encompassing only the area described in Exhibit "A" and depicted in Exhibit "B", and such reinvestment zone is hereby designated and shall hereafter be referred to as Parmer County Reinvestment Zone Number 2016-01.

SECTION 4. That Parmer County Reinvestment Zone Number 2016-01 shall take effect on February 8, 2016 and shall remain designated as a commercial-industrial reinvestment zone for a period of five (5) years from such date of designation, and may be renewed for an additional five (5) year period thereafter.

SECTION 5. That if any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution.

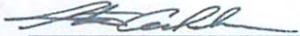
SECTION 6. That it is hereby found, determined and declared that sufficient notice of the date, hour, place and subject, of the meeting of the Parmer County Commissioners Court at which this Resolution was adopted was posted at a place convenient and readily accessible at all times as required by the Texas Open Government Act, Texas Government Code, Chapter 551, as amended, and that a public hearing was held prior to the designation of such reinvestment zone and that proper notice of the hearing was published in the official newspaper of general circulation within the County, and furthermore, such notice was in fact delivered to the presiding

officer of any affected taxing entity as prescribed by the Property Redevelopment and Tax Abatement Act.

PASSED, APPROVED AND ADOPTED on this the 8th day of February, 2016.



Kirk Frye
Commissioner, Precinct 1



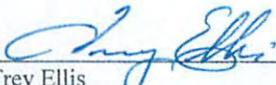
Steve Cockerham
Commissioner, Precinct 2



Kenny White
Commissioner, Precinct 3



Lloyd Bradshaw
Commissioner, Precinct 4



Trey Ellis
County Judge



County Clerk

[COUNTY SEAL]

**EXHIBIT A
DESCRIPTION OF
PARMER COUNTY
REINVESTMENT ZONE 2016-01**

(Description provided by Applicant and not verified by County)

Parmer County, Subdivision A, Sections 1, 2, 9, 10, 11, 12

Parmer County, Block C, Sections 1-28

Parmer County, T3S R32 (North of Highway 60), Sections 2 and 11

Parmer County, T3S R32 (South of Highway 60), Sections 4, 12, 13, and 21-36

Parmer County, T6S R3E, Sections 1-12

Parmer County, T7S R2E, Sections 1, 2, and 11

Parmer County, Block E, Sections 1, 2, 3, 6, 7, and 9

Exhibit "A"

EXHIBIT B
MAP OF
REINVESTMENT ZONE 2016-01

(Map provided by Applicant and not verified by County)

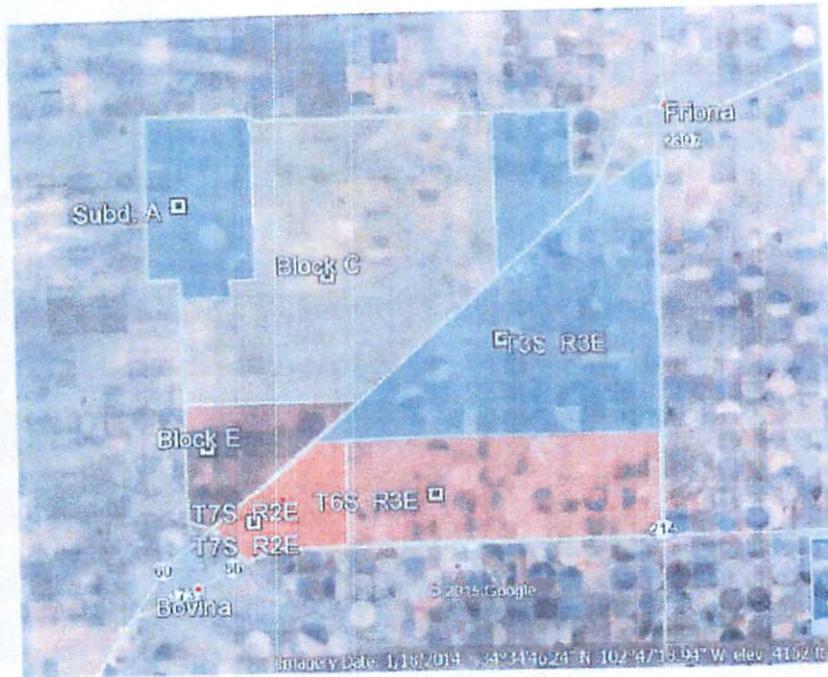


Exhibit "B"

A Resolution

**PROVIDING THAT PARMER COUNTY, TEXAS (the "COUNTY")
ELECTS TO BE ELIGIBLE TO PARTICIPATE IN TAX ABATEMENTS
AS AUTHORIZED BY CHAPTER 312 OF THE TEXAS TAX CODE**

WHEREAS, a Texas county may enter into tax abatement agreements authorized by Chapter 312 of the Texas Tax Code (the "Code") only if the governing body of such county has previously adopted a resolution stating that the county elects to be eligible to participate in tax abatement.

WHEREAS, the County desires to replace the Resolution for Adopting a Comprehensive Policy of Guidelines and Criteria for Governing Tax Abatement Incentives adopted by the County on June 18, 2012,

**NOW, THEREFORE, BE IT RESOLVED BY THE COUNTY
COMMISSIONERS' COURT OF PARMER COUNTY, TEXAS, THAT:**

1. The County hereby elects to be eligible to participate in tax abatement in accordance with Chapter 312 of the Code.

2. This policy is effective as of the date of adoption and replaces in its entirety the Resolution for Adopting a Comprehensive Policy of Guidelines and Criteria for Governing Tax Abatement Incentives adopted on June 18, 2012.

PASSED AND APPROVED this 10th day of December, 2012.


Trey Ellis, Parmer County Judge

Attest: 
Colleen Stover, Parmer County
Clerk

STATE OF TEXAS

PARMER COUNTY

TAX ABATEMENT GUIDELINES AND CRITERIA

Parmer County (the "County") is committed to the promotion of quality development in all parts of Parmer County and to improving the quality of life for its citizens. In order to help meet these goals, the County will consider providing Tax Abatements (as defined below) to stimulate economic development. It is the policy of the County that such an incentive will be provided in accord with the guidelines and criteria outlined in this document. All applicants for Tax Abatements shall be considered on an individual basis.

In order to be eligible for designation as a Reinvestment Zone and receive Tax Abatement, the planned improvement:

1. must be an Eligible Facility (as defined below);
2. must add at least One Million Dollars (\$1,000,000.00) to the tax roll of eligible property;
3. must create no less than five (5) new, permanent, full-time jobs;
4. must be reasonably expected to have an increase in positive net economic benefit to Parmer County of at least One Million Dollars (\$1,000,000.00) over the life of the Abatement, computed to include (but not limited to) new sustaining payroll and/or capital improvement; and
5. must not be expected to solely or primarily have the effect of transferring employment from one part of Parmer County to another.

In addition to the criteria set forth above, the Parmer County Commissioners Court (the "Commissioners Court") reserves the right to negotiate a Tax Abatement Agreement in order to compete favorably with other communities.

Only that increase in the fair market value of the property that is a direct result of the development, redevelopment, and improvement specified in the Agreement will be eligible for Abatement and then only to the extent that such increase exceeds any reduction in the fair market value of the other property of the applicant located within the jurisdiction creating the reinvestment zone.

All Tax Abatement Agreements will be no longer than allowed by law.

It is the goal of the County to grant Tax Abatements on the same terms and conditions as the other taxing units having jurisdiction of the property. However, nothing herein shall limit the discretion of the Commissioners Court to consider, adopt, modify or decline any Tax Abatement request.

This policy is effective as of the date of adoption, shall at all times be kept current with regard to the needs of Parmer County and reflective of the official views of the Commissioners Court, and shall be reviewed every two (2) years.

The adoption of these guidelines and criteria by the Commissioners Court does not:

1. limit the discretion of the governing body to decide whether to enter into a specific Tax Abatement Agreement;
2. limit the discretion of the governing body to delegate to its employees the authority to determine whether or not the governing body should consider a particular application or request for Tax Abatement; or
3. create any property, contract, or other legal right in any person to have the governing body consider or grant a specific application or request for Tax Abatement.

SECTION I. DEFINITIONS

A. **"Abatement" or "Tax Abatement"** means the full or partial exemption from ad valorem taxes of certain property in a reinvestment zone designated for economic development purposes.

B. **"Agreement" or "Abatement Agreement"** means a contractual Agreement between a property owner and/or lessee and the County.

C. **"Base Year Value"** means the assessed value on the eligible property as of January 1 preceding the execution of the Agreement.

D. **"Deferred Maintenance"** means improvements necessary for continued operation which do not improve productivity or alter the process technology.

E. **"Eligible Facilities"** means new, expanded, or modernized buildings and structures, including fixed machinery and equipment, which is reasonably likely as a result of granting the Abatement to contribute to the retention or expansion of primary employment or to attract major investment in the reinvestment zone that would be a benefit to the property and that would contribute to the economic development of Parmer County, but does not include facilities such as, but not limited to, restaurants and retail sales establishments which are intended to provide goods or services primarily to residents or existing businesses located in Parmer County. Eligible facilities may include, but shall not be limited to a(n):

aquaculture/agriculture facility;
distribution center facility;
manufacturing facility;
office building;

regional entertainment/tourism facility;
research service facility;
regional service facility;
historic building in a designated area;
wind energy facility; or
other basic industrial facility.

F. **"Expansion"** means the addition of building structures, machinery, equipment, or payroll for purposes of increasing production capacity.

G. **"Facility"** means property improvement(s) completed or in the process of construction which together comprise an interregional whole.

H. **"Modernization"** means a complete or partial demolition of facilities and the complete or partial reconstruction or installation of a facility of similar or expanded production capacity. Modernization may result from the construction, alteration, or installation of buildings, structures, machinery, or equipment.

I. **"New Facility"** means a property previously undeveloped which is placed into service by means other than or in conjunction with Expansion or Modernization.

J. **"Productive Life"** means the number of years property improvement(s) is/are expected to be in service in a facility.

SECTION II. ABATEMENT AUTHORIZED

A. **Eligible Facilities.** Upon application, Eligible Facilities shall be considered for Tax Abatement as hereinafter provided.

B. **Creation of New Values.** Abatement may only be granted for the additional value of eligible property improvement(s) made subsequent to and specified in an Abatement Agreement between the County and the property owner or lessee, subject to such limitations as the County may require.

C. **New and Existing Facilities.** Abatement may be granted for the additional value of eligible property improvement(s) made subsequent to and specified in an Abatement Agreement between the County and the property owner or lessee, subject to such limitations as the County may require.

D. **Eligible Property.** Abatement may be extended to the value of new, expanded, or modernized buildings, structures, fixed machinery and equipment, site improvements, and related fixed improvements necessary to the operation and administration of the facility, and all other real and tangible personal property permitted by Chapter 312 of the Texas Tax Code.

E. **Ineligible Property.** The following types of property shall be fully taxable and ineligible for Tax Abatement: land; animals; inventories, supplies; tools; furnishings; vehicles;

vessels; aircraft; deferred maintenance investments; housing and property to be rented or leased, except as provided in Section II(F); property owned or used by the State of Texas.

F. Owned/Leased Facilities. If a leased facility is granted Abatement, the Agreement shall be executed with the lessor and the lessee. If the land is leased, but the facility constructed or installed thereon is owned by the lessee, the lessee shall execute the Agreement.

G. Economic Qualifications. In order to be eligible for designation as a reinvestment zone and receive Tax Abatement, the planned improvement:

- (1) must be an Eligible Facility;
- (2) must add at least One Million Dollars (\$1,000,000.00) to the tax roll of eligible property;
- (3) must create no less than five (5) new, permanent, full-time jobs;
- (4) must be reasonably expected to have an increase in positive net economic benefit to Parmer County of at least One Million Dollars (\$1,000,000.00) over the life of the Abatement, computed to include (but not limited to) new sustaining payroll and/or capital improvement. The creation of (number and type) of new jobs will also factor into the decision to grant an Abatement; and
- (5) must not be expected to solely or primarily have the effect of transferring employment from one part of Parmer County to another.

H. Standards for Tax Abatement. The following factors, among others, will be considered in determining whether to grant Tax Abatement:

- (1) value of existing improvements, if any;
- (2) type and value of proposed improvements;
- (3) productive life of proposed improvements;
- (4) number of existing jobs to be retained by proposed improvements;
- (5) number and type of new jobs to be created by proposed improvements;
- (6) amount of local payroll to be created;
- (7) whether the new jobs to be created will be filled by persons residing or projected to reside within the affected taxing jurisdiction;
- (8) amount by which property tax base valuation will be increased during the term of Abatement and after Abatement, which shall include a definitive commitment

that such valuation shall not, in any case, be less than Five Hundred Thousand Dollars (\$500,000.00);

(9) expenses to be incurred in providing facilities directly resulting from the new improvements;

(10) the amount of ad valorem taxes to be paid to the County during the Abatement period considering (a) the existing values, (b) the percentage of new value abated, (c) the Abatement period, and (d) the value after expiration of the Abatement period;

(11) the population growth of Parmer County that occurs directly as a result of new improvements;

(12) the types and values of public improvements, if any, to be made by applicant seeking Abatement;

(13) whether the proposed improvements compete with existing businesses to the detriment of the local economy;

(14) the impact on the business opportunities of existing business;

(15) the attraction of other new businesses to the area;

(16) the overall compatibility with the zoning ordinances and comprehensive plan for the area; and

(17) whether the project obtains all necessary permits from the applicable environmental agencies.

Each Eligible Facility shall be reviewed on its merits utilizing the factors provided above. After such review, Abatement may be denied entirely or may be granted to the extent deemed appropriate after full evaluation.

I. Denial of Abatement. An Abatement Agreement shall not be authorized if it is determined that:

(1) there would be substantial adverse effect on the provision of government services or tax base;

(2) the applicant has insufficient financial capacity;

(3) violation of other codes or laws; or

(4) any other reason deemed appropriate by the County.

J. Taxability. From the execution of the Abatement to the end of the Agreement period, taxes shall be payable as follows:

- (1) the value of ineligible property as provided in Section II(E) shall be fully taxable;
- (2) the base year value of existing eligible property as determined each year shall be fully taxable; and
- (3) the additional value of new eligible property shall be fully taxable at the end of the Abatement period.

SECTION III. APPLICATION

A. Any present or potential owner of taxable property in the County may request Tax Abatement by filing a written application with the Commissioners Court.

B. The application shall consist of a general description of the new improvements to be undertaken; a descriptive list of the improvements for which an Abatement is requested; a list of the kind, number and location of all proposed improvements of a property; a map and property description; and a time schedule for undertaking and completing the proposed improvements. In the case of modernization, a statement of the assessed value of the facility, separately stated for real and personal property, shall be given for the tax year immediately preceding the application. The Commissioners Court may require such financial and other information as deemed appropriate for evaluating the financial capacity and other factors pertaining to the applicant, to be attached to the application. The completed application must be accompanied by the payment of a non-refundable application fee for administrative costs and legal fees associated with the processing of the Tax Abatement request. All checks in payment of the administrative fee shall be made payable to the County. The fee for Abatement requests shall be One Thousand and No/100 Dollars (\$1,000.00).

C. The County shall give notice as provided by the Property Tax Code, including written notice to the presiding officer of the governing body of each taxing unit in which the property to be subject to the Agreement is located, not later than seven (7) days before acting upon the application.

D. The application process described in Section III(A) hereof shall be followed regardless of whether a particular reinvestment zone is created by Parmer County or a taxing entity within Parmer County. No other notice or hearing shall be required except compliance with the open meetings act, unless the Commissioners Court deem them necessary in a particular case.

SECTION IV. AGREEMENT

A. After approval, the Commissioners Court shall formally pass a resolution and execute an Agreement with the owner of the facility and lessee as required which shall:

- (1) include a list of the kind, number and location of all proposed improvements to the property;
- (2) provide access to and authorize inspection of the property by the taxing unit to insure compliance with the Agreement;
- (3) limit the use of the property consistent with the taxing unit's development goals;
- (4) provide for recapturing property tax revenues that are lost if the owner fails to make improvements as provided by the Agreement;
- (5) include each term that was agreed upon with the property owner and require the owner to annually certify compliance with the terms of the Agreement to each taxing unit; and
- (6) allow the taxing unit to cancel or modify the Agreement at any time if the property owner fails to comply with the terms of the Agreement.

SECTION V. RECAPTURE

A. In the event that the applicant or its assignee (1) allows its ad valorem taxes owed to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or content; or (2) violates any of the terms and conditions of the Abatement Agreement and fails to cure during the cure period, the Agreement then may be terminated and all taxes previously abated by virtue of the Agreement will be recaptured and paid within thirty (30) days of the termination.

B. Should the County determine that the applicant or its assignee is in default according to the terms and conditions of its Agreement, the County shall notify the company or individual in writing at the address stated in the Agreement, and if such is not cured within the time set forth in such notice (the "Cure Period"), then the Agreement may be terminated.

SECTION VI. ADMINISTRATION

A. The Chief Appraiser of the Parmer County Appraisal District will annually determine an assessment of the real and personal property comprising the reinvestment zone. Each year, the company or individual receiving Abatement shall furnish the appraiser with such information as may be necessary for the Abatement. Once value has been established, the Chief Appraiser will notify the Commissioners Court of the amount of the assessment.

B. The County may execute a contract with any other jurisdiction(s) to inspect the facility to determine if the terms and conditions of the Abatement Agreement are being met. The Abatement Agreement shall stipulate that employees and/or designated representatives of the

County will have access to the reinvestment zone during the term of the Abatement to inspect the facility to determine if the terms and conditions of the Agreement are being met. All inspections will be made only after the giving of twenty-four (24) hours prior notice and will only be conducted in such manner as to not unreasonably interfere with the construction and/or operation of the facility. All inspections will be made with one or more representatives of the company or individual and in accordance with its safety standards.

C. Upon completion of construction, a designated representative of the County shall annually evaluate each facility receiving Abatement to insure compliance with the Agreement and shall formally report such evaluations to the Commissioners Court.

SECTION VII. ASSIGNMENT

The Abatement Agreement may be transferred and assigned by the holder to a new owner or lessee of the same facility either upon the approval by resolution of the Commissioners Court, or in accordance with the terms of an existing Tax Abatement Agreement. No assignment or transfer shall be approved if the parties to the existing Agreement, the new owner, or new lessee are liable to any jurisdiction for outstanding taxes or other obligations. Approval shall not be unreasonably delayed or withheld. Notice shall be given to the Commissioners Court at least twenty (20) days in advance of any transfer or assignment.

SECTION VIII. SUNSET PROVISION

These guidelines and criteria are effective upon the date of their adoption, and shall supersede and replace any and all prior guidelines and criteria for Tax Abatement in the County. These guidelines and criteria shall remain in force for two (2) years, unless amended by three-quarters vote of the Commissioners Court, at which time all reinvestment zones and Tax Abatement Agreements created pursuant to these provisions will be reviewed to determine whether the goals have been achieved. Based on such review, the guidelines and criteria will be modified, renewed or eliminated; provided, however, that no modification or elimination of the Guidelines and Criteria shall affect Tax Abatement Agreements that have been previously approved until the parties thereto shall agree to amend such Agreements.

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Adopted on this the 10th day of December, 2012.

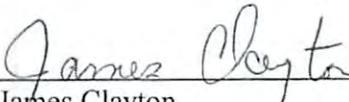
Parmer County Commissioners Court



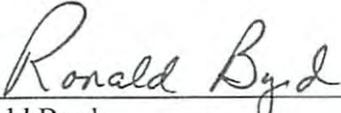
Trey Ellis
Parmer County Judge



Kirk Frye
Precinct 1 Commissioner



James Clayton
Precinct 2 Commissioner

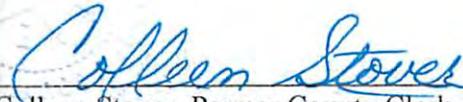


Ronald Byrd
Precinct 3 Commissioner



Lloyd Bradshaw
Precinct 4 Commissioner

Attest:



Colleen Stover, Parmer County Clerk

RESOLUTION 08-10-2015 A

**PROVIDING THAT PARMER COUNTY, TEXAS (the "COUNTY")
ELECTS TO CONTINUE, RENEW AND EXTEND ITS PRIOR RESOLUTION AND
THE TAX ABATEMENT GUIDELINES AND CRITERIA AS AUTHORIZED BY
CHAPTER 312 OF THE TEXAS TAX CODE**

WHEREAS, a Texas county may enter into tax abatement agreements authorized by Chapter 312 of the Texas Tax Code (the "Code") only if the governing body of such county has previously adopted a resolution stating that the county elects to be eligible to participate in tax abatement and establishes guidelines and criteria;

WHEREAS, the County has previously adopted a resolution on December 10, 2012, stating that the County elects to be eligible to participate in tax abatement and desires to continue, renew and extend such authorization for the County to participate in tax abatements;

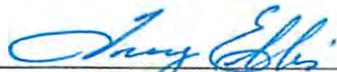
WHEREAS, the County has previously adopted guidelines and criteria on December 10, 2012, relating to entering into tax abatements and desires to continue, renew and extend its Tax Abatement Guidelines and Criteria for participating in tax abatements;

**NOW, THEREFORE, BE IT RESOLVED BY THE COUNTY
COMMISSIONERS' COURT OF PARMER COUNTY, TEXAS, THAT:**

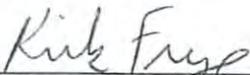
1. The County hereby elects to continue, renew and extend its authorization to participate in tax abatements in accordance with Chapter 312 of the Code.
2. The County hereby elects to continue, renew and extend its Tax Abatement Guidelines and Criteria for participating in tax abatements.
3. The County hereby ratifies any and all reinvestment zones created by the County and any and all tax abatement agreements entered into between the County as of the date of approval of this Resolution.
4. This resolution is effective as of August 10, 2015.

PASSED AND APPROVED on August 10, 2015.

PARMER COUNTY COMMISSIONERS COURT



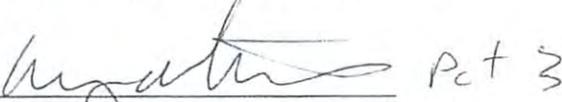
Trey Ellis, County Judge



Kirk Frye, Commissioner Precinct 1



Steve Cockerham, Commissioner Precinct 2



Kenny White, Commissioner Precinct 3



Lloyd Bradshaw, Commissioner Precinct 4

Attest:



Gerri Bowers, Parmer County Clerk

TAB 17

Signature and Certification Page

SECTION 16: Authorized Signatures and Applicant Certification

After the application and schedules are complete, an authorized representative from the school district and the business should review the application documents and complete this authorization page. Attach the completed authorization page in **Tab 17**. **NOTE:** If you amend your application, you will need to obtain new signatures and resubmit this page, Section 16, with the amendment request.

1. Authorized School District Representative Signature

I am the authorized representative for the school district to which this application is being submitted. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code.

print here → Kenny Austin Title Supt
Print Name (Authorized School District Representative)
 sign here → Kenny Aust Date 3-24-16
Signature (Authorized School District Representative)

2. Authorized Company Representative (Applicant) Signature and Notarization

I am the authorized representative for the business entity for the purpose of filing this application. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code. The information contained in this application and schedules is true and correct to the best of my knowledge and belief.

I hereby certify and affirm that the business entity I represent is in good standing under the laws of the state in which the business entity was organized and that no delinquent taxes are owed to the State of Texas.

print here → JIM SWAFFORD Title 3/16/2016
Print Name (Authorized Company Representative (Applicant))
 sign here → Jim Swafford Date 3/16/2016
Signature (Authorized Company Representative (Applicant))

GIVEN under my hand and seal of office this, the

16 day of March, 2016

Cristy Harris
Notary Public in and for the State of Texas

My Commission expires: 2-27-2018



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 Section 37.10.



Application for Appraised Value Limitation on Qualified Property

SECTION 16: Authorized Signatures and Applicant Certification

After the application and schedules are complete, an authorized representative from the school district and the business should review the application documents and complete this authorization page. Attach the completed authorization page in Tab 17. NOTE: If you amend your application, you will need to obtain new signatures and resubmit this page, Section 16, with the amendment request.

1. Authorized School District Representative Signature

I am the authorized representative for the school district to which this application is being submitted. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code.

print here → Kenny Austin
Print Name (Authorized School District Representative)

Supt (Asst)
Title

sign here → Kenny Austin
Signature (Authorized School District Representative)

April 27, 2016
Date

2. Authorized Company Representative (Applicant) Signature and Notarization

I am the authorized representative for the business entity for the purpose of filing this application. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code. The information contained in this application and schedules is true and correct to the best of my knowledge and belief.

I hereby certify and affirm that the business entity I represent is in good standing under the laws of the state in which the business entity was organized and that no delinquent taxes are owed to the State of Texas.

print here → JIM SWAFFORD
Print Name (Authorized Company Representative (Applicant))

CEO
Title

sign here → Jim Swafford
Signature (Authorized Company Representative (Applicant))

4/21/2016
Date



(Notary Seal)

GIVEN under my hand and seal of office this, the

21 day of APRIL
Marta Davidson
Notary Public in and for the State of Texas

My Commission expires 1-26-18

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 Section 37.10.



Application for Appraised Value Limitation on Qualified Property

SECTION 16: Authorized Signatures and Applicant Certification

After the application and schedules are complete, an authorized representative from the school district and the business should review the application documents and complete this authorization page. Attach the completed authorization page in Tab 17. NOTE: If you amend your application, you will need to obtain new signatures and resubmit this page, Section 16, with the amendment request.

1. Authorized School District Representative Signature

I am the authorized representative for the school district to which this application is being submitted. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code.

print here Pamela Nelson-Ray
Print Name (Authorized School District Representative)

Superintendent
Title

sign here [Signature]
Signature (Authorized School District Representative)

6/28/16
Date

2. Authorized Company Representative (Applicant) Signature and Notarization

I am the authorized representative for the business entity for the purpose of filing this application. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code. The information contained in this application and schedules is true and correct to the best of my knowledge and belief.

I hereby certify and affirm that the business entity I represent is in good standing under the laws of the state in which the business entity was organized and that no delinquent taxes are owed to the State of Texas.

print here Jim Swafford
Print Name (Authorized Company Representative (Applicant))

CEO
Title

sign here [Signature]
Signature (Authorized Company Representative (Applicant))

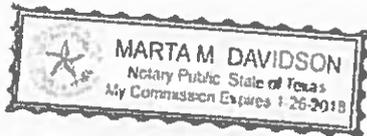
6/24/2016
Date

GIVEN under my hand and seal of office this, the

24 day of JUNE 2016

[Signature]
Notary Public in and for the State of Texas

My Commission expires 1-26-18



(Notary Seal)

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 Section 37.10.



Franchise Tax Account Status

As of : 08/26/2016 17:44:35 PM

This Page is Not Sufficient for Filings with the Secretary of State

| SCANDIA WIND, L.L.C. | |
|-------------------------------------|----------------------------------|
| Texas Taxpayer Number | 32039452480 |
| Mailing Address | PO BOX 783 BOVINA, TX 79009-0783 |
| Right to Transact Business in Texas | ACTIVE |
| State of Formation | TX |
| Effective SOS Registration Date | 05/04/2009 |
| Texas SOS File Number | 0801118831 |
| Registered Agent Name | JAMES R SWAFFORD |
| Registered Office Street Address | PO BOX 783 BOVINA, TX 79009 |



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

July 08, 2016

Kenny Austin
Superintendent
Friona Independent School District
909 East 11th
Friona, Texas 79035

Dear Superintendent Austin:

On May 03, 2016, the Comptroller issued written notice that Scandia Wind, LLC (the applicant) submitted a completed application (Application #1130) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted on March 24, 2016, to the Friona Independent School District (the school district) by the applicant.

This presents the results of the Comptroller's review of the application and determinations required:

- 1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C; and
- 2) under Section 313.025(d), to issue a certificate for a limitation on appraised value of the property and provide the certificate to the governing body of the school district or provide the governing body a written explanation of the comptroller's decision not to issue a certificate, using the criteria set out in Section 313.026.

Determination required by 313.025(h)

| | |
|-------------------|---|
| Sec. 313.024(a) | Applicant is subject to tax imposed by Chapter 171. |
| Sec. 313.024(b) | Applicant is proposing to use the property for an eligible project. |
| Sec. 313.024(d) | Applicant has requested a waiver to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located. |
| Sec. 313.024(d-2) | Not applicable to Application #1130. |

Based on the information provided by the applicant, the Comptroller has determined that the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

¹ All statutory references are to the Texas Tax Code, unless otherwise noted.

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

The Comptroller has determined that the project proposed by the applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period. See Attachment B.

Determination required by 313.026(c)(2)

The Comptroller has determined that the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state. See Attachment C.

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value. This certificate is contingent on the school district's receipt and acceptance of the Texas Education Agency's determination per 313.025(b-1).

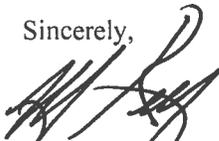
The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) executed with the school district. The school district shall comply with and enforce the stipulations, provisions, terms, and conditions of the agreement, applicable Texas Administrative Code and Chapter 313, per TAC 9.1054(i)(3).

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the agreement by December 31, 2016.

Note that any building or improvement existing as of the application review start date of May 03, 2016, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

Should you have any questions, please contact Korry Castillo, Director, Data Analysis & Transparency, by email at korry.castillo@cpa.texas.gov or by phone at 1-800-531-5441, ext. 3-3806, or direct in Austin at 512-463-3806.

Sincerely,



Mike Reissig
Deputy Comptroller

Enclosure

cc: Korry Castillo

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Scandia Wind, LLC (the project) applying to Friona Independent School District (the district), as required by Tax Code, 313.026 and Texas Administrative Code 9.1055(d)(2).

Table 1 is a summary of investment, employment and tax impact of Scandia Wind, LLC.

| | |
|---|--------------------------------------|
| Applicant | Scandia Wind, LLC |
| Tax Code, 313.024 Eligibility Category | Renewable Energy Electric Generation |
| School District | Friona ISD |
| 2014-15 Enrollment in School District | 1060 |
| County | Parmer |
| Proposed Total Investment in District | \$337,500,000 |
| Proposed Qualified Investment | \$337,500,000 |
| Limitation Amount | \$25,000,000 |
| Qualifying Time Period (Full Years) | 2017-2018 |
| Number of new qualifying jobs committed to by applicant* | 5 |
| Number of new non-qualifying jobs estimated by applicant | 0 |
| Average weekly wage of qualifying jobs committed to by applicant | \$927.02 |
| Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B) | \$926.98 |
| Minimum annual wage committed to by applicant for qualified jobs | \$48,205 |
| Minimum weekly wage required for non-qualifying jobs | \$762 |
| Minimum annual wage required for non-qualifying jobs | \$39,624 |
| Investment per Qualifying Job | \$67,500,000 |
| Estimated M&O levy without any limit (15 years) | \$33,207,300 |
| Estimated M&O levy with Limitation (15 years) | \$11,016,425 |
| Estimated gross M&O tax benefit (15 years) | \$22,190,875 |
| <i>* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).</i> | |

Table 2 is the estimated statewide economic impact of Scandia Wind, LLC (modeled).

| Year | Employment | | | Personal Income | | |
|------|------------|--------------------|-------|-----------------|--------------------|--------------|
| | Direct | Indirect + Induced | Total | Direct | Indirect + Induced | Total |
| 2016 | 50 | 51 | 101 | \$2,340,000 | \$3,660,000 | \$6,000,000 |
| 2017 | 200 | 190 | 390 | \$9,360,000 | \$15,640,000 | \$25,000,000 |
| 2018 | 155 | 146 | 301 | \$7,261,025 | \$13,738,975 | \$21,000,000 |
| 2019 | 5 | 13 | 18 | \$241,025 | \$3,758,975 | \$4,000,000 |
| 2020 | 5 | 1 | 6 | \$241,025 | \$2,758,975 | \$3,000,000 |
| 2021 | 5 | 1 | 6 | \$241,025 | \$1,758,975 | \$2,000,000 |
| 2022 | 5 | (5) | 0 | \$241,025 | \$1,758,975 | \$2,000,000 |
| 2023 | 5 | (3) | 2 | \$241,025 | \$758,975 | \$1,000,000 |
| 2024 | 5 | (5) | 0 | \$241,025 | \$758,975 | \$1,000,000 |
| 2025 | 5 | 3 | 8 | \$241,025 | \$758,975 | \$1,000,000 |
| 2026 | 5 | (1) | 4 | \$241,025 | \$758,975 | \$1,000,000 |
| 2027 | 5 | 3 | 8 | \$241,025 | \$758,975 | \$1,000,000 |
| 2028 | 5 | 1 | 6 | \$241,025 | \$758,975 | \$1,000,000 |
| 2029 | 5 | (3) | 2 | \$241,025 | -\$241,025 | \$0 |
| 2030 | 5 | (7) | -2 | \$241,025 | -\$241,025 | \$0 |
| 2031 | 5 | (9) | -4 | \$241,025 | -\$241,025 | \$0 |

Source: CPA, REMI, Scandia Wind, LLC

Table 3 examines the estimated direct impact on ad valorem taxes to the region if all taxes are assessed.

| Year | Estimated Taxable Value for I&S | Estimated Taxable Value for M&O | Tax Rate | Friona ISD I&S Tax Levy | Friona ISD M&O Tax Levy | M&O and I&S Tax Levies | Parmer County Tax Levy | Parmer Co Hospital Tax Levy | Parmer Co FM Road Tax Levy | High Plains UWCD Tax Levy | Estimated Total Property Taxes |
|------|---------------------------------|---------------------------------|--------------|-------------------------|-------------------------|------------------------|------------------------|-----------------------------|----------------------------|---------------------------|--------------------------------|
| 2017 | \$16,875,000 | \$16,875,000 | 0.0827 | \$13,956 | \$165,375 | \$179,331 | \$73,170 | \$40,989 | \$18,225 | \$1,354 | \$313,069 |
| 2018 | \$182,250,000 | \$182,250,000 | | \$150,721 | \$1,786,050 | \$1,936,771 | \$790,236 | \$442,685 | \$196,830 | \$14,627 | \$3,381,149 |
| 2019 | \$253,125,000 | \$253,125,000 | | \$209,334 | \$2,480,625 | \$2,689,959 | \$1,097,550 | \$614,841 | \$273,375 | \$20,316 | \$4,696,041 |
| 2020 | \$303,750,000 | \$303,750,000 | | \$251,201 | \$2,976,750 | \$3,227,951 | \$1,317,060 | \$737,809 | \$328,050 | \$24,379 | \$5,635,249 |
| 2021 | \$303,750,000 | \$303,750,000 | | \$251,201 | \$2,976,750 | \$3,227,951 | \$1,317,060 | \$737,809 | \$328,050 | \$24,379 | \$5,635,249 |
| 2022 | \$286,875,000 | \$286,875,000 | | \$237,246 | \$2,811,375 | \$3,048,621 | \$1,243,890 | \$696,819 | \$309,825 | \$23,025 | \$5,322,180 |
| 2023 | \$270,000,000 | \$270,000,000 | | \$223,290 | \$2,646,000 | \$2,869,290 | \$1,170,720 | \$655,830 | \$291,600 | \$21,670 | \$5,009,110 |
| 2024 | \$253,125,000 | \$253,125,000 | | \$209,334 | \$2,480,625 | \$2,689,959 | \$1,097,550 | \$614,841 | \$273,375 | \$20,316 | \$4,696,041 |
| 2025 | \$236,250,000 | \$236,250,000 | | \$195,379 | \$2,315,250 | \$2,510,629 | \$1,024,380 | \$573,851 | \$255,150 | \$18,961 | \$4,382,971 |
| 2026 | \$219,375,000 | \$219,375,000 | | \$181,423 | \$2,149,875 | \$2,331,298 | \$951,210 | \$532,862 | \$236,925 | \$17,607 | \$4,069,902 |
| 2027 | \$202,500,000 | \$202,500,000 | | \$167,468 | \$1,984,500 | \$2,151,968 | \$878,040 | \$491,873 | \$218,700 | \$16,253 | \$3,756,833 |
| 2028 | \$185,625,000 | \$185,625,000 | | \$153,512 | \$1,819,125 | \$1,972,637 | \$804,870 | \$450,883 | \$200,475 | \$14,898 | \$3,443,763 |
| 2029 | \$168,750,000 | \$168,750,000 | | \$139,556 | \$1,653,750 | \$1,793,306 | \$731,700 | \$409,894 | \$182,250 | \$13,544 | \$3,130,694 |
| 2030 | \$151,875,000 | \$151,875,000 | | \$125,601 | \$1,488,375 | \$1,613,976 | \$658,530 | \$368,904 | \$164,025 | \$12,189 | \$2,817,624 |
| 2031 | \$151,875,000 | \$151,875,000 | | \$125,601 | \$1,488,375 | \$1,613,976 | \$658,530 | \$368,904 | \$164,025 | \$12,189 | \$2,817,624 |
| 2032 | \$101,250,000 | \$101,250,000 | | \$83,734 | \$992,250 | \$1,075,984 | \$439,020 | \$245,936 | \$109,350 | \$8,126 | \$1,878,416 |
| 2033 | \$101,250,000 | \$101,250,000 | | \$83,734 | \$992,250 | \$1,075,984 | \$439,020 | \$245,936 | \$109,350 | \$8,126 | \$1,878,416 |
| | | | Total | \$2,802,290 | \$33,207,300 | \$36,009,590 | \$14,692,536 | \$8,230,667 | \$3,276,855 | \$243,519 | \$56,289,876 |

Source: CPA, Scandia Wind, LLC

¹Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Parmer County, with all property tax incentives sought being granted using estimated market value from the application. The project has applied for a value limitation under Tax Code Chapter 313, and tax abatements with the county and county hospital district.

The difference noted in the last line is the difference between the totals in Table 3 and Table 4.

| Table 4 Estimated Direct Ad Valorem Taxes with all property tax incentives sought | | | | | | | | | | | |
|---|---------------------------------|---------------------------------|-----------------------|-------------------------|-------------------------|------------------------|------------------------|-----------------------------|----------------------------|---------------------------|--------------------------------|
| Year | Estimated Taxable Value for I&S | Estimated Taxable Value for M&O | | Friona ISD I&S Tax Levy | Friona ISD M&O Tax Levy | M&O and I&S Tax Levies | Parmer County Tax Levy | Parmer Co Hospital Tax Levy | Parmer Co FM Road Tax Levy | High Plains UWCD Tax Levy | Estimated Total Property Taxes |
| | | | Tax Rate ¹ | 0.0827 | 0.9800 | | 0.4336 | 0.2429 | 0.1080 | 0.0080 | |
| 2017 | \$16,875,000 | \$16,875,000 | | \$13,956 | \$165,375 | \$179,331 | \$0 | \$0 | \$18,225 | \$1,354 | \$179,331 |
| 2018 | \$182,250,000 | \$182,250,000 | | \$150,721 | \$1,786,050 | \$1,936,771 | \$0 | \$0 | \$196,830 | \$14,627 | \$1,936,771 |
| 2019 | \$253,125,000 | \$25,000,000 | | \$209,334 | \$245,000 | \$454,334 | \$0 | \$0 | \$273,375 | \$20,316 | \$454,334 |
| 2020 | \$303,750,000 | \$25,000,000 | | \$251,201 | \$245,000 | \$496,201 | \$0 | \$0 | \$328,050 | \$24,379 | \$496,201 |
| 2021 | \$303,750,000 | \$25,000,000 | | \$251,201 | \$245,000 | \$496,201 | \$0 | \$0 | \$328,050 | \$24,379 | \$496,201 |
| 2022 | \$286,875,000 | \$25,000,000 | | \$237,246 | \$245,000 | \$482,246 | \$124,389 | \$69,682 | \$309,825 | \$23,025 | \$676,317 |
| 2023 | \$270,000,000 | \$25,000,000 | | \$223,290 | \$245,000 | \$468,290 | \$234,144 | \$131,166 | \$291,600 | \$21,670 | \$833,600 |
| 2024 | \$253,125,000 | \$25,000,000 | | \$209,334 | \$245,000 | \$454,334 | \$329,265 | \$184,452 | \$273,375 | \$20,316 | \$968,052 |
| 2025 | \$236,250,000 | \$25,000,000 | | \$195,379 | \$245,000 | \$440,379 | \$409,752 | \$229,541 | \$255,150 | \$18,961 | \$1,079,671 |
| 2026 | \$219,375,000 | \$25,000,000 | | \$181,423 | \$245,000 | \$426,423 | \$475,605 | \$266,431 | \$236,925 | \$17,607 | \$1,168,459 |
| 2027 | \$202,500,000 | \$25,000,000 | | \$167,468 | \$245,000 | \$412,468 | \$878,040 | \$491,873 | \$218,700 | \$16,253 | \$1,782,380 |
| 2028 | \$185,625,000 | \$25,000,000 | | \$153,512 | \$245,000 | \$398,512 | \$804,870 | \$450,883 | \$200,475 | \$14,898 | \$1,654,265 |
| 2029 | \$168,750,000 | \$168,750,000 | | \$139,556 | \$1,653,750 | \$1,793,306 | \$731,700 | \$409,894 | \$182,250 | \$13,544 | \$2,934,900 |
| 2030 | \$151,875,000 | \$151,875,000 | | \$125,601 | \$1,488,375 | \$1,613,976 | \$658,530 | \$368,904 | \$164,025 | \$12,189 | \$2,641,410 |
| 2031 | \$151,875,000 | \$151,875,000 | | \$125,601 | \$1,488,375 | \$1,613,976 | \$658,530 | \$368,904 | \$164,025 | \$12,189 | \$2,641,410 |
| 2032 | \$101,250,000 | \$101,250,000 | | \$83,734 | \$992,250 | \$1,075,984 | \$439,020 | \$245,936 | \$109,350 | \$8,126 | \$1,760,940 |
| 2033 | \$101,250,000 | \$101,250,000 | | \$83,734 | \$992,250 | \$1,075,984 | \$439,020 | \$245,936 | \$109,350 | \$8,126 | \$1,760,940 |
| | | | Total | \$2,802,290 | \$11,016,425 | \$13,818,715 | \$6,182,865 | \$3,463,602 | \$3,659,580 | \$271,961 | \$23,465,182 |
| | | | Diff | \$0 | \$22,190,875 | \$22,190,875 | \$8,509,671 | \$4,767,064 | -\$382,725 | -\$28,442 | \$32,824,694 |

Source: CPA, Scandia Wind, LLC

¹Tax Rate per \$100 Valuation

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.

Attachment B – Tax Revenue over 25 Years

This represents the Comptroller’s determination that Scandia Wind, LLC (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy and direct, indirect and induced tax effects from project employment directly related to this project, using estimated taxable values provided in the application.

| | Tax Year | Estimated ISD M&O Tax Levy Generated (Annual) | Estimated ISD M&O Tax Levy Generated (Cumulative) | Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual) | Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative) |
|---|----------|---|---|---|---|
| Limitation Pre-Years | 2016 | \$0 | \$0 | \$0 | \$0 |
| | 2017 | \$165,375 | \$165,375 | \$0 | \$0 |
| | 2018 | \$1,786,050 | \$1,951,425 | \$0 | \$0 |
| Limitation Period (10 Years) | 2019 | \$245,000 | \$2,196,425 | \$2,235,625 | \$2,235,625 |
| | 2020 | \$245,000 | \$2,441,425 | \$2,731,750 | \$4,967,375 |
| | 2021 | \$245,000 | \$2,686,425 | \$2,731,750 | \$7,699,125 |
| | 2022 | \$245,000 | \$2,931,425 | \$2,566,375 | \$10,265,500 |
| | 2023 | \$245,000 | \$3,176,425 | \$2,401,000 | \$12,666,500 |
| | 2024 | \$245,000 | \$3,421,425 | \$2,235,625 | \$14,902,125 |
| | 2025 | \$245,000 | \$3,666,425 | \$2,070,250 | \$16,972,375 |
| | 2026 | \$245,000 | \$3,911,425 | \$1,904,875 | \$18,877,250 |
| | 2027 | \$245,000 | \$4,156,425 | \$1,739,500 | \$20,616,750 |
| | 2028 | \$245,000 | \$4,401,425 | \$1,574,125 | \$22,190,875 |
| Maintain Viable Presence (5 Years) | 2029 | \$1,653,750 | \$6,055,175 | \$0 | \$22,190,875 |
| | 2030 | \$1,488,375 | \$7,543,550 | \$0 | \$22,190,875 |
| | 2031 | \$1,488,375 | \$9,031,925 | \$0 | \$22,190,875 |
| | 2032 | \$992,250 | \$10,024,175 | \$0 | \$22,190,875 |
| | 2033 | \$992,250 | \$11,016,425 | \$0 | \$22,190,875 |
| Additional Years as Required by 313.026(c)(1) (10 Years) | 2034 | \$992,250 | \$12,008,675 | \$0 | \$22,190,875 |
| | 2035 | \$992,250 | \$13,000,925 | \$0 | \$22,190,875 |
| | 2036 | \$992,250 | \$13,993,175 | \$0 | \$22,190,875 |
| | 2037 | \$992,250 | \$14,985,425 | \$0 | \$22,190,875 |
| | 2038 | \$992,250 | \$15,977,675 | \$0 | \$22,190,875 |
| | 2039 | \$992,250 | \$16,969,925 | \$0 | \$22,190,875 |
| | 2040 | \$992,250 | \$17,962,175 | \$0 | \$22,190,875 |
| | 2041 | \$992,250 | \$18,954,425 | \$0 | \$22,190,875 |
| | 2042 | \$992,250 | \$19,946,675 | \$0 | \$22,190,875 |
| | 2043 | \$992,250 | \$20,938,925 | \$0 | \$22,190,875 |
| | | \$20,938,925 | is less than | \$22,190,875 | |

| Analysis Summary | |
|---|----|
| Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement? | No |

NOTE: The analysis above only takes into account this project’s estimated impact on the M&O portion of the school district property tax levy directly related to this project.

Source: CPA, Scandia Wind, LLC

| Year | Employment | | | Personal Income | | | Revenue & Expenditure | | |
|------|------------|--------------------|-------|-----------------|--------------------|--------------|-----------------------|---------------------|---------------------|
| | Direct | Indirect + Induced | Total | Direct | Indirect + Induced | Total | Revenue | Expenditure | Net Tax Effect |
| 2016 | 50 | 51 | 101 | \$2,340,000 | \$3,660,000 | \$6,000,000 | 328064 | -183105 | \$511,169 |
| 2017 | 200 | 190 | 390 | \$9,360,000 | \$15,640,000 | \$25,000,000 | 1281738 | -617981 | \$1,899,719 |
| 2018 | 155 | 146 | 301 | \$7,261,025 | \$13,738,975 | \$21,000,000 | 1037598 | -213623 | \$1,251,221 |
| 2019 | 5 | 13 | 18 | \$241,025 | \$3,758,975 | \$4,000,000 | 198364 | 488281 | -\$289,917 |
| 2020 | 5 | 1 | 6 | \$241,025 | \$2,758,975 | \$3,000,000 | 144958 | 427246 | -\$282,288 |
| 2021 | 5 | 1 | 6 | \$241,025 | \$1,758,975 | \$2,000,000 | 106812 | 335693 | -\$228,881 |
| 2022 | 5 | (5) | 0 | \$241,025 | \$1,758,975 | \$2,000,000 | 38147 | 267029 | -\$228,882 |
| 2023 | 5 | (3) | 2 | \$241,025 | \$758,975 | \$1,000,000 | 7629 | 190735 | -\$183,106 |
| 2024 | 5 | (5) | 0 | \$241,025 | \$758,975 | \$1,000,000 | 45776 | 144958 | -\$99,182 |
| 2025 | 5 | 3 | 8 | \$241,025 | \$758,975 | \$1,000,000 | 38147 | 76294 | -\$38,147 |
| 2026 | 5 | (1) | 4 | \$241,025 | \$758,975 | \$1,000,000 | 22888 | 7629 | \$15,259 |
| 2027 | 5 | 3 | 8 | \$241,025 | \$758,975 | \$1,000,000 | -30518 | -68665 | \$38,147 |
| 2028 | 5 | 1 | 6 | \$241,025 | \$758,975 | \$1,000,000 | -38147 | -122070 | \$83,923 |
| 2029 | 5 | (3) | 2 | \$241,025 | -\$241,025 | \$0 | -91553 | -160217 | \$68,664 |
| 2030 | 5 | (7) | -2 | \$241,025 | -\$241,025 | \$0 | -129700 | -190735 | \$61,035 |
| 2031 | 5 | (9) | -4 | \$241,025 | -\$241,025 | \$0 | -167847 | -267029 | \$99,182 |
| 2032 | 5 | (9) | -4 | \$241,025 | -\$1,241,025 | -\$1,000,000 | -198364 | -289917 | \$91,553 |
| 2033 | 5 | (9) | -4 | \$241,025 | -\$1,241,025 | -\$1,000,000 | -221252 | -381470 | \$160,218 |
| 2034 | 5 | (13) | -8 | \$241,025 | -\$1,241,025 | -\$1,000,000 | -267029 | -411987 | \$144,958 |
| 2035 | 5 | (19) | -14 | \$241,025 | -\$2,241,025 | -\$2,000,000 | -289917 | -473022 | \$183,105 |
| 2036 | 5 | (17) | -12 | \$241,025 | -\$3,241,025 | -\$3,000,000 | -350952 | -579834 | \$228,882 |
| 2037 | 5 | (17) | -12 | \$241,025 | -\$3,241,025 | -\$3,000,000 | -343323 | -625610 | \$282,287 |
| 2038 | 5 | (19) | -14 | \$241,025 | -\$3,241,025 | -\$3,000,000 | -350952 | -663757 | \$312,805 |
| 2039 | 5 | (21) | -16 | \$241,025 | -\$3,241,025 | -\$3,000,000 | -381470 | -732422 | \$350,952 |
| 2040 | 5 | (25) | -20 | \$241,025 | -\$5,241,025 | -\$5,000,000 | -457764 | -801086 | \$343,322 |
| 2041 | 5 | (23) | -18 | \$241,025 | -\$4,241,025 | -\$4,000,000 | -488281 | -877380 | \$389,099 |
| 2042 | 5 | (26) | -21 | \$241,025 | -\$5,241,025 | -\$5,000,000 | -503540 | -900269 | \$396,729 |
| | | | | | | Total | -\$1,060,488 | -\$6,622,314 | \$5,561,826 |
| | | | | | | | \$26,500,751 | is greater than | \$22,190,875 |

Analysis Summary

| | |
|---|-----|
| Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement? | Yes |
|---|-----|

Source: CPA, REMI, Scandia Wind, LLC

Attachment C – Limitation as a Determining Factor

Tax Code 313.026 states that the Comptroller may not issue a certificate for a limitation on appraised value under this chapter for property described in an application unless the comptroller determines that “the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state.” This represents the basis for the Comptroller’s determination.

Methodology

Texas Administrative Code 9.1055(d) states the Comptroller shall review any information available to the Comptroller including:

- the application, including the responses to the questions in Section 8 (Limitation as a Determining Factor);
- public documents or statements by the applicant concerning business operations or site location issues or in which the applicant is a subject;
- statements by officials of the applicant, public documents or statements by governmental or industry officials concerning business operations or site location issues;
- existing investment and operations at or near the site or in the state that may impact the proposed project;
- announced real estate transactions, utility records, permit requests, industry publications or other sources that may provide information helpful in making the determination; and
- market information, raw materials or other production inputs, availability, existing facility locations, committed incentives, infrastructure issues, utility issues, location of buyers, nature of market, supply chains, other known sites under consideration.

Determination

The Comptroller has determined that the limitation on appraised value is a determining factor in Scandia Wind, LLC’s decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the Comptroller notes the following:

- Scandia Wind, LLC stated in Tab 5 of their application that “tax incentives play a fundamental role in the development of a wind energy project of this magnitude.”
- Per the applicant, the Chapter 313 “value limitation incentive, in particular, is considered a vital component of the overall viability and marketability of the project. The critical project economics are due in part to: The continued decline of gas prices and its effect on the price of electricity, Limited grid access in the Texas Panhandle; and Additional costs associated with construction additional transmission lines to Hereford, TX.”
- Scandia Wind, LLC asserts “the value limitation incentive plays a significant function in the decision to invest capital for this project as it is considered essential in the overall economic analysis.”
- The attached article from the KFDA (Amarillo, Texas CBS affiliate) website, dated May 11, 2016, states that “[t]wo years from now, a total of 96 new wind turbines will call Parmer County home”. Additionally, “[b]oth Friona and Bovina school districts will receive revenue from the turbine project.”
- Per applicant email dated June 13, 2016, there are no current wind related improvements on site.
- Attached maps indicate the location of the project in relation to current CREZ lines.

Supporting Information

- a) Section 8 of the Application for a Limitation on Appraised Value
- b) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value
- c) Additional information provided by the Applicant or located by the Comptroller

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.

Supporting Information

**Section 8 of the Application for
a Limitation on Appraised Value**

SECTION 6: Eligibility Under Tax Code Chapter 313.024

1. Are you an entity subject to the tax under Tax Code, Chapter 171? Yes No
2. The property will be used for one of the following activities:
 - (1) manufacturing Yes No
 - (2) research and development Yes No
 - (3) a clean coal project, as defined by Section 5.001, Water Code Yes No
 - (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code Yes No
 - (5) renewable energy electric generation Yes No
 - (6) electric power generation using integrated gasification combined cycle technology Yes No
 - (7) nuclear electric power generation Yes No
 - (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) Yes No
 - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051 Yes No
3. Are you requesting that any of the land be classified as qualified investment? Yes No
4. Will any of the proposed qualified investment be leased under a capitalized lease? Yes No
5. Will any of the proposed qualified investment be leased under an operating lease? Yes No
6. Are you including property that is owned by a person other than the applicant? Yes No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? Yes No

SECTION 7: Project Description

1. In **Tab 4**, attach a 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.
2. Check the project characteristics that apply to the proposed project:

| | |
|---|--|
| <input checked="" type="checkbox"/> Land has no existing improvements | <input type="checkbox"/> Land has existing improvements (<i>complete Section 13</i>) |
| <input type="checkbox"/> Expansion of existing operation on the land (<i>complete Section 13</i>) | <input type="checkbox"/> Relocation within Texas |

SECTION 8: Limitation as Determining Factor

1. Does the applicant currently own the land on which the proposed project will occur? Yes No
2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project? Yes No
3. Does the applicant have current business activities at the location where the proposed project will occur? Yes No
4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location? Yes No
5. Has the applicant received any local or state permits for activities on the proposed project site? Yes No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site? Yes No
7. Is the applicant evaluating other locations not in Texas for the proposed project? Yes No
8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities? Yes No
9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project? Yes No
10. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas? Yes No

Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

Supporting Information

Attachments provided in Tab 5
of the Application for a
Limitation on Appraised Value

TAB 05, LIMITATION AS A DETERMINING FACTOR:

Scandia Wind LLC (Scandia) is comprised of wind energy firms and partnerships with over 80 years of combined experience in developing and implementing large-scale renewable energy projects around the globe. In Texas alone, Scandia has coordinated and developed over 600 megawatts (MW) of wind energy production capacity. These unique attributes allow flexibility and ample opportunity to invest in a variety of competing regions, including potential development in nearby New Mexico.

Currently, this project is in its early development stages, and the decision to invest capital is still on-going. Therefore, the opportunity to consider capital investment for alternative locations is still available.

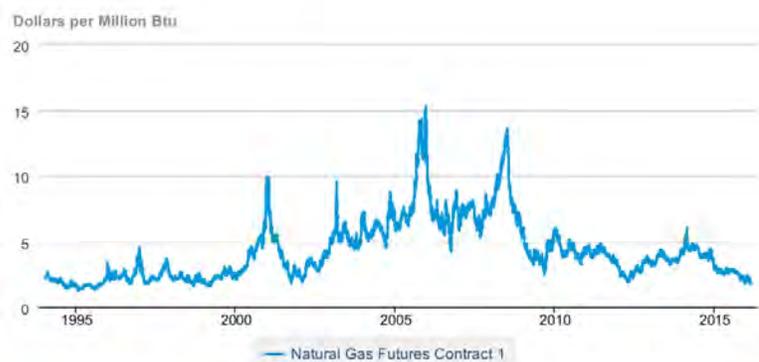
Tax incentives play a fundamental role in the development of a wind energy project of this magnitude. The value limitation incentive, in particular, is considered a vital component of the overall viability and marketability of the project. The critical project economics are due in part to:

- The continued decline of gas prices and its effect on the price of electricity (see Chart below)
- Limited grid access in the Texas Panhandle; and
- Additional costs associated with construction additional transmission lines to Hereford, TX

In light of these obstacles, the value limitation incentive plays a significant function in the decision to invest capital for this project as it is considered essential in the overall economic analysis.

Currently, Scandia is pursuing local and state regulatory permits and tax abatement agreements.

Natural Gas Futures Contract 1



 Source: U.S. Energy Information Administration

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller



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Job opportunities open thanks to new wind farm

Published: Wednesday, May 11th 2016, 1:27 pm CDT
Updated: Thursday, May 12th 2016, 1:19 pm CDT

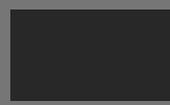
By Nelly Ramirez, Reporter [CONNECT](#)



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Scandia Wind Southwest, the company developing the new turbines, says the process is has been steadily growing since 2009 / Source: KFDA

AMARILLO, TX (KFDA) - Two years from now, a total of 96 new wind turbines will call Parmer County home. New jobs, however, will not have to wait as long.

Developers with Scandia Wind Southwest say the process of bringing the turbines to Parmer County has been an ongoing since 2009. The current construction phase has opened 300 jobs to the residents living in Bovina and Friona.

"You can go out there right now and see the caliche roads," CEO Jim Swafford said. "They're excavating the holes, there are concrete trucks moving like little ants on a hill up there. It is very exciting to see after all of that process, Parmer County is seeing (the construction of) its first wind farm and will finally see turbines in place by the end of this year."

County officials are excited to see what new economical growth this farm can bring to the towns. Both Friona and Bovina school districts will receive revenue from the turbine project.

"As far as the school districts how they use their money is up to them," Swafford said. "There should be a lot of revenue coming in to these



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Right now the construction process has opened up 300 jobs to locals from surrounding rural towns of Bolvina and Friona. Source: KFDA



The Friona and Bovina school districts are expected to see a good portion of tax revenue from the project / Source: KFDA



CEO Jim Swafford says Parmer County residents could see their first full wind farm by the end of the year / Source: KFDA

school districts. From what I hear they are very excited to have the revenue they normally would not see to build new stadiums."

The school district of Bovina says they have been planning on building a new basketball coliseum and the wind revenue will help them start and complete this project.

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A tractor-trailer and car were involved in a wreck on a Bronx overpass that sent the truck's cab and part of its trailer over the edge.

COMPTROLLER QUERY RELATED TO CURRENT CONSTRUCTION AND POWER PURCHASE AGREEMENT ON
CHAPTER 313 PROJECTS #1130 AND #1131
– Bovina and Friona ISD – Scandia Wind, LLC App. #1130 and #1131

Comptroller Question (via email on June 13, 2016):

Can you say whether there are any wind-farm-related improvements on either #1131 and #1130?

Applicant Response (via email on June 13, 2016):

There have been NO wind-farm-related improvements.

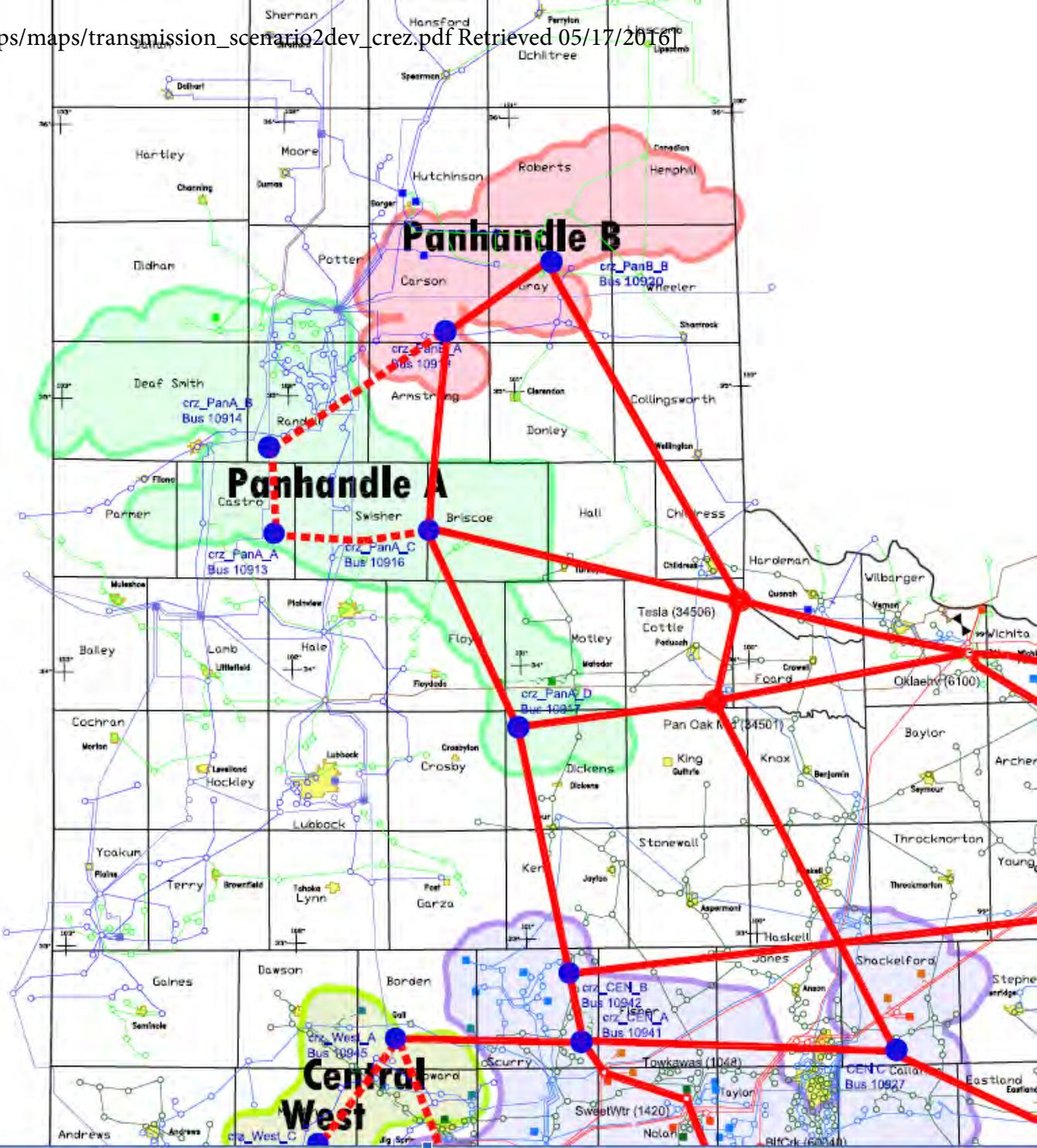
Comptroller Question (via email on June 13, 2016):

Can you confirm whether or not you have a PPA?

Applicant Response (via email on June 13, 2016):

We do not have a PPA.

-  DOUBLE CIRCUIT 345KV TRANSMISSION LINE
-  SINGLE CIRCUIT 345KV TRANSMISSION LINE
-  ADDITION OF SECOND CIRCUIT TO THE EXISTING 345KV STRUCTURE
-  SINGLE CIRCUIT 138KV TRANSMISSION LINE
-  ADDITION OF SECOND CIRCUIT TO THE EXISTING 138KV STRUCTURE
-  EXISTING 345KV SUBSTATION
-  EXISTING 138KV SUBSTATION
-  NEW 345KV SUBSTATION
-  NEW 345KV SUBSTATION WITH 345/138KV AUTOTRANSFORMER
-  WIND POWER COLLECTION POINT



[Project location in reference to CREZ zones and transmission lines. Retrieved 05/17/16]



OKLAHOMA

OKLAHOMA

Central
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**Summary of the District's Financial Impact
of Chapter 313 Agreement
with Scandia Wind, LLC**

July 19, 2016

McDowell & Brown, LLC
School Finance Consulting

**Summary of Friona ISD Financial Impact
of the
Limited Appraised Value Application
from
Scandia Wind, LLC**

Introduction

Scandia Wind, LLC applied for a property value limitation from Friona Independent School District under Chapter 313 of the Tax Code. The application was submitted on March 24, 2016 and subsequently approved for consideration by the Friona ISD Board of Trustees. Scandia Wind, LLC (“Scandia Wind”), is requesting the property value limitation as a “renewable energy electric generation” project as listed in Sec. 313.024.(b) of the Tax Code.

“The Economic Development Act”, Tax Code Chapter 313, was created by House Bill 1200 of the 77th Texas Legislature in 2001. Further amendments were made to Chapter 313 as a result of House Bill 1470 from the 80th Texas Legislative Session in 2007.

The Economic Development Act was created to attract qualifying businesses to Texas by allowing school districts the option of approving a property value limitation to these qualifying entities. The purpose of the property value limitation is to reduce the maintenance and operations taxes paid by the company, to a school district during the applicable years as displayed below.

Friona ISD Financial Impact of Chapter 313 Agreement

The company must file an application with the school district to qualify for consideration of a Limited Appraised Value Agreement (“LAVA” or “Agreement”) to begin the following tax year or a later year if agreed upon by the District and the Company.

Years Prior to Start of Value Limitation Period:

The first two years of the agreement are considered the “Prior to Start of Value Limitation Period” and the company’s school district taxes will be levied at one-hundred percent of the appraised value. The applicant has requested that tax years 2017 and 2018 be considered the years that are Prior to the Start of Value Limitation Period.

Value Limitation Period:

During the ten years of the Value Limitation Period, the qualifying entity’s taxable value will be reduced to the minimum qualified investment for the applicable school district as determined by the State Comptroller’s Office. Friona ISD is considered a Rural category 2 District as categorized with total taxable value of industrial property of at least \$90 million but less than \$200 million. Thus, Friona ISD has a minimum qualified investment amount of \$25 million. A qualifying entity’s taxable value would be reduced to \$25 million during this ten year period of the agreement for the purposes of computing the tax levy for the maintenance and operations (M&O) tax of Friona ISD. The entire appraised value will be used for computing the interest and sinking (I&S) tax levy. The applicant has requested that the Value Limitation Period to begin in tax year 2019 and continue through tax year 2028.

Final Five Years of the Agreement – Continue to Maintain a Viable Presence:

Tax years 2029 through 2033 will be the final five years of the agreement and the applicant agrees to maintain a viable presence with this project during this time.

Friona ISD Financial Impact of Chapter 313 Agreement

Taxable Value Projections from Application

The following data shows the projected taxable values that Scandia Wind reported in the application to the District:

| | Year | School Year | Tax Year | Projected Taxable Value | Actual Taxable Value |
|---|------|-------------|----------|-------------------------|----------------------|
| Each Year Prior to Start of Value Limitation Period | 0 | 2017-2018 | 2017 | \$16,875,000 | \$16,875,000 |
| | 0 | 2018-2019 | 2018 | \$182,250,000 | \$182,250,000 |
| Value Limitation Period | 1 | 2019-2020 | 2019 | \$253,125,000 | \$25,000,000 |
| | 2 | 2020-2021 | 2020 | \$303,750,000 | \$25,000,000 |
| | 3 | 2021-2022 | 2021 | \$303,750,000 | \$25,000,000 |
| | 4 | 2022-2023 | 2022 | \$286,875,000 | \$25,000,000 |
| | 5 | 2023-2024 | 2023 | \$270,000,000 | \$25,000,000 |
| | 6 | 2024-2025 | 2024 | \$253,125,000 | \$25,000,000 |
| | 7 | 2025-2026 | 2025 | \$236,250,000 | \$25,000,000 |
| | 8 | 2026-2027 | 2026 | \$219,375,000 | \$25,000,000 |
| | 9 | 2027-2028 | 2027 | \$202,500,000 | \$25,000,000 |
| | 10 | 2028-2029 | 2028 | \$185,625,000 | \$25,000,000 |
| Continue to Maintain Viable Presence | 11 | 2029-2030 | 2029 | \$168,750,000 | \$168,750,000 |
| | 12 | 2030-2031 | 2030 | \$151,875,000 | \$151,875,000 |
| | 13 | 2031-2032 | 2031 | \$151,875,000 | \$151,875,000 |
| | 14 | 2032-2033 | 2032 | \$101,250,000 | \$101,250,000 |
| | 15 | 2033-2034 | 2033 | \$101,250,000 | \$101,250,000 |
| Additional Years for 25 Year Economic Impact Study | 16 | 2034-2035 | 2034 | \$101,250,000 | \$101,250,000 |
| | 17 | 2035-2036 | 2035 | \$101,250,000 | \$101,250,000 |
| | 18 | 2036-2037 | 2036 | \$101,250,000 | \$101,250,000 |
| | 19 | 2037-2038 | 2037 | \$101,250,000 | \$101,250,000 |
| | 20 | 2038-2039 | 2038 | \$101,250,000 | \$101,250,000 |
| | 21 | 2039-2040 | 2039 | \$101,250,000 | \$101,250,000 |
| | 22 | 2040-2041 | 2040 | \$101,250,000 | \$101,250,000 |
| | 23 | 2041-2042 | 2041 | \$101,250,000 | \$101,250,000 |
| | 24 | 2042-2043 | 2042 | \$101,250,000 | \$101,250,000 |
| | 25 | 2043-2044 | 2043 | \$101,250,000 | \$101,250,000 |

Friona ISD Financial Impact of Chapter 313 Agreement

Taxable Value Impact from LAVA

The “Additional Value from Scandia Wind” represents the values that the company estimated as their taxable values in the application that was filed with the district. During tax years 2019 through 2028, the company’s taxable value will be limited to the \$25,000,000 minimum qualified investment of Friona ISD.

TABLE I- Calculation of Taxable Value:

| Tax Year | Additional Value From Scandia Wind | Minimum Qualified Investment | Abated Value | Taxable Value |
|--------------|------------------------------------|------------------------------|--------------|---------------|
| Jan. 1, 2016 | 0 | n/a | 0 | 0 |
| Jan. 1, 2017 | 16,875,000 | n/a | 0 | 16,875,000 |
| Jan. 1, 2018 | 182,250,000 | n/a | 0 | 182,250,000 |
| Jan. 1, 2019 | 253,125,000 | (25,000,000) | 228,125,000 | 25,000,000 |
| Jan. 1, 2020 | 303,750,000 | (25,000,000) | 278,750,000 | 25,000,000 |
| Jan. 1, 2021 | 303,750,000 | (25,000,000) | 278,750,000 | 25,000,000 |
| Jan. 1, 2022 | 286,875,000 | (25,000,000) | 261,875,000 | 25,000,000 |
| Jan. 1, 2023 | 270,000,000 | (25,000,000) | 245,000,000 | 25,000,000 |
| Jan. 1, 2024 | 253,125,000 | (25,000,000) | 228,125,000 | 25,000,000 |
| Jan. 1, 2025 | 236,250,000 | (25,000,000) | 211,250,000 | 25,000,000 |
| Jan. 1, 2026 | 219,375,000 | (25,000,000) | 194,375,000 | 25,000,000 |
| Jan. 1, 2027 | 202,500,000 | (25,000,000) | 177,500,000 | 25,000,000 |
| Jan. 1, 2028 | 185,625,000 | (25,000,000) | 160,625,000 | 25,000,000 |
| Jan. 1, 2029 | 168,750,000 | n/a | 0 | 168,750,000 |
| Jan. 1, 2030 | 151,875,000 | n/a | 0 | 151,875,000 |
| Jan. 1, 2031 | 151,875,000 | n/a | 0 | 151,875,000 |
| Jan. 1, 2032 | 101,250,000 | n/a | 0 | 101,250,000 |
| Jan. 1, 2033 | 101,250,000 | n/a | 0 | 101,250,000 |

Friona ISD Financial Impact of Chapter 313 Agreement

Scandia Wind’s Tax Benefit from Agreement

The projected amount of the net tax savings for Scandia Wind is \$19.3 million over the life of the Agreement. This net savings is after all tax savings and after estimated payments have been made to the district to offset their revenue losses that were a direct result of entering into this Agreement.

Friona ISD’s projected tax rates for maintenance & operations (M&O) and interest & sinking (I&S) are based on the following assumptions:

- The District has not held a tax ratification election and the study projects that it will maintain an M&O tax rate of \$.98 for the life of this agreement. The M&O rate for 2018-2019 and 2029-2030 is projected to decrease to \$.96 due to the rollback tax rate calculation.
- The district has outstanding bonds that are scheduled to payoff in 2027 with annual debt payments of approximately \$300,000 and currently have a \$.0827 I&S tax rate. The I&S rates displayed below reflect the impact of the increased property values from the wind project. The district could pursue a bond election and issue additional bonded debt during the life of this agreement.

TABLE II- Computation of Net Tax Savings:

| Fiscal Year | Projected M&O Tax Rate | Projected I&S Tax Rate | Taxes w/o Agreement | Tax Savings with Agreement | Payment of District’s Revenue Losses | Net Tax Savings |
|------------------|------------------------------|------------------------------|------------------------|----------------------------------|---|--------------------|
| 2016-2017 | 0.98 | 0.090 | 0 | 0 | 0 | 0 |
| 2017-2018 | 0.98 | 0.085 | 165,375 | 0 | 0 | 0 |
| 2018-2019 | 0.96 | 0.059 | 1,749,600 | 0 | 0 | 0 |
| 2019-2020 | 0.98 | 0.052 | 2,480,625 | 2,235,625 | (2,402,108) | (166,483) |
| 2020-2021 | 0.98 | 0.047 | 2,976,750 | 2,731,750 | (476,906) | 2,254,844 |
| 2021-2022 | 0.98 | 0.047 | 2,976,750 | 2,731,750 | 0 | 2,731,750 |
| 2022-2023 | 0.98 | 0.048 | 2,811,375 | 2,566,375 | 0 | 2,566,375 |
| 2023-2024 | 0.98 | 0.049 | 2,646,000 | 2,401,000 | 0 | 2,401,000 |
| 2024-2025 | 0.98 | 0.050 | 2,480,625 | 2,235,625 | 0 | 2,235,625 |
| 2025-2026 | 0.98 | 0.051 | 2,315,250 | 2,070,250 | 0 | 2,070,250 |
| 2026-2027 | 0.98 | 0.053 | 2,149,875 | 1,904,875 | 0 | 1,904,875 |
| 2027-2028 | 0.98 | 0.000 | 1,984,500 | 1,739,500 | 0 | 1,739,500 |
| 2028-2029 | 0.98 | 0.000 | 1,819,125 | 1,574,125 | 0 | 1,574,125 |
| 2029-2030 | 0.96 | 0.000 | 1,620,000 | 0 | 0 | 0 |
| 2030-2031 | 0.98 | 0.000 | 1,488,375 | 0 | 0 | 0 |
| 2031-2032 | 0.98 | 0.000 | 1,488,375 | 0 | 0 | 0 |
| 2032-2033 | 0.98 | 0.000 | 992,250 | 0 | 0 | 0 |
| 2033-2034 | 0.98 | 0.000 | 992,250 | 0 | 0 | 0 |
| Totals | | | 33,137,100 | 22,190,875 | (2,879,013) | 19,311,862 |

Friona ISD Financial Impact of Chapter 313 Agreement

Financial Impact Study

This Financial Impact Study was performed to determine the financial impact of the Limited Appraised Value Agreement on Friona ISD. First, a fifteen year financial forecast was prepared to establish a baseline without the added values of the renewable energy electric generation company. Second, a fifteen year financial forecast was prepared that incorporated the additional taxable value of the company without a LAVA in effect. Third, a fifteen year financial forecast was prepared that incorporates the additional taxable value of the company with an approved LAVA. These three forecasts are detailed in the “Calculation of LAVA Impact on District’s Finances” section. The following assumptions were used to compare the financial impact of the LAVA:

- The current state funding formulas (in effect for 2015-2016 fiscal year) were used for state aid and recapture calculation purposes
 - Level 2 of Tier II yield - \$77.53 per weighted student in average daily attendance (WADA) per penny of tax effort
- The district’s tax rate for maintenance & operations (M&O) will remain at the same rate as for tax year 2015.
- A tax collection rate of 100% on current year tax levy with no projected delinquent taxes
- An annual taxable value increase of 1.0% was used to project the district’s taxable value, except as it related to the requested LAVA. The district’s 2015 taxable value was used as a baseline for all projections
- The district’s enrollment is projected to decrease slightly; therefore, the projected ADA and WADA for school year 2015-2016 was decreased by .25% per year for the life of the agreement.

Although these assumptions were used to develop a baseline scenario for comparison purposes, many of these factors will not remain constant for the thirteen years of this proposed agreement. Also, Legislative changes to the school finance formulas are likely during the near future and almost certain during the life of this agreement.

Friona ISD Financial Impact of Chapter 313 Agreement

Calculation of LAVA Impact on District's Finances

The tables displayed below (Table III, IV, V) show the different impacts on the school district's finances. These scenarios were computed to compare the District's revenue without the additional taxable value of Scandia Wind (Table III), the addition of Scandia Wind's taxable values without a Chapter 313 Agreement (Table IV), and the addition of Scandia Wind's taxable values with a Chapter 313 Agreement (Table V).

TABLE III – District Revenues *without* Scandia Wind, LLC:

| Fiscal Year | Total Taxable Value | M&O Taxes Compressed Rate | State Revenue | Recapture Amount | Hold Harmless Revenue | M&O Taxes > Comp Rate | Total District Revenue |
|-------------|---------------------|---------------------------|---------------|------------------|-----------------------|-----------------------|------------------------|
| 2016-2017 | 335,275,827 | 3,041,622 | 5,547,291 | 0 | 8,588,913 | 814,105 | 9,403,018 |
| 2017-2018 | 338,628,585 | 3,071,851 | 5,491,867 | 0 | 8,563,718 | 810,538 | 9,374,256 |
| 2018-2019 | 342,014,871 | 3,102,382 | 5,436,886 | 0 | 8,539,267 | 808,463 | 9,347,730 |
| 2019-2020 | 345,435,020 | 3,133,218 | 5,386,425 | 0 | 8,519,642 | 806,394 | 9,326,036 |
| 2020-2021 | 348,889,370 | 3,164,362 | 5,335,651 | 0 | 8,500,013 | 804,330 | 9,304,343 |
| 2021-2022 | 352,378,264 | 3,195,818 | 5,279,736 | 0 | 8,475,554 | 802,272 | 9,277,826 |
| 2022-2023 | 355,902,046 | 3,227,588 | 5,221,617 | 0 | 8,449,205 | 800,220 | 9,249,425 |
| 2023-2024 | 359,461,067 | 3,259,676 | 5,176,599 | 0 | 8,436,276 | 798,173 | 9,234,449 |
| 2024-2025 | 363,055,678 | 3,292,085 | 5,119,722 | 0 | 8,411,808 | 796,132 | 9,207,940 |
| 2025-2026 | 366,686,234 | 3,324,819 | 5,067,343 | 0 | 8,392,161 | 794,097 | 9,186,258 |
| 2026-2027 | 370,353,097 | 3,357,879 | 5,014,631 | 0 | 8,372,510 | 792,068 | 9,164,578 |
| 2027-2028 | 374,056,628 | 3,391,270 | 4,956,761 | 0 | 8,348,031 | 790,044 | 9,138,075 |
| 2028-2029 | 377,797,194 | 3,424,995 | 4,903,380 | 0 | 8,328,375 | 788,025 | 9,116,401 |
| 2029-2030 | 381,575,166 | 3,459,057 | 4,845,715 | 0 | 8,304,773 | 786,013 | 9,090,785 |
| 2030-2031 | 385,390,917 | 3,493,460 | 4,795,593 | 0 | 8,289,053 | 784,006 | 9,073,059 |
| 2031-2032 | 389,244,827 | 3,528,207 | 4,736,350 | 0 | 8,264,557 | 782,004 | 9,046,561 |
| 2032-2033 | 393,137,275 | 3,563,301 | 4,681,588 | 0 | 8,244,889 | 780,008 | 9,024,897 |
| 2033-2034 | 397,068,648 | 3,598,746 | 4,626,471 | 0 | 8,225,217 | 778,017 | 9,003,235 |

Friona ISD Financial Impact of Chapter 313 Agreement

TABLE IV- District Revenues with Scandia Wind without Chapter 313 Agreement:

| Fiscal Year | Total Taxable Value | M&O Taxes Compressed Rate | State Revenue | Recapture Amount | Hold Harmless Revenue | M&O Taxes > Comp Rate | Total District Revenue |
|-------------|---------------------|---------------------------|---------------|------------------|-----------------------|-----------------------|------------------------|
| 2016-2017 | 335,275,827 | 3,041,622 | 5,547,291 | 0 | 8,588,913 | 814,105 | 9,403,018 |
| 2017-2018 | 355,503,585 | 3,223,996 | 5,491,866 | 0 | 8,715,862 | 850,683 | 9,566,545 |
| 2018-2019 | 524,264,871 | 4,745,939 | 5,281,636 | 0 | 10,027,574 | 785,372 | 10,812,946 |
| 2019-2020 | 598,560,020 | 5,415,393 | 3,709,725 | 0 | 9,125,117 | 909,245 | 10,034,362 |
| 2020-2021 | 652,639,370 | 5,902,972 | 3,006,901 | 0 | 8,909,873 | 865,919 | 9,775,792 |
| 2021-2022 | 656,128,264 | 5,934,428 | 2,485,236 | 0 | 8,419,664 | 796,403 | 9,216,067 |
| 2022-2023 | 642,777,046 | 5,814,053 | 2,427,117 | 0 | 8,241,170 | 774,160 | 9,015,330 |
| 2023-2024 | 629,461,067 | 5,693,996 | 2,537,349 | 0 | 8,231,346 | 771,987 | 9,003,333 |
| 2024-2025 | 616,180,678 | 5,574,260 | 2,635,722 | 0 | 8,209,983 | 769,812 | 8,979,795 |
| 2025-2026 | 602,936,234 | 5,454,849 | 2,738,593 | 0 | 8,193,441 | 767,633 | 8,961,074 |
| 2026-2027 | 589,728,097 | 5,335,764 | 2,841,132 | 0 | 8,176,896 | 765,450 | 8,942,346 |
| 2027-2028 | 576,556,628 | 5,217,010 | 2,938,511 | 0 | 8,155,521 | 763,264 | 8,918,785 |
| 2028-2029 | 563,422,194 | 5,098,590 | 3,040,381 | 0 | 8,138,971 | 761,072 | 8,900,043 |
| 2029-2030 | 550,325,166 | 4,980,507 | 3,137,965 | 0 | 8,118,473 | 758,875 | 8,877,347 |
| 2030-2031 | 537,265,917 | 4,862,765 | 3,243,093 | 0 | 8,105,858 | 756,671 | 8,862,530 |
| 2031-2032 | 541,119,827 | 4,897,512 | 3,339,100 | 0 | 8,236,612 | 778,651 | 9,015,262 |
| 2032-2033 | 494,387,275 | 4,476,171 | 3,284,338 | 0 | 7,760,509 | 704,827 | 8,465,336 |
| 2033-2034 | 498,318,648 | 4,511,616 | 3,694,971 | 0 | 8,206,587 | 775,617 | 8,982,204 |

TABLE V – District Revenues with Scandia Wind with Chapter 313 Agreement:

| Fiscal Year | Total Taxable Value | M&O Taxes Comp Rate | State Revenue | Recapture Amount | Hold Harmless Revenue | M&O Taxes > Comp Rate | Payment for District Losses | Total District Revenue |
|-------------|---------------------|---------------------|---------------|------------------|-----------------------|-----------------------|-----------------------------|------------------------|
| 2016-2017 | 335,275,827 | 3,041,622 | 5,547,291 | 0 | 8,588,913 | 814,105 | 0 | 9,403,018 |
| 2017-2018 | 355,503,585 | 3,223,996 | 5,491,866 | 0 | 8,715,862 | 850,683 | 0 | 9,566,545 |
| 2018-2019 | 524,264,871 | 4,745,939 | 5,281,636 | 0 | 10,027,574 | 785,372 | 0 | 10,812,946 |
| 2019-2020 | 370,435,020 | 3,358,618 | 3,709,725 | 0 | 7,068,342 | 563,912 | 2,402,108 | 10,034,362 |
| 2020-2021 | 373,889,370 | 3,389,762 | 5,105,651 | 0 | 8,495,413 | 803,474 | 476,906 | 9,775,792 |
| 2021-2022 | 377,378,264 | 3,421,218 | 5,049,736 | 0 | 8,470,954 | 801,429 | 0 | 9,272,383 |
| 2022-2023 | 380,902,046 | 3,452,988 | 4,991,617 | 0 | 8,444,605 | 799,390 | 0 | 9,243,995 |
| 2023-2024 | 384,461,067 | 3,485,076 | 4,946,599 | 0 | 8,431,676 | 797,356 | 0 | 9,229,031 |
| 2024-2025 | 388,055,678 | 3,517,485 | 4,889,722 | 0 | 8,407,208 | 795,327 | 0 | 9,202,535 |
| 2025-2026 | 391,686,234 | 3,550,219 | 4,837,343 | 0 | 8,387,561 | 793,305 | 0 | 9,180,866 |
| 2026-2027 | 395,353,097 | 3,583,279 | 4,784,631 | 0 | 8,367,910 | 791,287 | 0 | 9,159,197 |
| 2027-2028 | 399,056,628 | 3,616,670 | 4,726,761 | 0 | 8,343,431 | 789,275 | 0 | 9,132,707 |
| 2028-2029 | 402,797,194 | 3,650,395 | 4,673,380 | 0 | 8,323,775 | 787,269 | 0 | 9,111,044 |
| 2029-2030 | 550,325,166 | 4,980,898 | 4,615,715 | 0 | 9,596,614 | 707,718 | 0 | 10,304,332 |
| 2030-2031 | 537,265,917 | 4,862,765 | 3,243,093 | 0 | 8,105,858 | 756,671 | 0 | 8,862,530 |
| 2031-2032 | 541,119,827 | 4,897,512 | 3,339,100 | 0 | 8,236,612 | 778,651 | 0 | 9,015,262 |
| 2032-2033 | 494,387,275 | 4,476,171 | 3,284,338 | 0 | 7,760,509 | 704,827 | 0 | 8,465,336 |
| 2033-2034 | 498,318,648 | 4,511,616 | 3,694,971 | 0 | 8,206,587 | 775,617 | 0 | 8,982,204 |

Friona ISD Financial Impact of Chapter 313 Agreement

Current School Finance Law

A major overhaul of the school finance formulas was implemented as a result of House Bill 1 of the 79th Legislative Session and became effective for the 2006-2007 school year. Those formula changes had an effect on the district's financial impact from granting a property value limitation. Due to the district's "Hold Harmless" provision that was enacted in the funding formulas, some districts had the majority of the district's revenue losses (during the first year that the "limited appraised value" was used as the actual taxable value) offset with additional state funding. The funding that was available to offset those revenue losses was called Additional State Aid for Tax Reduction (ASATR) and those funds were phased out as a result of legislation in the 82nd Legislative Session in 2011. This legislation eliminated the ASATR funding for fiscal year 2017-2018 and thereafter and can have a significant financial impact for LAVA agreements that have a year three in 2017-2018 or later. The loss of ASATR funding can again cause a district to experience a significant loss of funds in year three of the agreement and consequently cause the company to have revenue protection payments during that year that are similar to those experienced prior to 2006-2007.

Friona ISD Financial Impact of Chapter 313 Agreement

Payments in Lieu of Taxes

Assuming that the District and Scandia Wind, LLC mutually agree in the LAVA that \$100 per student in average daily attendance (ADA) will be paid to Friona ISD by Scandia Wind, the projected amount of these payments over the life of the agreement is \$1,672,000 of the \$19.3 million net tax savings amount. This amount will be computed annually according to Section IV of the Agreement.

TABLE VI - Calculation of the Payment in Lieu of Taxes:

| Fiscal Year | Net Tax Savings | Friona ISD \$100/ADA | Scandia Wind Share |
|------------------|-------------------|-------------------------|-----------------------|
| 2016-2017 | 0 | 104,500 | (104,500) |
| 2017-2018 | 0 | 104,500 | (104,500) |
| 2018-2019 | 0 | 104,500 | (104,500) |
| 2019-2020 | 2,235,625 | 104,500 | (270,983) |
| 2020-2021 | 2,731,750 | 104,500 | 2,150,344 |
| 2021-2022 | 2,731,750 | 104,500 | 2,627,250 |
| 2022-2023 | 2,566,375 | 104,500 | 2,461,875 |
| 2023-2024 | 2,401,000 | 104,500 | 2,296,500 |
| 2024-2025 | 2,235,625 | 104,500 | 2,131,125 |
| 2025-2026 | 2,070,250 | 104,500 | 1,965,750 |
| 2026-2027 | 1,904,875 | 104,500 | 1,800,375 |
| 2027-2028 | 1,739,500 | 104,500 | 1,635,000 |
| 2028-2029 | 1,574,125 | 104,500 | 1,469,625 |
| 2029-2030 | 0 | 104,500 | (104,500) |
| 2030-2031 | 0 | 104,500 | (104,500) |
| 2031-2032 | 0 | 104,500 | (104,500) |
| 2032-2033 | 0 | 0 | 0 |
| 2033-2034 | 0 | 0 | 0 |
| Totals | 19,311,862 | 1,672,000 | 17,639,862 |

Friona ISD Financial Impact of Chapter 313 Agreement

Impact of Projected Student Growth On District Facilities

TABLE VII – Campus Capacity and Available Growth

| Campus Name | Grade Level | # of Regular Classrooms | Building Capacity | Current Enrollment | Enrollment Growth Available |
|--------------------------|--------------------|--------------------------------|--------------------------|---------------------------|------------------------------------|
| Friona Primary | EE thru 1 | 18 | 360 | 270 | 90 |
| Friona Elementary | 2-5 | 33 | 660 | 309 | 351 |
| Friona Jr. High | 6-8 | 23 | 414 | 243 | 171 |
| Friona High | 9-12 | 31 | 558 | 324 | 234 |
| Total | | 105 | 1,992 | 1,146 | 846 |

The building capacities are based on 20 students per classroom for elementary and 18 students per grade level at secondary schools. Friona ISD is a early-education through 12th grade district.

Scandia Wind, LLC provided supplemental information with their application that projected the number of full-time employees that are expected for permanent employment after construction of the project is completed. They projected that five full-time employees are expected. It is not known whether these would be new employees to the Friona ISD, or if current residents would occupy these positions; however, it is assumed that these employees would be new residents to the district.

Based on average statewide figures provided by a demographer, it is projected that each new household would produce .5 students. Thus, the new five positions equates to 3 new students.

This minimal projected student growth can easily be accommodated with the current facilities of Friona ISD as displayed in Table VII above.

Friona ISD Financial Impact of Chapter 313 Agreement

Conclusion

This Financial Impact Study displays that entering into a Limited Appraised Value Agreement with Scandia Wind would be beneficial to both Scandia Wind and Friona ISD under the current school finance system.

Scandia Wind, LLC would benefit from reduced property taxes during the ten years of the Value Limitation Period. Although some of the tax savings would be used to offset district's revenue losses and payments in lieu of taxes to the District, Scandia is projected to benefit from a 90% tax savings during that ten year period of this Agreement. Scandia Wind also has the option of terminating the Agreement if the amount paid to the District during a tax year is greater than the amount of taxes that would have been paid without the agreement; therefore, there is no inherent risk for the company from entering into the Agreement.

Friona ISD would also have no inherent risk under the current school finance system and with the provisions in the LAVA that require Scandia Wind to offset any district losses caused by the LAVA. An annual calculation will be performed each year to determine if a loss to the District has been incurred. The revenue impact to the District will be computed by comparing the District's revenues with and without the LAVA in effect.



Texas Education Agency

Commissioner Mike Morath

1701 North Congress Avenue • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • tea.texas.gov

May 9, 2016

Richard Barnett, President
Board of Trustees
Friona Independent School District
909 East 11th Street
Friona, TX 79035-1416

Dear Mr. Barnett:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed Scandia Wind LLC project on the number and size of school facilities in Friona Independent School District (FISD). Based on an examination of FISD enrollment and the number of potential new jobs, the TEA has determined that the Scandia Wind LLC project should not have a significant impact on the number or size of school facilities in FISD.

Please feel free to contact me by phone at (512) 463-9186 or by email at al.mckenzie@tea.state.tx.us if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Al McKenzie".

Al McKenzie, Manager
Foundation School Program Support

AM/rk
Cc: Kenny Austin

Glenn Hegar

Texas Comptroller of Public Accounts

Welcome to your official online window on state government services from the Texas Comptroller of Public Accounts.

2015 ISD Summary Worksheet

059/Deaf Smith

185-903/Friona ISD

| Category | Local Tax Roll Value | 2015 WTD Mean Ratio | 2015 PTAD Value Estimate | 2015 Value Assigned |
|-----------------------------|----------------------|---------------------|--------------------------|---------------------|
| A. Single-Family Residences | 11,300 | N/A | 11,300 | 11,300 |
| B. Multi-Family Residences | 0 | N/A | 0 | 0 |
| C1. Vacant Lots | 0 | N/A | 0 | 0 |
| C2. Colonia Lots | 0 | N/A | 0 | 0 |
| D1. Rural Real(Taxable) | 1,172,499 | N/A | 1,172,499 | 1,172,499 |
| D2. Real Prop Farm & Ranch | 74,200 | N/A | 74,200 | 74,200 |
| E. Real Prop NonQual Acres | 453,500 | N/A | 453,500 | 453,500 |
| F1. Commercial Real | 0 | N/A | 0 | 0 |
| F2. Industrial Real | 0 | N/A | 0 | 0 |
| G. Oil, Gas, Minerals | 0 | N/A | 0 | 0 |
| J. Utilities | 49,700 | N/A | 49,700 | 49,700 |
| L1. Commercial Personal | 0 | N/A | 0 | 0 |
| L2. Industrial Personal | 0 | N/A | 0 | 0 |
| M. Other Personal | 0 | N/A | 0 | 0 |
| N. Intangible Personal Prop | 0 | N/A | 0 | 0 |
| O. Residential Inventory | 0 | N/A | 0 | 0 |
| S. Special Inventory | 0 | N/A | 0 | 0 |
| Subtotal | 1,761,199 | | 1,761,199 | 1,761,199 |
| Less Total Deductions | 89,940 | | 89,940 | 89,940 |
| Total Taxable Value | 1,671,259 | | 1,671,259 | 1,671,259 T2 |

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

Government code subsections 403.302 (J) AND (K) require the Comptroller to certify alternative measures of school district wealth. These measures are reported for taxable values for maintenance and operation (M&O) tax purposes and for interest and sinking fund (I&S) tax purposes. For districts that have not entered into value limitation agreements, T1 through T4 will be the same as T7 through T10.

Value Taxable For M&O Purposes

| | | | | | | |
|-----------|--|-----------|---|---|--|-----------|
| T1 | | T2 | | T3 | | T4 |
| 1,691,259 | | 1,671,259 | | 1,691,259 | | 1,671,259 |
| | Loss To the Additional \$10,000 Homestead Exemption | | | 50% of the loss to the Local Optional Percentage Homestead Exemption | | |
| 20,000 | | | 0 | | | |

T1 = School district taxable value for M&O purposes before the loss to the additional \$10,000 homestead exemption

T2 = School district taxable value for M&O purposes 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

Value Taxable For I&S Purposes

| | | | | | | |
|-----------|--|-----------|--|-----------|--|-----------|
| T7 | | T8 | | T9 | | T10 |
| 1,691,259 | | 1,671,259 | | 1,691,259 | | 1,671,259 |

T7 = School district taxable value for I&S purposes before the loss to the additional \$10,000 homestead exemption

T8 = School district taxable value for I&S purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T9 = T7 minus 50% of the loss to the local optional percentage homestead exemption

T10 = T8 minus 50% of the loss to the local optional percentage homestead exemption

The PVS found your local value to be valid, and local value was certified

185/Parmer

185-903/Friona ISD

| Category | Local Tax Roll Value | 2015 WTD Mean Ratio | 2015 PTAD Value Estimate | 2015 Value Assigned |
|-----------------------------|----------------------|---------------------|--------------------------|---------------------|
| A. Single-Family Residences | 77,249,705 | N/A | 77,249,705 | 77,249,705 |
| B. Multi-Family Residences | 1,552,300 | N/A | 1,552,300 | 1,552,300 |
| C1. Vacant Lots | 578,409 | N/A | 578,409 | 578,409 |
| C2. Colonia Lots | 0 | N/A | 0 | 0 |
| D1. Rural Real(Taxable) | 29,841,781 | N/A | 29,841,781 | 29,841,781 |
| D2. Real Prop Farm & Ranch | 4,187,590 | N/A | 4,187,590 | 4,187,590 |
| E. Real Prop NonQual Acres | 28,806,965 | N/A | 28,806,965 | 28,806,965 |
| F1. Commercial Real | 8,897,481 | N/A | 8,897,481 | 8,897,481 |
| F2. Industrial Real | 61,525,755 | N/A | 61,525,755 | 61,525,755 |
| G. Oil, Gas, Minerals | 0 | N/A | 0 | 0 |
| J. Utilities | 32,694,785 | N/A | 32,694,785 | 32,694,785 |
| L1. Commercial Personal | 16,314,569 | N/A | 16,314,569 | 16,314,569 |
| L2. Industrial Personal | 105,500,625 | N/A | 105,500,625 | 105,500,625 |
| M. Other Personal | 402,522 | N/A | 402,522 | 402,522 |
| N. Intangible Personal Prop | 0 | N/A | 0 | 0 |
| O. Residential Inventory | 0 | N/A | 0 | 0 |
| S. Special Inventory | 834,082 | N/A | 834,082 | 834,082 |
| Subtotal | 368,386,569 | | 368,386,569 | 368,386,569 |
| Less Total Deductions | 38,707,483 | | 38,707,483 | 38,707,483 |
| Total Taxable Value | 329,679,086 | | 329,679,086 | 329,679,086 T2 |

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

Government code subsections 403.302 (J) AND (K) require the Comptroller to certify alternative measures of school district wealth. These measures are reported for taxable values for maintenance and operation (M&O) tax purposes and for interest and sinking fund (I&S) tax purposes. For districts that have not entered into value limitation agreements, T1 through T4 will be the same as T7 through T10.

Value Taxable For M&O Purposes

| T1 | T2 | T3 | T4 |
|-------------|-------------|-------------|-------------|
| 337,272,547 | 329,679,086 | 337,272,547 | 329,679,086 |

Loss To
the Additional
\$10,000 Homestead
Exemption

7,593,461

0

50% of the loss
to the Local Optional
Percentage Homestead
Exemption

T1 = School district taxable value for M&O purposes before the loss to the additional \$10,000 homestead exemption

T2 = School district taxable value for M&O purposes 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

Value Taxable For I&S Purposes

| | | | |
|-------------|-------------|-------------|-------------|
| T7 | T8 | T9 | T10 |
| 337,272,547 | 329,679,086 | 337,272,547 | 329,679,086 |

T7 = School district taxable value for I&S purposes before the loss to the additional \$10,000 homestead exemption

T8 = School district taxable value for I&S purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T9 = T7 minus 50% of the loss to the local optional percentage homestead exemption

T10 = T8 minus 50% of the loss to the local optional percentage homestead exemption

The PVS found your local value to be valid, and local value was certified

185-903/Friona ISD

| Category | Local Tax Roll Value | 2015 WTD Mean Ratio | 2015 PTAD Value Estimate | 2015 Value Assigned |
|-----------------------------|----------------------|---------------------|--------------------------|---------------------|
| A. Single-Family Residences | 77,261,005 | N/A | 77,261,005 | 77,261,005 |
| B. Multi-Family Residences | 1,552,300 | N/A | 1,552,300 | 1,552,300 |
| C1. Vacant Lots | 578,409 | N/A | 578,409 | 578,409 |
| C2. Colonia Lots | 0 | N/A | 0 | 0 |
| D1. Rural Real(Taxable) | 31,014,280 | N/A | 31,014,280 | 31,014,280 |
| D2. Real Prop Farm & Ranch | 4,261,790 | N/A | 4,261,790 | 4,261,790 |
| E. Real Prop NonQual Acres | 29,260,465 | N/A | 29,260,465 | 29,260,465 |
| F1. Commercial Real | 8,897,481 | N/A | 8,897,481 | 8,897,481 |
| F2. Industrial Real | 61,525,755 | N/A | 61,525,755 | 61,525,755 |
| G. Oil, Gas, Minerals | 0 | N/A | 0 | 0 |

| | | | | |
|--------------------------------|-------------|-----|-------------|----------------|
| J. Utilities | 32,744,485 | N/A | 32,744,485 | 32,744,485 |
| L1. Commercial Personal | 16,314,569 | N/A | 16,314,569 | 16,314,569 |
| L2. Industrial Personal | 105,500,625 | N/A | 105,500,625 | 105,500,625 |
| M. Other Personal | 402,522 | N/A | 402,522 | 402,522 |
| N. Intangible Personal Prop | 0 | N/A | 0 | 0 |
| O. Residential Inventory | 0 | N/A | 0 | 0 |
| S. Special Inventory | 834,082 | N/A | 834,082 | 834,082 |
| Subtotal | 370,147,768 | | 370,147,768 | 370,147,768 |
| Less Total Deductions | 38,797,423 | | 38,797,423 | 38,797,423 |
| Total Taxable Value | 331,350,345 | | 331,350,345 | 331,350,345 T2 |

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

In 2015, the Texas Legislature passed House Bill 855, which requires state agencies to publish a list of the three most commonly used Web browsers on their websites. The Texas Comptroller's most commonly used Web browsers are Microsoft Internet Explorer, Google Chrome and Apple Safari.

x

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

by and between

FRIONA INDEPENDENT SCHOOL DISTRICT

and

SCANDIA WIND, L.L.C.

(Texas Taxpayer ID #32039452480)

Comptroller Application #1130

Dated

September 12, 2016

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

STATE OF TEXAS §

COUNTY OF PARMER §

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 the **FRIONA 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 **SCANDIA WIND, L.L.C.**, Texas Taxpayer Identification Number 32039452480 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.”

RECITALS

WHEREAS, on March 24, 2016, the Superintendent of Schools of the Friona Independent School District, acting as agent of the Board of Trustees of the District, received from the Applicant an Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the TEXAS TAX CODE;

WHEREAS, on March 24, 2016, the Board of Trustees has acknowledged receipt of the Application, and along with the requisite application fee as established pursuant to Section 313.025(a) of the TEXAS TAX CODE and Local District Policy CCG (LOCAL), and agreed to consider the Application;

WHEREAS, the Application was delivered to the Texas Comptroller’s Office for review pursuant to Section 313.025 of the TEXAS TAX CODE;

WHEREAS, the District and the Texas Comptroller’s Office have determined that the Application is complete and May 3, 2016 is the Application Review Start Date as that term is defined by 34 TEXAS ADMIN. CODE Section 9.1051;

WHEREAS, pursuant to 34 TEXAS ADMIN. CODE Section 9.1054, the Application was delivered to the Parmer County Appraisal District established in Parmer County, Texas (the “Parmer County Appraisal District”), pursuant to Section 6.01 of the TEXAS TAX CODE;

WHEREAS, the Texas Comptroller’s Office reviewed the Application pursuant to Section 313.025 of the TEXAS TAX CODE, conducted an economic impact evaluation pursuant to Section 313.026 of the TEXAS TAX CODE, and on July 8, 2016, issued a certificate for limitation on

appraised value of the property described in the Application and provided the certificate to the District;

WHEREAS, the Board of Trustees has reviewed and carefully considered the economic impact evaluation and certificate for limitation on appraised value submitted by the Texas Comptroller's Office pursuant to Section 313.025 of the TEXAS TAX CODE;

WHEREAS, on September 12, 2016, 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;

WHEREAS, on September 12, 2016, the Board of Trustees made factual findings pursuant to Section 313.025(f) of the TEXAS TAX CODE, including, but not limited to findings that: (i) the information in the Application is true and correct; (ii) the Applicant is eligible for the limitation on appraised value of the Applicant's Qualified Property; (iii) the project proposed by the Applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the District's maintenance and operations ad valorem tax revenue lost as a result of the Agreement before the 25th anniversary of the beginning of the limitation period; (iv) the limitation on appraised value is a determining factor in the Applicant's decision to invest capital and construct the project in this State; and (v) this Agreement is in the best interest of the District and the State of Texas;

WHEREAS, on September 12, 2016, pursuant to the provisions of 313.025(f-1) of the TEXAS TAX CODE, the Board of Trustees waived the job creation requirement set forth in Section 313.051(b) the TEXAS TAX CODE;

WHEREAS, on August 25, 2016, the Texas Comptroller's Office approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes;

WHEREAS, on September 12, 2016, 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 or, in the event the Board President and Secretary are unavailable or have disclosed a conflict of interest, the Board of Trustees has authorized [*Insert Name*] to execute and deliver such Agreement to the Applicant; and

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

ARTICLE I **DEFINITIONS**

Section 1.1 DEFINITIONS. Wherever used in this Agreement, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning. Words or terms defined in 34 TEXAS ADMIN. CODE Section 9.1051 and not defined in this Agreement shall have the meanings provided by 34 TEXAS ADMIN. CODE Section 9.1051.

“Act” means the Texas Economic Development Act set forth in Chapter 313 of the TEXAS TAX CODE, including any statutory amendments that are applicable to Applicant.

“Agreement” means this Agreement, as the same may be modified, amended, restated, amended and restated, or supplemented as approved pursuant to Sections 10.2 and 10.3.

“Applicant” means SCANDIA WIND, L.L.C., (Texas Taxpayer ID # 32039452480), the entity listed in the Preamble of this Agreement and that is listed as the Applicant on the Application as of the Application Approval Date. The term “Applicant” shall also include the Applicant’s assigns and successors-in-interest as approved according to Sections 10.2 and 10.3 of this Agreement.

“Applicant’s Qualified Investment” means the Qualified Investment of the Applicant during the Qualifying Time Period and as more fully described in EXHIBIT 3 of this Agreement.

“Applicant’s Qualified Property” means the Qualified Property of the Applicant to which the value limitation identified in the Agreement will apply and as more fully described in EXHIBIT 4 of this Agreement.

“Application” means the Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C of the TEXAS TAX CODE) filed with the District by the Applicant on March 24, 2016. The term includes all forms required by the Comptroller, the schedules attached thereto, and all other documentation submitted by the Applicant for the purpose of obtaining an Agreement with the District. The term also includes all amendments and supplements thereto submitted by the Applicant.

“Application Approval Date” means the date that the Application is approved by the Board of Trustees of the District and as further identified in Section 2.3.B of this Agreement.

“Application Review Start Date” means the later date of either the date on which the District issues its written notice that the Applicant has submitted a completed Application or the date on which the Comptroller issues its written notice that the Applicant has submitted a completed Application and as further identified in Section 2.3.A of this Agreement.

“Appraised Value” shall have the meaning assigned to such term in Section 1.04(8) of the TEXAS TAX CODE.

“Appraisal District” means the Parmer County Appraisal District.

“Board of Trustees” means the Board of Trustees of the Friona Independent School District.

“Commercial Operation” means the date on which the Project becomes commercially operational and placed into service, such that all of the following events have occurred and remain simultaneously true and accurate:

A. The Project has been constructed, tested, and is fully capable of operating for the purpose of generating electricity for sale on one or more commercial markets;

B. The Project has received written authorization from the grid operator for interconnection, integration, and synchronization of the plant with the grid; and,

C. The Project has obtained all permits, required approvals, and has met all requirements necessary for safely and reliably generating electricity and delivering electricity onto the grid.

“Comptroller” means the Texas Comptroller of Public Accounts, or the designated representative of the Texas Comptroller of Public Accounts acting on behalf of the Comptroller.

“Comptroller’s Rules” means the applicable rules and regulations of the Comptroller set forth in Chapter 34 TEXAS ADMIN. CODE Chapter 9, Subchapter F, together with any court or administrative decisions interpreting same.

“County” means Parmer County, Texas.

“District” or “School District” means the Friona Independent School District, being a duly authorized and operating 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.

“Final Termination Date” means the last date of the final year in which the Applicant is required to Maintain Viable Presence and as further identified in Section 2.3.E of this Agreement.

“Force Majeure” means those causes generally recognized under Texas law as constituting impossible conditions. Each Party must inform the other in writing with proof of receipt within sixty (60) days of the existence of such Force Majeure or otherwise waive this right as a defense.

“Land” means the real property described on **EXHIBIT 2**, which is attached hereto and incorporated herein by reference for all purposes.

“Maintain Viable Presence” means (i) the operation during the term of this Agreement of the facility or facilities for which the tax limitation is granted; and (ii) the Applicant’s maintenance

of jobs and wages as required by the Act and as set forth in its Application.

“Market Value” shall have the meaning assigned to such term in Section 1.04(7) of the TEXAS TAX CODE.

“New Qualifying Jobs” means the total number of jobs to be created by the Applicant after the Application Approval Date in connection with the project that is the subject of its Application that meet the criteria of Qualifying Job as defined in Section 313.021(3) of the TEXAS TAX CODE and the Comptroller’s Rules.

“New Non-Qualifying Jobs” means the number of Non-Qualifying Jobs, as defined in 34 TEXAS ADMIN. CODE Section 9.1051(14), to be created by the Applicant after the Application Approval Date in connection with the project which is the subject of its Application.

“Qualified Investment” has the meaning set forth in Section 313.021(1) of the TEXAS TAX CODE, as interpreted by the Comptroller’s Rules.

“Qualified Property” has the meaning set forth in Section 313.021(2) of the TEXAS TAX CODE and as interpreted by the Comptroller’s Rules and the Texas Attorney General, as these provisions existed on the Application Review Start Date.

“Qualifying Time Period” means the period defined in Section 2.3.C, during which the Applicant shall make investment on the Land where the Qualified Property is located in the amount required by the Act, the Comptroller’s Rules, and this Agreement.

“State” means the State of Texas.

“Supplemental Payment” means any payments or transfers of things of value made to the District or to any person or persons in any form if such payment or transfer of thing of value being provided is in recognition of, anticipation of, or consideration for the Agreement and that is not authorized pursuant to Sections 313.027(f)(1) or (2) of the TEXAS TAX CODE, and specifically includes any payments required pursuant to Article VI of this Agreement.

“Tax Limitation Amount” means the maximum amount which may be placed as the Appraised Value on the Applicant’s Qualified Property for maintenance and operations tax assessment in each Tax Year of the Tax Limitation Period of this Agreement pursuant to Section 313.054 of the TEXAS TAX CODE.

“Tax Limitation Period” means the Tax Years for which the Applicant’s Qualified Property is subject to the Tax Limitation Amount and as further identified in Section 2.3.D of this Agreement.

“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.

Section 1.2 NEGOTIATED DEFINITIONS. Wherever used in Articles IV, V, and VI, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning or otherwise; provided however, if there is a conflict between a term defined in this section and a term defined in the Act, the Comptroller's Rules, or Section 1.1 of Agreement, the conflict shall be resolved by reference to Section 10.9.C.

“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 District, and the Constitution and general laws of the State applicable to the 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 Applicant's ad valorem tax obligation to District, either with or without the limitation of property values made pursuant to this Agreement.

“Consultant” shall have the same meaning as assigned to such term in Section 4.5 of the Agreement.

“Deferred Payments” shall have the same meaning as assigned to such term in Section 6.4 of the Agreement.

“M&O Amount” shall have the meaning assigned to such term in Section 4.2 of the Agreement.

“Maintenance and Operations Revenue” or “M&O Revenue” means (i) those revenues which District receives from the levy of its annual ad valorem maintenance and operations tax pursuant to Section 45.002 of the TEXAS EDUCATION CODE 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.

“Net Tax Savings” shall have the same meaning as assigned to such term in Section 6.3 of the Agreement.

“New M&O Revenue” shall have the same meaning as assigned to such term in Section 4.2.A.ii of the Agreement.

“Original M&O Revenue” shall have the same meaning as assigned to such term in Section 4.2.A.i of the Agreement.

ARTICLE II

AUTHORITY, PURPOSE AND LIMITATION AMOUNTS

Section 2.1. 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 Section 313.027 of the TEXAS TAX CODE.

Section 2.2. PURPOSE. In consideration of the execution and subsequent performance of the terms and obligations by the Applicant pursuant to this Agreement, identified in Sections 2.5 and 2.6 and as more fully specified in this Agreement, the value of the Applicant’s Qualified Property listed and assessed by the County Appraiser for the District’s maintenance and operation ad valorem property tax shall be the Tax Limitation Amount as set forth in Section 2.4 of this Agreement during the Tax Limitation Period.

Section 2.3. TERM OF THE AGREEMENT.

A. The Application Review Start Date for this Agreement is May 3, 2016, which will be used to determine the eligibility of the Applicant’s Qualified Property and all applicable wage standards.

B. The Application Approval Date for this Agreement is September 12, 2016.

C. The Qualifying Time Period for this Agreement:

- i. Starts on September 12, 2016, the Application Approval Date; and
- ii. Ends on December 31, 2018, the last day of the second complete Tax Year following the Qualifying Time Period start date.

D. The Tax Limitation Period for this Agreement:

- i. Starts on January 1, 2019, first complete Tax Year that begins after the date of the commencement of Commercial Operation; and,
- ii. Ends on December 31, 2028.

E. The Final Termination Date for this Agreement is December 31, 2033.

F. This Agreement, and the obligations and responsibilities created by this Agreement, shall be and become effective on the Application Approval Date identified in Section 2.3.B. This Agreement, and the obligations and responsibilities created by this Agreement, terminate on the Final Termination Date identified in Section 2.3.E, unless extended by the express terms of this

Agreement.

Section 2.4. TAX LIMITATION. So long as the Applicant makes the Qualified Investment as required by Section 2.5, during the Qualifying Time Period, and unless this Agreement has been terminated as provided herein before such Tax Year, on January 1 of each Tax Year of the Tax Limitation Period, the Appraised Value of the Applicant's Qualified Property for the District's maintenance and operations ad valorem tax purposes shall not exceed the lesser of:

- A. the Market Value of the Applicant's Qualified Property; or
- B. Twenty-Five Million Dollars (\$25,000,000).

This Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the Application Approval Date, as set out by Section 313.052 of the TEXAS TAX CODE.

Section 2.5. TAX LIMITATION ELIGIBILITY. In order to be eligible and entitled to receive the value limitation identified in Section 2.4 for the Qualified Property identified in Article III, the Applicant shall:

- A. have completed the Applicant's Qualified Investment in the amount of \$20,000,000 during the Qualifying Time Period;
- B. have created and maintained, subject to the provisions of Section 313.0276 of the TEXAS TAX CODE, New Qualifying Jobs as required by the Act; and
- C. pay an average weekly wage of at least \$762 for all New Non-Qualifying Jobs created by the Applicant.

Section 2.6. TAX LIMITATION OBLIGATIONS. In order to receive and maintain the limitation authorized by Section 2.4, Applicant shall:

- A. provide payments to District sufficient to protect future District revenues through payment of revenue offsets and other mechanisms as more fully described in Article IV;
- B. provide payments to the District that protect the District from the payment of extraordinary education related expenses related to the project, as more fully specified in Article V;
- C. provide such Supplemental Payments as more fully specified in Article VI;
- D. create and Maintain Viable Presence on or with the Qualified Property and perform additional obligations as more fully specified in Article VIII of this Agreement; and
- E. no additional conditions are identified in the certificate for a limitation on appraised value by the Comptroller for this project.

ARTICLE III

QUALIFIED PROPERTY

Section 3.1. LOCATION WITHIN ENTERPRISE OR REINVESTMENT ZONE. At the time of the Application Approval Date, the Land is within an area designated either as an enterprise zone, pursuant to Chapter 2303 of the TEXAS GOVERNMENT CODE, or a reinvestment zone, pursuant to Chapter 311 or 312 of the TEXAS TAX CODE. The legal description, and information concerning the designation, of such zone is attached to this Agreement as **EXHIBIT 1** and is incorporated herein by reference for all purposes.

Section 3.2. LOCATION OF QUALIFIED PROPERTY AND INVESTMENT. The Land on which the Qualified Property shall be located and on which the Qualified Investment shall be made is described in **EXHIBIT 2**, which is attached hereto and 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** unless amended pursuant to the provisions of Section 10.2 of this Agreement.

Section 3.3. DESCRIPTION OF QUALIFIED PROPERTY. The Qualified Property that is subject to the Tax Limitation Amount is described in **EXHIBIT 4**, which is attached hereto and incorporated herein by reference for all purposes. Property which is not specifically described in **EXHIBIT 4** shall not be considered by the District or the Appraisal District to be part of the Applicant's Qualified Property for purposes of this Agreement, unless by official action the Board of Trustees provides that such other property is a part of the Applicant's Qualified Property for purposes of this Agreement in compliance with Section 313.027(e) of the TEXAS TAX CODE, the Comptroller's Rules, and Section 10.2 of this Agreement.

Section 3.4. CURRENT INVENTORY OF QUALIFIED PROPERTY. In addition to the requirements of Section 10.2 of this Agreement, if there is a material change in the Qualified Property described in **EXHIBIT 4**, then within 60 days from the date commercial operation begins, the Applicant shall provide to the District, the Comptroller, the Appraisal District or the State Auditor's Office a specific and detailed description of the tangible personal property, buildings, and/or permanent, nonremovable building components (including any affixed to or incorporated into real property) on the Land to which the value limitation applies including maps or surveys of sufficient detail and description to locate all such described property on the Land.

Section 3.5. QUALIFYING USE. The Applicant's Qualified Property described in Section 3.3 qualifies for a tax limitation agreement under Section 313.024(b)(5) of the TEXAS TAX CODE as a renewable energy electric generation facility.

ARTICLE IV

PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 4.1. INTENT OF THE PARTIES. Subject to the limitations contained in this Agreement

(including Section 7.1), it is the intent of the Parties that the District shall, in accordance with the provisions of Section 313.027(f)(1) of the TEXAS TAX CODE, be compensated by Applicant for any loss that District incurs in its Maintenance and Operations Revenue as a result of, or on account of, entering into this Agreement, after taking into account any payments to be made under this Agreement. Such payments shall be independent of, and in addition to such other payments as set forth in Articles V and VI in this Agreement. Subject to the limitations contained in this Agreement (including Section 7.1), IT IS THE INTENT OF THE PARTIES THAT THE RISK OF ANY NEGATIVE FINANCIAL CONSEQUENCE TO DISTRICT IN MAKING THE DECISION TO ENTER INTO THIS AGREEMENT WILL BE BORNE SOLELY BY APPLICANT AND NOT BY DISTRICT. Applicant recognizes and acknowledges the calculations relating to the District's loss of Maintenance and Operations Revenue under this Agreement will be affected by changes to the timing of construction of the Project and any change to the Qualified Investment/Qualified Property. As such, Applicant acknowledges that it will bear any and all losses of Maintenance and Operations Revenue suffered by the District as a result of the Agreement, including without limitation any increase in the M&O Amount calculated under Section 4.2 to be paid to the District for losses in Maintenance and Operations Revenue resulting from any change in the timing of construction and/or any change to the Qualified Investment/Qualified Property.

Section 4.2. CALCULATING THE AMOUNT OF LOSS OF REVENUES BY THE DISTRICT. Subject to the provisions of Section 7.1, the amount to be paid by Applicant to compensate District for loss of Maintenance and Operations Revenue resulting from, or on account of, this Agreement for each year starting in the year of the Application Review Start Date and ending on the Final Termination Date (as set out in **EXHIBIT 5**), the "M&O Amount" shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula:

A. The M&O Amount owed by Applicant to District means the Original M&O Revenue *minus* the New M&O Revenue; based on the following definitions:

- i. "Original M&O Revenue" means the total State and local Maintenance and Operations Revenue that 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 had been subject to the full ad valorem maintenance & operations tax without any limitation on value.
- ii. "New M&O Revenue" means the total State and local Maintenance and Operations Revenue that District actually received for such school year.

B. In making the calculations for the M&O Amount required by this Section 4.2 of this Agreement:

- 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 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 4.2 of this Agreement results in a negative number for the M&O Amount, the negative number

- will be considered to be zero.
- iv. All calculations made for the New M&O Revenue during the Tax Limitation Period under Section 4.2.A.ii of this Agreement will reflect the Tax Limitation Amount for such year.
 - v. All calculations for the M&O Amount made under this Section 4.2 of this Agreement shall be made by a methodology which isolates only the revenue impact caused by this Agreement. Applicant shall not be responsible to reimburse District for other revenue losses created by other agreements or any other factors.

Section 4.3. STATUTORY CHANGES AFFECTING M&O REVENUE. Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 7.1 of this Agreement, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, District will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State or another school district, pursuant to Chapter 41 of the TEXAS EDUCATION CODE, because of its participation in this Agreement, Applicant shall make payments to District, up to the Revenue Protection Amount limit set forth in Section 7.1 that are necessary to offset any negative impact on 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 District.

Section 4.4. COMPENSATION FOR LOSS OF OTHER REVENUES. To the extent not included in the amounts calculated pursuant to Section 4.2 above, Applicant shall also pay to the District on an annual basis all non-reimbursed costs arising from entering this Agreement, including but not limited to: (a) any loss incurred by the District resulting from successful judicial challenge to this Agreement; (b) any reasonable attorneys' fees or other costs incurred by the District due to any legal defense, enforcement or interpretation of this Agreement, irrespective of whether or not this Agreement is ultimately determined to be valid; and (c) any non-reimbursed reasonable costs incurred by the District and related to this Agreement, either directly or indirectly, including costs paid to the Appraisal District caused by increased appraised values arising solely from the Qualified Property that is subject to the limitation provided in Section 2.4 herein.

Section 4.5. THIRD PARTY CALCULATIONS. All calculations made pursuant to this Agreement shall be verified annually by one or more independent third parties ("Consultant") selected by the District. Applicant will be solely responsible for the payment of Consultant's fees not exceeding in total more than Seven Thousand Dollars, (\$7,000.00) for the first year of this Agreement. This amount may be increased each year of this Agreement by not more than five percent (5%) from the prior year. All calculations shall initially be based upon good-faith estimates using all available information and shall be adjusted to reflect "near final" or "actual" data for the applicable year as the data becomes available.

Section 4.6. DATA FOR CALCULATIONS. The initial calculations for any payments owing under this Agreement shall be based upon the valuations placed upon the Qualified Property by the

Appraisal District in its annual certified tax roll submitted to the District pursuant to § 26.01 of the TEXAS TAX CODE in or about July of each year of this Agreement. The certified tax roll data shall form the basis from which any and all amounts due under this Agreement are calculated, and the data utilized by the Consultant will be adjusted as necessary to reflect any subsequent adjustments by the Appraisal District to the District's tax roll. Any estimates used by the Consultant to make calculations as required by this Agreement shall be based on the best and most current information available. The Consultant shall from time-to-time adjust the data utilized to reflect actual amounts, subsequent adjustments by the Appraisal District to the District's certified tax roll, or any other relevant changes to material items such as student counts or tax collections.

Section 4.7. DELIVERY OF CALCULATIONS.

A. All calculations required under Articles IV, V, or VI shall be made by the Consultant on or before December 1 of each year for which this Agreement is effective. The Consultant shall forward such calculations to the Parties in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Consultant shall maintain supporting data consistent with generally accepted accounting practices. The Consultant shall preserve all documents and data related to all calculations required under this Agreement for a period of three (3) years. Employees and agents of the Parties shall have reasonable access to the Consultant's offices, personnel, books, and records pertaining to all calculations and fees.

B. In the event the District receives the Consultant's invoice for services rendered, the District shall forward to Applicant such invoice, which Applicant shall pay within thirty (30) days of receipt.

Section 4.8. PAYMENT BY APPLICANT. On or before the January 31 next following the tax levy for each year for which this Agreement is effective, and subject to the limitations contained in Section 7.1, the Applicant shall pay all amounts determined to be due and owing to the District, all amounts billed by the Consultant pursuant to Section 4.5, and any reasonable and necessary expenses paid by the District to its attorneys, auditors, or financial consultants for work resulting from the District's participation in this Agreement. Provided that the District, upon request of Applicant, provides supporting documentation to substantiate such reasonable and necessary expenses to the extent such supporting documentation is not excepted from disclosure as attorney-client privilege or otherwise excepted from disclosure under the Texas Public Information Act (TEXAS GOVERNMENT CODE § 552.001, *et seq.*).

Section 4.9. CHALLENGING CALCULATION RESULTS. The Applicant may appeal the Consultant's results, in writing, within fifteen (15) days of receipt of such results. The Consultant will issue a final determination of the calculations within 15 days of receiving Applicant's appeal. The Applicant may appeal the final determination of the Consultant to the District within 15 District business days of its receipt, pursuant to District Policy GF (LOCAL).

Section 4.10. EFFECT OF PROPERTY VALUE APPEAL OR ADJUSTMENT. In the event that the Taxable Value of the Qualified Property is changed after an appeal of its valuation, or the Taxable

Value is otherwise altered for any reason, the calculations required under Article IV of this Agreement shall be recalculated by the Consultant at Applicant's sole expense using the revised property values. The Consultant shall transmit the revised calculations to the Parties and any Party owing funds to the other Party shall pay such funds within thirty (30) days after receipt of the new calculations.

Section 4.11. EFFECT STATUTORY OR OTHER LEGAL CHANGES. If the District will receive less M&O Revenue, or, if applicable, will be required to increase its payment of funds to the State or another school district due to the District's participation in this Agreement because of changes to Applicable School Finance Law or administrative or legal interpretations by the office of the Comptroller, the Commissioner of Education, the Texas Education Agency, the Courts of the State of Texas, or any other authority having proper jurisdiction over the District or Texas school finance, then the Applicant shall make payments to the District within thirty (30) days of receipt of written notice, up to the limitation set forth in Section 7.1 below. The Parties understand and agree that the foregoing payments to the District are necessary to (a) offset any negative impact on the District as a result of its participation in this Agreement; and (b) secure for the District an amount of M&O Revenue not less than that which the District would have received had the District not entered into this Agreement.

ARTICLE V

PAYMENT OF EXTRAORDINARY EDUCATION RELATED EXPENSES

Section 5.1. EXTRAORDINARY EXPENSES. In addition to the amounts determined pursuant to Article IV or Article VI of this Agreement above, Applicant on an annual basis shall also indemnify and reimburse District for the following:

- A. all non-reimbursed costs, certified by District's external auditor to have been incurred by 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; and
- B. any other loss of District revenues or funds which are, or may be attributable to the payment by Applicant to or on behalf any other third party beneficiary.

Section 5.2. PAYMENTS. Payments of amounts due under this Article shall be made as set forth in Section 4.8 above.

ARTICLE VI

SUPPLEMENTAL PAYMENTS

Section 6.1. SUPPLEMENTAL PAYMENTS. Applicant shall make Supplemental Payments as set out in Section 6.2 annually, starting with the first year of the Agreement, and continuing through the third year following the end of the Tax Limitation Period.

Section 6.2. SUPPLEMENTAL PAYMENT LIMITATION. Notwithstanding the foregoing:

A. The total of the Supplemental Payments made pursuant to this Article shall not exceed for any calendar year of this Agreement an amount equal to the greater of One Hundred Dollars (\$100.00) per student per year in average daily attendance, as defined by Section 42.005 of the TEXAS EDUCATION CODE, or Fifty Thousand Dollars (\$50,000.00) per year times the number of years beginning with the first complete or partial year of the Qualifying Time Period identified in Section 2.3.C and ending with the year for which the Supplemental Payment is being calculated minus all Supplemental Payments previously made by the Applicant;

B. Supplemental Payments may only be made during the period starting with the beginning of the Qualifying Time Period and ending December 31 of the third year following the end of the Tax Limitation Period.

C. The limitation in Section 6.2.A does not apply to amounts described by Section 313.027(f)(1)–(2) of the TEXAS TAX CODE as implemented in Articles IV and V of this Agreement.

D. For purposes of this Agreement, the calculation of the limit of the annual Supplemental Payment shall be the greater of \$50,000 or \$100 multiplied by the District's Average Daily Attendance as calculated pursuant to Section 42.005 of the TEXAS EDUCATION CODE, based upon the District's 2014-15 Average Daily Attendance of 1,060, rounded to the whole number.

Section 6.3. SUPPLEMENTAL PAYMENT CHANGES. In the event Chapter 313 is modified or amended to allow the District to receive supplemental payments in excess of the foregoing limitation, Applicant agrees to cooperate with the District to amend this Agreement to allow District to receive the maximum amount of supplemental payments as allowed by law; provided however, the total supplemental payments for any given year of this Agreement shall not exceed the greater of forty percent (40%) of Applicant's Net Tax Savings under this Agreement in such year or the amount calculated as set out in Section 6.2.A above, as determined for that school year. "Net Tax Savings" means an amount equal to (but not less than zero): (i) the sum of the amount of maintenance and operations ad valorem taxes which the Applicant would have paid to the District for all years during the term of this Agreement if this Agreement had not been entered into by the Parties; minus (ii) an amount equal to the sum of (A) all maintenance and operations ad valorem school taxes actually due to the District or any other governmental entity, including the State of Texas for all years during the term of this Agreement, plus (B) any and all payments due to the District under Article IV of this Agreement. For clarification, Net Tax Savings in respect of a particular year pursuant to Section 6.2 shall mean an amount equal to (but not less than zero): (i) the sum of the amount of maintenance and operations ad valorem taxes which the Applicant would have paid to the District for such year if this Agreement had not been entered into by the Parties; minus, (ii) an amount equal to the sum of (A) all maintenance and operations ad valorem school taxes actually due to the District or any other governmental entity, including the State of Texas for such year, plus (B) any and all payments due to the District under Article IV of this Agreement for such year. This Section 6.3 shall only apply if Chapter 313 of the TEXAS TAX CODE is amended

so that the District is permitted to receive payments in lieu of taxation greater than as described in Section 6.2 above; otherwise, Section 6.2 shall apply.

Section 6.4. LIMITATION BASED ON NET TAX SAVINGS.

A. Notwithstanding Section 6.1, for any Supplemental Payment occurring prior to the start of the Tax Limitation Period, if the amount of the Supplemental Payments calculated in Section 6.2 exceeds Applicant's Net Tax Savings, the difference between the amount of the Supplemental Payments and Applicant's Net Tax Savings shall be carried forward from year-to-year (the "Deferred Payments"). Beginning in first year of the Tax Limitation Period, and in addition to the Supplemental Payment for that year, all Deferred Payments owed to the District shall be paid by Applicant to the extent all Supplemental Payments from Applicant to the District for that year do not exceed Applicant's Net Tax Savings. Any amount of Deferred Payments that remain unpaid shall be carried forward from year to year until paid in full.

B. Should Applicant fail to make the Minimum Qualified Investment during the Qualifying Time Period causing this Agreement to become null and void, Applicant's obligation to make any Deferred Payments that was carried over by operation of Section 6.4.A. shall be cancelled.

Section 6.5. PAYMENT BY APPLICANT. Payment of amounts due under this Article shall be made as set forth in Section 4.8 of this Agreement and is subject to the limitations contained in Section 7.1.

ARTICLE VII
ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

Section 7.1 ANNUAL LIMITATION. Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year of the Tax Limitation Period beginning after the first Tax Year of the Tax Limitation Period, 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 IV, V, and VI of this Agreement 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 Article IV of this Agreement, 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 IV, V, and VI shall be reduced until such excess is eliminated.

Section 7.2. OPTION TO TERMINATE AGREEMENT. In the event that any payment otherwise due from the Applicant to the District under Article IV, Article V, or Article VI of this Agreement with

respect to a Tax Year is subject to reduction in accordance with the provisions of Section 7.1, then the Applicant shall have the option to terminate this Agreement. The Applicant may exercise such option to terminate this Agreement by notifying the District of its election in writing not later than the July 31 of the year following the Tax Year with respect to which a reduction under Section 7.1 is applicable. Any termination of this Agreement under the foregoing provisions of this Section 7.2 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.

Section 7.3. EFFECT OF OPTIONAL TERMINATION. Upon the exercise of the option to terminate pursuant to Section 7.2, this Agreement shall terminate and be of no further force or effect; provided, however, that:

A. 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; and

B. the provisions of this Agreement regarding payments (including liquidated damages and tax payments), records and dispute resolution shall survive the termination or expiration of this Agreement.

ARTICLE VIII **ADDITIONAL OBLIGATIONS OF APPLICANT**

Section 8.1. APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE. In order to receive and maintain the limitation authorized by Section 2.4 in addition to the other obligations required by this Agreement, the Applicant shall Maintain Viable Presence in the District commencing at the start of the Tax Limitation Period through the Final 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, provided the Applicant makes commercially reasonable efforts to remedy the cause of such Force Majeure.

Section 8.2. REPORTS. In order to receive and maintain the limitation authorized by Section 2.4 in addition to the other obligations required by this Agreement, the Applicant shall submit all reports required from time to time by the Comptroller, listed in 34 TEXAS ADMIN. CODE Section 9.1052 and as currently located on the Comptroller's website, including all data elements required by such form to the satisfaction of the Comptroller on the dates indicated on the form or the Comptroller's website and starting on the first such due date after the Application Approval Date.

Section 8.3. COMPTROLLER'S REPORT ON CHAPTER 313 AGREEMENTS. During the term of this Agreement, both Parties shall provide the Comptroller with all information reasonably necessary for the Comptroller to assess performance under this Agreement for the purpose of issuing the Comptroller's report, as required by Section 313.032 of the TEXAS TAX CODE.

Section 8.4. DATA REQUESTS. Upon the written request of the District, the State Auditor's Office, the Appraisal District, or the Comptroller during the term of this Agreement, the Applicant, the District or any other entity on behalf of the District shall provide the requesting party with all information reasonably necessary for the requesting party to determine whether the Applicant is in compliance with its rights, obligations, or responsibilities, including, but not limited to, any employment obligations which may arise under this Agreement.

Section 8.5. SITE VISITS AND RECORD REVIEW. The Applicant shall allow authorized employees of the District, the Comptroller, the Appraisal District, and the State Auditor's Office to have reasonable access to the Applicant's Qualified Property and business records from the Application Review Start Date through the Final Termination Date, 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.

A. 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.

B. 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, the Comptroller, or the Appraisal District with any technical or business information that is proprietary, a trade secret, or is subject to a confidentiality agreement with any third party.

Section 8.6. RIGHT TO AUDIT; SUPPORTING DOCUMENTS; AUTHORITY OF STATE AUDITOR. By executing this Agreement, implementing the authority of, and accepting the benefits provided by Chapter 313 of the TEXAS TAX CODE, the Parties agree that this Agreement and their performance pursuant to its terms are subject to review and audit by the State Auditor as if they are parties to a State contract and subject to the provisions of Section 2262.154 of the TEXAS GOVERNMENT CODE and Section 313.010(a) of the TEXAS TAX CODE. The Parties further agree to comply with the following requirements:

A. The District and the Applicant shall maintain and retain supporting documents adequate to ensure that claims for the Tax Limitation Amount are in accordance with applicable Comptroller and State of Texas requirements. The Applicant and the District shall maintain all such documents and other records relating to this Agreement and the State's property for a period of four (4) years after the latest occurring date of:

- i. date of submission of the final payment;
- ii. Final Termination Date; or
- iii. date of resolution of all disputes or payment.

B. During the time period defined under Section 8.6.A, the District and the Applicant shall make available at reasonable times and upon reasonable notice, and for reasonable periods, all information related to this Agreement; the Applicant's Application; and the Applicant's Qualified Property, Qualified Investment, New Qualifying Jobs, and wages paid for New Non-Qualifying Jobs such as work papers, reports, books, data, files, software, records, calculations, spreadsheets and other supporting documents pertaining to this Agreement, for purposes of inspecting, monitoring, auditing, or evaluating by the Comptroller, State Auditor's Office, State of Texas or their authorized representatives. The Applicant and the District shall cooperate with auditors and other authorized Comptroller and State of Texas representatives and shall provide them with prompt access to all of such property as requested by the Comptroller or the State of Texas. By example and not as an exclusion to other breaches or failures, the Applicant's or the District's failure to comply with this Section shall constitute a Material Breach of this Agreement.

C. In addition to and without limitation on the other audit provisions of this Agreement, the acceptance of tax benefits or funds by the Applicant or the District or any other entity or person directly under this Agreement acts as acceptance of the authority of the State Auditor, under the direction of the legislative audit committee, to conduct an audit or investigation in connection with those funds. Under the direction of the legislative audit committee, the Applicant or the District or other entity that is the subject of an audit or investigation by the State Auditor must provide the State Auditor with access to any information the State Auditor considers relevant to the investigation or audit. The Parties agree that this Agreement shall for its duration be subject to all rules and procedures of the State Auditor acting under the direction of the legislative audit committee.

D. The Applicant shall include the requirements of this Section 8.6 in its subcontract with any entity whose employees or subcontractors are subject to wage requirements under the Act, the Comptroller's Rules, or this Agreement, or any entity whose employees or subcontractors are included in the Applicant's compliance with job creation or wage standard requirement of the Act, the Comptroller's Rules, or this Agreement.

Section 8.7. FALSE STATEMENTS; BREACH OF REPRESENTATIONS. The Parties acknowledge that this Agreement has been negotiated, and is being executed, in reliance upon the information contained in the Application, and any supplements or amendments thereto, without which the Comptroller would not have approved this Agreement and the District would not have executed this Agreement. By signature to this Agreement, the Applicant:

A. represents and warrants that all information, facts, and representations contained in the Application are true and correct to the best of its knowledge;

B. agrees and acknowledges that the Application and all related attachments and schedules are included by reference in this Agreement as if fully set forth herein; and

C. acknowledges that if the Applicant submitted its Application with a false statement, signs this Agreement with a false statement, or submits a report with a false statement, or it is

subsequently determined that the Applicant has violated any of the representations, warranties, guarantees, certifications, or affirmations included in the Application or this Agreement, the Applicant shall have materially breached this Agreement and the Agreement shall be invalid and void except for the enforcement of the provisions required by Section 9.2 of this Agreement.

ARTICLE IX

MATERIAL BREACH OR EARLY TERMINATION

Section 9.1. EVENTS CONSTITUTING MATERIAL BREACH OF AGREEMENT. The Applicant shall be in Material Breach of this Agreement if it commits one or more of the following acts or omissions (each a “Material Breach”):

A. The Application, any Application Supplement, or any Application Amendment on which this Agreement is approved is determined to be inaccurate as to any material representation, information, or fact or is not complete as to any material fact or representation or such application;

B. The Applicant failed to complete Qualified Investment as required by Section 2.5.A. of this Agreement during the Qualifying Time Period;

C. The Applicant failed to create and maintain the number of New Qualifying Jobs required by the Act;

D. The Applicant failed to create and maintain the number of New Qualifying Jobs specified in Schedule C of the Application;

E. The Applicant failed to pay at least the average weekly wage of all jobs in the county in which the jobs are located for all New Non-Qualifying Jobs created by the Applicant;

F. The Applicant failed to provide payments to the District sufficient to protect future District revenues through payment of revenue offsets and other mechanisms as more fully described in Article IV of this Agreement;

G. The Applicant failed to provide the payments to the District that protect the District from the payment of extraordinary education-related expenses related to the project, to the extent and in the amounts that the Applicant agreed to provide such payments in Article V of this Agreement;

H. The Applicant failed to provide the Supplemental Payments to the extent and in the amounts that the Applicant agreed to provide such Supplemental Payments in Article VI of this Agreement;

I. The Applicant failed to create and Maintain Viable Presence on or with the Qualified Property as more fully specified in Article VIII of this Agreement;

J. The Applicant failed to submit the reports required to be submitted by Section 8.2 to the satisfaction of the Comptroller;

K. The Applicant failed to provide the District or the Comptroller with all information reasonably necessary for the District or the Comptroller to determine whether the Applicant is in compliance with its obligations, including, but not limited to, any employment obligations which may arise under this Agreement;

L. The Applicant failed to allow authorized employees of the District, the Comptroller, the Appraisal District, or the State Auditor's Office to have access to the Applicant's Qualified Property or business records 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 under Sections 8.5 and 8.6;

M. The Applicant failed to comply with a request by the State Auditor's office to review and audit the Applicant's compliance with this Agreement;

N. The Applicant has made any payments to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement for limitation on Appraised Value made pursuant to Chapter 313 of the TEXAS TAX CODE, in excess of the amounts set forth in Articles IV, V and VI of this Agreement;

O. The Applicant failed to comply with the conditions included in the certificate for limitation issued by the Comptroller.

Section 9.2. DETERMINATION OF BREACH AND TERMINATION OF AGREEMENT.

A. Prior to making a determination that the Applicant has failed to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the District shall provide the Applicant with a written notice of the facts which it believes have caused the breach of this Agreement, and if cure is possible, the cure proposed by the District. After receipt of the notice, the Applicant shall be given ninety (90) days to present any facts or arguments to the Board of Trustees showing that it is not in breach of its obligations under this Agreement, or that it has cured or undertaken to cure any such breach.

B. If the Board of Trustees is not satisfied with such response 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:

- i. whether or not a breach of this Agreement has occurred;
- ii. whether or not such breach is a Material Breach;

- iii. the date such breach occurred, if any;
- iv. whether or not any such breach has been cured; and,

C. In the event that the Board of Trustees determines that such a breach has occurred and has not been cured, it shall at that time determine:

- i. the amount of recapture taxes under Section 9.4.C (net of all credits under Section 9.4.C);
- ii. the amount of any penalty or interest under Section 9.4.E that are owed to the District; and
- iii. in the event of a finding of a Material Breach, whether to terminate this Agreement.

D. After making its determination regarding any alleged breach, the Board of Trustees shall cause the Applicant to be notified in writing of its determination (a “Determination of Breach and Notice of Contract Termination”) and provide a copy to the Comptroller.

Section 9.3. DISPUTE RESOLUTION.

A. After receipt of notice of the Board of Trustee’s Determination of Breach and Notice of Contract Termination under Section 9.2, 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 initiates mediation, 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 presiding in Parmer 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.

B. In the event that any mediation is not successful in resolving the dispute or that payment is not received within the time period described for mediation in Section 9.3.A, either the District or the Applicant may seek a judicial declaration of their respective rights and duties under this Agreement or otherwise, in a judicial proceeding in a state district court in Parmer County, 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 contract, agreement or undertaking made by a Party pursuant to this Agreement.

C. If payments become due under this Agreement and are not received before the expiration of the sixty (60) days provided for such payment in Section 9.3.A, and if the Applicant

has not contested such payment calculations under the procedures set forth herein, including judicial proceedings, the District shall have the remedies for the collection of the amounts determined under Section 9.4 as are set forth in Chapter 33, Subchapters B and C, of the TEXAS TAX CODE 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 to the attorneys representing the District pursuant to Section 6.30 of the TEXAS TAX CODE and a tax lien shall attach to the Applicant's Qualified Property and the Applicant's Qualified Investment pursuant to Section 33.07 of the TEXAS TAX CODE to secure payment of such fees.

Section 9.4. 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 7.2 of this Agreement, the Applicant shall pay to the District liquidated damages for such failure within thirty (30) days after receipt of the notice of breach.

B. In the event that the District determines that the Applicant has failed to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the Applicant shall pay to the District liquidated damages, as calculated by Section 9.4.C, prior to, and the District may terminate the Agreement effective on the later of: (i) the expiration of the sixty (60) days provided for in Section 9.3.A, and (ii) thirty (30) days after any mediation and judicial proceedings initiated pursuant to Sections 9.3.A and 9.3.B are resolved in favor of the District.

C. 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 9.4.E. For purposes of this liquidated damages calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Articles IV, V, and VI. Upon payment of such liquidated damages, the Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy.

D. In the event that the District determines that the Applicant has committed a Material Breach identified in Section 9.1, after the notice and mediation periods provided by Sections 9.2 and 9.3, then the District may, in addition to the payment of liquidated damages required pursuant to Section 9.4.C, terminate this Agreement.

E. 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 less all credits under Section 9.4.C owed for each Tax Year during the Tax Limitation Period. The District shall calculate penalty or interest for each Tax Year during the Tax Limitation Period 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 9.4.C 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 Section 33.01(a) of the TEXAS TAX CODE, or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Section 33.01(c) of the TEXAS TAX CODE, or its successor statute.

Section 9.5. 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 amounts calculated under Section 9.4. 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 9.5 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

Section 9.6. STATUTORY PENALTY FOR INADEQUATE QUALIFIED INVESTMENT. Pursuant to Section 313.0275 of the TEXAS TAX CODE, in the event that the Applicant fails to make \$20,000,000 of Qualified Investment, in whole or in part, during the Qualifying Time Period, the Applicant is liable to the State for a penalty. The amount of the penalty is the amount determined by: (i) multiplying the maintenance and operations tax rate of the school district for that tax year that the penalty is due by (ii) the amount obtained after subtracting (a) the Tax Limitation Amount identified in Section 2.4.B from (b) the Market Value of the property identified on the Appraisal District's records for the Tax Year the penalty is due. This penalty shall be paid on or before February 1 of the year following the expiration of the Qualifying Time Period and is subject to the delinquent penalty provisions of Section 33.01 of the TEXAS TAX CODE. The Comptroller may grant a waiver of this penalty in the event of Force Majeure which prevents compliance with this provision.

Section 9.7. REMEDY FOR FAILURE TO CREATE AND MAINTAIN REQUIRED NEW QUALIFYING JOBS

A. Pursuant to Section 313.0276 of the TEXAS TAX CODE, for any full Tax Year that commences after the project has become operational, in the event that it has been determined that the Applicant has failed to meet the job creation or retention requirements defined in Sections 9.1;C, the Applicant shall not be deemed to be in Material Breach of this Agreement until such time as the Comptroller has made a determination to rescind this Agreement under Section 313.0276 of TEXAS TAX CODE, and that determination is final.

Section 9.8. REMEDY FOR FAILURE TO CREATE AND MAINTAIN COMMITTED NEW QUALIFYING JOBS

A. In the event that the Applicant fails to create and maintain the number of New Qualifying Jobs specified in Schedule C of the Application, an event constituting a Material Breach as defined in Section 9.1.D, the Applicant and the District may elect to remedy the Material Breach through a penalty payment.

B. Following the notice and mediation periods provided by Sections 9.2 and 9.3, the District may request the Applicant to make a payment to the State in an amount equal to: (i) multiplying the maintenance and operations tax rate of the school district for that Tax Year that the Material Breach occurs by (ii) the amount obtained after subtracting (a) the Tax Limitation Amount identified in Section 2.4.B from (b) the market value of the property identified on the Appraisal District's records for each tax year the Material Breach occurs.

C. In the event that there is no tax limitation in place for the tax year that the Material Breach occurs, the payment to the State shall be in an amount equal to: (i) multiplying the maintenance and operations tax rate of the School District for each tax year that the Material Breach occurs by (ii) the amount obtained after subtracting (a) the tax limitation amount identified in Section 2.4.B from (b) the Market Value of the property identified on the Appraisal District's records for the last Tax Year for which the Applicant received a tax limitation.

D. The penalty shall be paid no later than 30 days after the notice of breach and is subject to the delinquent penalty provisions of Section 33.01 of the TEXAS TAX CODE.

ARTICLE X.
MISCELLANEOUS PROVISIONS

Section 10.1. INFORMATION AND NOTICES.

A. 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 or email transmission, with notice 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 or email 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.

B. Notices to the District shall be addressed to the District's Authorized Representative as follows:

To the District:

Friona Independent School District
Attn: Dr. Pam Ray, Superintendent
(or the successor Superintendent)
909 E. 11th
Friona, TX 79035
Phone #: (806) 250-2747
Fax #: (806) 250-3805
Email: pray@frionaisd.com

With a copy to:

Underwood Law Firm, P.C.
Attn: Fred Stormer
P.O. Box 9158
Amarillo, TX 79105-9158
Phone #: (806) 379-1306
Fax #: (806) 379-0316
Email: fred.stormer@uwlaw.com

C. Notices to the Applicant shall be addressed to its Authorized Representative as follows:

To Applicant:

Scandia Wind, L.L.C.
c/o James R. Swafford, CEO
509 Ave. I
PO Box 874
Bovina, TX 79009
Phone #: (806) 251-1234
Email: jim@scandiawind.com

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

Section 10.2. AMENDMENTS TO APPLICATION AND AGREEMENT; WAIVERS.

A. This Agreement may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties and after completing the requirements of Section 10.2.B. 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.

B. By official action of the District's Board of Trustees, the Application and this Agreement may only be amended according to the following:

- i. The Applicant shall submit to the District and the Comptroller:
 - a. a written request to amend the Application and this Agreement, which shall specify the changes the Applicant requests;
 - b. any changes to the information that was provided in the Application that was approved by the District and considered by the Comptroller;
 - c. and any additional information requested by the District or the Comptroller necessary to evaluate the amendment or modification;
- ii. The Comptroller shall review the request and any additional information for

- compliance with the Act and the Comptroller's Rules and provide a revised Comptroller certificate for a limitation within 90 days of receiving the revised Application and, if the request to amend the Application has not been approved by the Comptroller by the end of the 90-day period, the request is denied; and
- iii. If the Comptroller has not denied the request, the District's Board of Trustees shall approve or disapprove the request before the expiration of 150 days after the request is filed.

C. Any amendment of the Application and this Agreement adding additional or replacement Qualified Property pursuant to this Section 10.2 of this Agreement shall:

- i. require that all property added by amendment be eligible property as defined by Section 313.024 of the TEXAS TAX CODE;
- ii. clearly identify the property, investment, and employment information added by amendment from the property, investment, and employment information in the original Agreement; and

D. The Application and this Agreement may not be amended to extend the value limitation time period beyond its ten-year statutory term.

E. The Comptroller determination made under Section 313.026(c)(2) of the TEXAS TAX CODE in the original certificate for a limitation satisfies the requirement of the Comptroller to make the same determination for any amendment of the Application and this Agreement, provided that the facts upon which the original determination was made have not changed.

Section 10.3. ASSIGNMENT.

A. Any assignment of any rights, benefits, obligations, or interests of the Parties in this Agreement, other than a collateral assignment purely for the benefit of creditors of the project, is considered an amendment to the Agreement and such Party may only assign such rights, benefits, obligations, or interests of this Agreement after complying with the provisions of Section 10.2 regarding amendments to the Agreement. Other than a collateral assignment to a creditor, this Agreement may only be assigned to an entity that is eligible to apply for and execute an agreement for limitation on appraised value pursuant to the provisions of Chapter 313 of the TEXAS TAX CODE and the Comptroller's Rules.

B. 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.

C. In the event of an assignment to a creditor, the Applicant must notify the District and the Comptroller in writing no later than 30 days after the assignment. This Agreement shall be binding on the assignee.

Section 10.4. 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 10.5. 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 a state district court in Parmer County.

Section 10.6. 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 10.7. 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 so that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 10.7, 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 10.8. 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 10.9. INTERPRETATION.

A. 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.

B. 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.

C. The provisions of the Act and the Comptroller’s Rules are incorporated by reference as if fully set forth in this Agreement. In the event of a conflict, the conflict will be resolved by reference to the following order of precedence:

- i. The Act;
- ii. The Comptroller’s Rules as they exist at the time the Agreement is executed, except as allowed in the definition of Qualified Property in Section 1.1; and
- iii. This Agreement and its Attachments including the Application as incorporated by reference.

Section 10.10. 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 10.11. PUBLICATION OF DOCUMENTS. The Parties acknowledge that the District is required to publish the Application and its required schedules, or any amendment thereto; all economic analyses of the proposed project submitted to the District; and the approved and executed copy of this Agreement or any amendment thereto, as follows:

A. Within seven (7) days of receipt of such document, the District shall submit a copy to the Comptroller for publication on the Comptroller’s Internet website;

B. The 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 Section 313.028 of the TEXAS TAX CODE.

Section 10.12. CONTROL; OWNERSHIP; LEGAL PROCEEDINGS. The Applicant shall immediately notify the District in writing of any actual or anticipated change in the control or ownership of the Applicant and of any legal or administrative investigations or proceedings initiated against the Applicant related to the project regardless of the jurisdiction from which such proceedings originate.

Section 10.13. DUTY TO DISCLOSE. If circumstances change or additional information is obtained regarding any of the representations and warranties made by the Applicant in the Application or this Agreement, or any other disclosure requirements, subsequent to the date of this Agreement,

the Applicant's duty to disclose continues throughout the term of this Agreement.

Section 10.14. CONFLICTS OF INTEREST.

A. The District represents that, after diligent inquiry, each local public official or local government officer, as those terms are defined in Chapters 171 and 176 of the TEXAS LOCAL GOVERNMENT CODE, has disclosed any conflicts of interest in obtaining or performing this Agreement and related activities, appropriately recused from any decisions relating to this Agreement when a disclosure has been made, and the performance of this Agreement will not create any appearance of impropriety. The District represents that it, the District's local public officials or local government officer, as those terms are defined in Chapters 171 and 176 of the TEXAS LOCAL GOVERNMENT CODE, have not given, nor intend to give, at any time hereafter, any future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant, employee, or representative of the other Party or the State of Texas in connection with this Agreement.

B. The Applicant represents that, after diligent inquiry, each of its agents, as defined in Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE, involved in the representation of the Applicant with the District has complied with the provisions of Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE. The Applicant represents that it and its agents, as defined in Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE, have not given, nor intend to give, at any time hereafter, any future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant, employee, or representative of the other Party or the State of Texas in connection with this Agreement.

C. The District and the Applicant each separately agree to notify the other Party and the Comptroller immediately upon learning of any conflicts of interest.

Section 10.15. PROVISIONS SURVIVING EXPIRATION OR TERMINATION. Notwithstanding the expiration or termination (by agreement, breach, or operation of time) of this Agreement, the provisions of this Agreement regarding payments (including liquidated damages and tax payments), reports, records, and dispute resolution of the Agreement shall survive the termination or expiration dates of this Agreement until the following occurs:

- A. all payments, including liquidated damage and tax payments, have been made;
- B. all reports have been submitted;
- C. all records have been maintained in accordance with Section 8.6.A; and
- D. all disputes in controversy have been resolved.

Section 10.16. FACSIMILE OR ELECTRONIC DELIVERY.

A. This Agreement may be duly executed and delivered in person, by mail, or by facsimile or other electronic format (including portable document format (pdf) transmitted by e-mail). The executing Party must promptly deliver a complete, executed original or counterpart of this Agreement to the other executing Parties. This Agreement shall be binding on and enforceable against the executing Party whether or not it delivers such original or counterpart.

B. Delivery is deemed complete as follows:

- i. When delivered if delivered personally or sent by express courier service;
- ii. Three (3) business days after the date of mailing if sent by registered or certified U.S. mail, postage prepaid, with return receipt requested;
- iii. When transmitted if sent by facsimile, provided a confirmation of transmission is produced by the sending machine; or
- iv. When the recipient, by an e-mail sent to the e-mail address for the executing Parties acknowledges having received that e-mail (an automatic "read receipt" does not constitute acknowledgment of an e-mail for delivery purposes).

[signatures follow on next page]

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 12th day of September, 2016.

SCANDIA WIND, L.L.C.

FRIONA INDEPENDENT SCHOOL DISTRICT

BY: _____

NAME: _____

TITLE: _____

BY: _____

NAME: _____

TITLE: _____

ATTEST:

BY: _____

NAME: _____

TITLE: _____

DRAFT

EXHIBIT 1

DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE

The Parmer County Commissioners Court passed Order Designating Reinvestment Zone 2016-01 on February 8, 2016, which is more particularly described below.

Parmer County, Subdivision A, Sections 1, 2, 9, 10, 11, 12

Parmer County, Block C, Section 1-28

Parmer County, T3S R32 (North of High 60), Sections 2 and 11

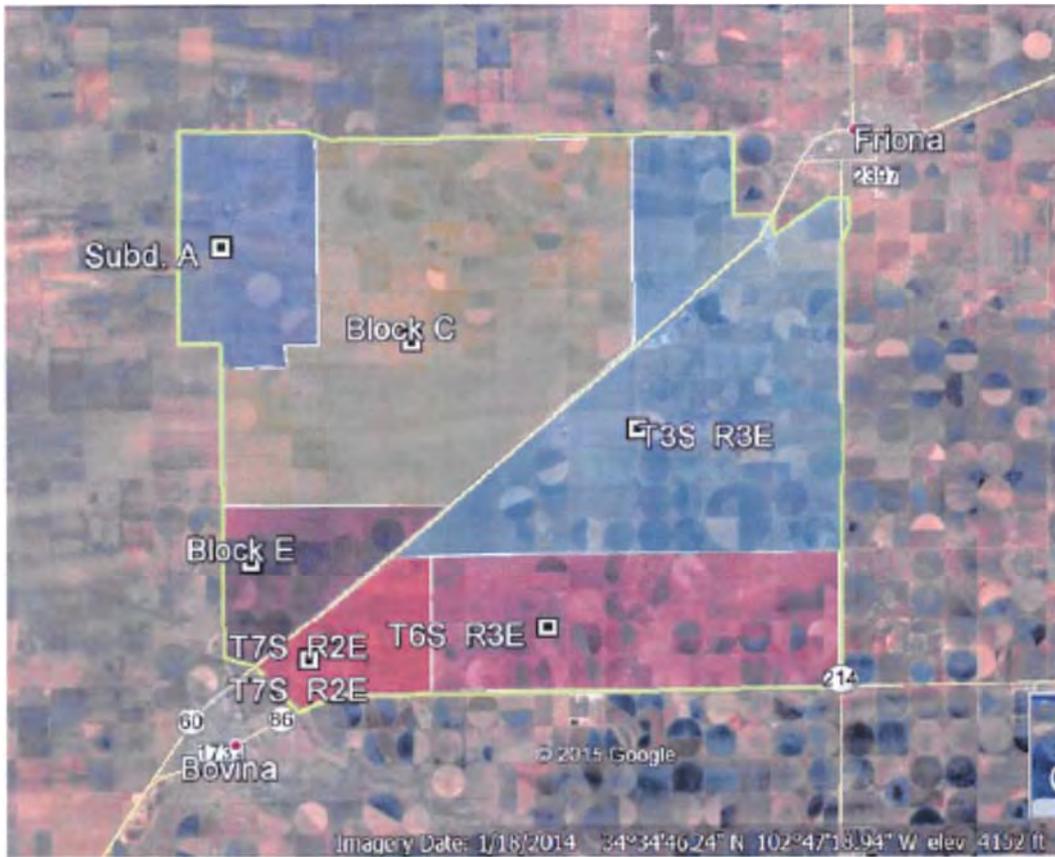
Parmer County, T3S R32 (South of High 60), Sections 4, 12, 13 and 21-36

Parmer County, T6S R3E Sections 1-12

Parmer County, T7S R2E Sections 1, 2, and 11

Parmer County, Block E, Sections 1, 2, 3, 6, 7, and 9

Map of Parmer County Reinvestment Zone 2016-01



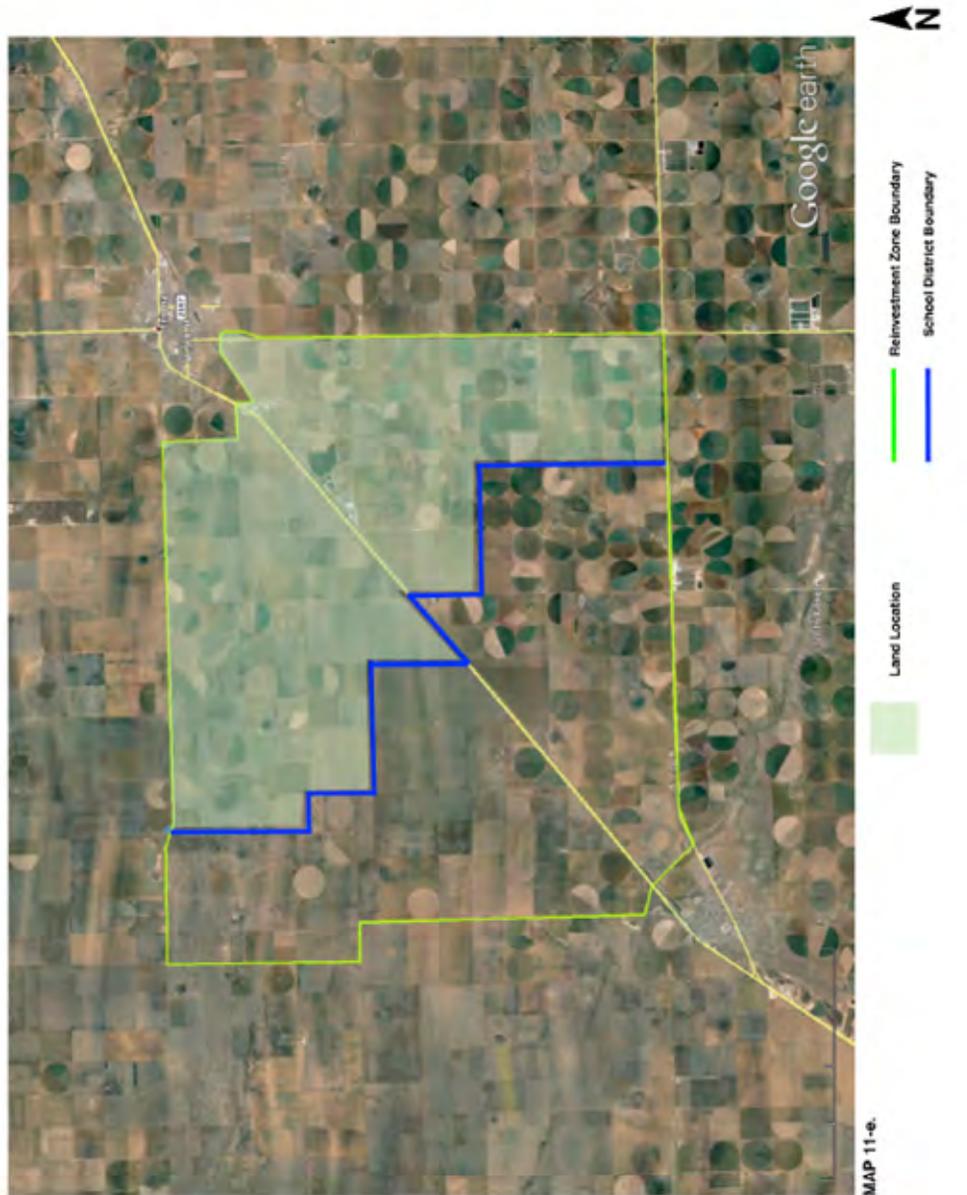
Agreement for Limitation on Appraised Value
Between Friona ISD and Scandia Wind, L.L.C.
(App No. 1130), September 12, 2016
Exhibit 1

Texas Economic Development Act Agreement
Comptroller Form 50-826 (Jan 2016)

EXHIBIT 2

DESCRIPTION OF LAND

All Qualified Property owned by the Applicant is located within the boundaries of both the Friona Independent School District and the Parmer County Reinvestment 2016-01, and is located in an area more particularly described in **EXHIBIT 1**, and as depicted on the map below:



Agreement for Limitation on Appraised Value
Between Friona ISD and Scandia Wind, L.L.C.
(App No. 1130), September 12, 2016
Exhibit 2

Texas Economic Development Act Agreement
Comptroller Form 50-826 (Jan 2016)

EXHIBIT 3

APPLICANT'S QUALIFIED INVESTMENT

This proposed project provides for the design and construction of a wind energy facility, and all associated infrastructure, with a total rated production capacity of 600 megawatts (MW) located within Parmer County Reinvestment Zone No. 2016-01. The total estimated investment for this project is \$750 million dollars, with an estimated \$337.5 million to be allocated within Friona Independent School District. The remaining investment will be located within neighboring Bovina Independent School District.

The proposed wind facility will be construction in what is described as vacant, rural farm land located exclusively within Parmer County, Texas. The legal description of the Land is more fully described in **EXHIBIT 1**.

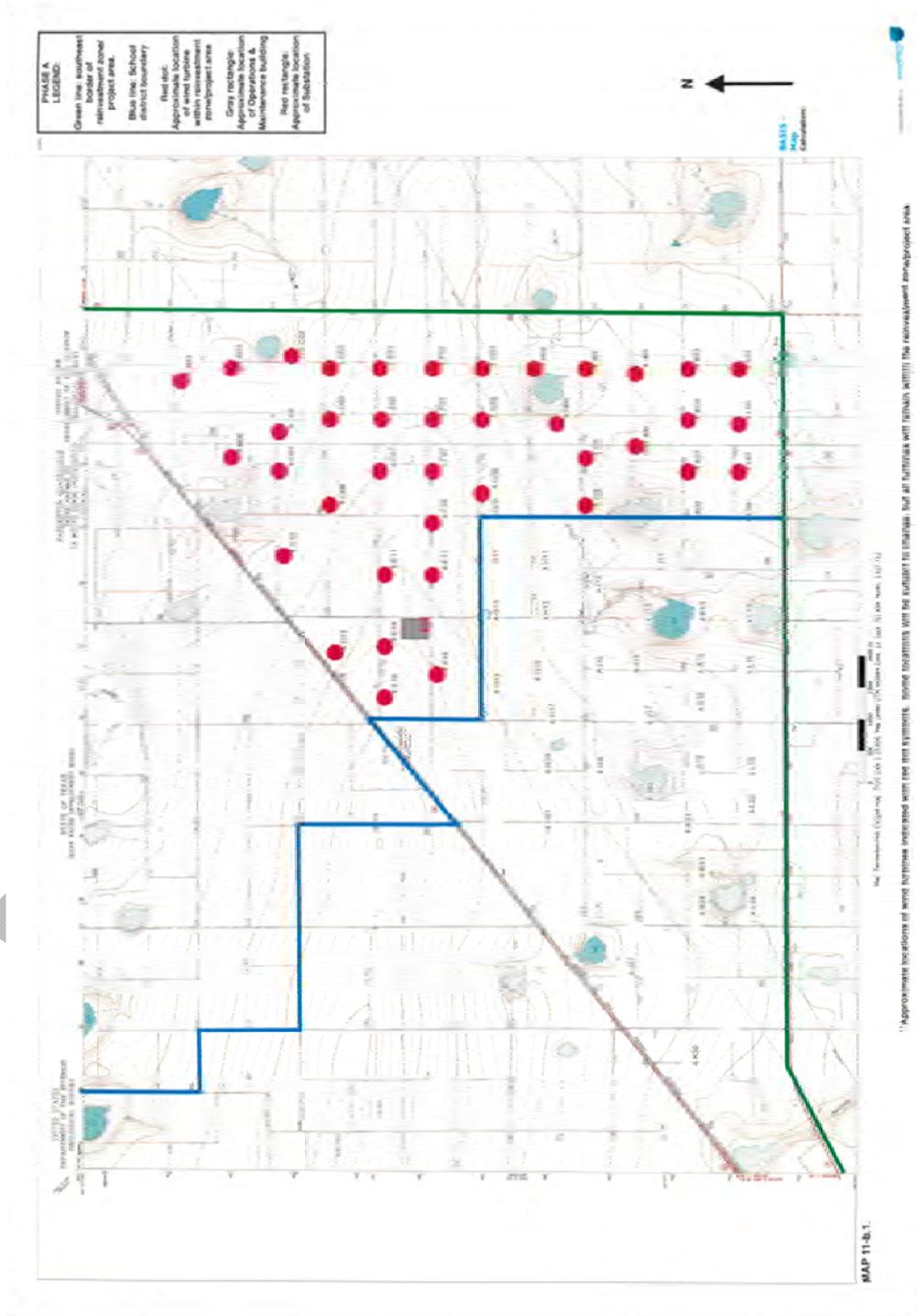
Potential new project-related improvements include, but are not limited to, the following:

- Wind turbines (rotor blades, nacelles, gearboxes generators, power cables, and towers)
- Transformers
- Brake systems
- Lighting and other electrical infrastructure
- Inverters

Additional support infrastructure related to the project should include:

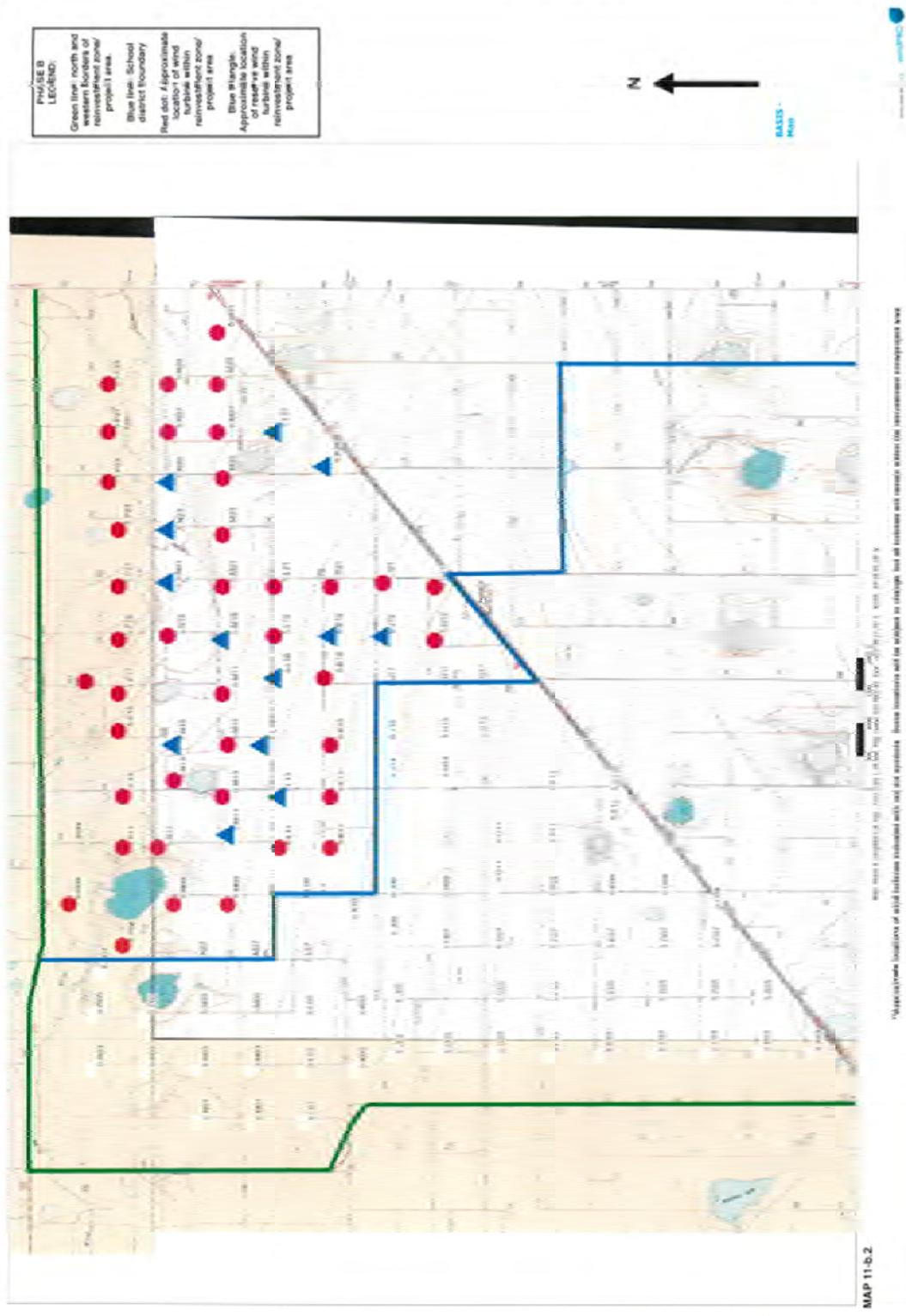
- Structural foundations
- Roads and crane pads
- Underground collection systems for cables
- Concrete and gravel foundations
- Transmission lines
- One Substation
- One Operations and Maintenance Building

MAPS OF QUALIFIED INVESTMENT



Agreement for Limitation on Appraised Value
 Between Friona ISD and Scandia Wind, L.L.C.
 (App No. 1130), September 12, 2016
 Exhibit 3

Texas Economic Development Act Agreement
 Comptroller Form 50-826 (Jan 2016)



Agreement for Limitation on Appraised Value
 Between Friona ISD and Scandia Wind, L.L.C.
 (App No. 1130), September 12, 2016
 Exhibit 3

Texas Economic Development Act Agreement
 Comptroller Form 50-826 (Jan 2016)

EXHIBIT 4

DESCRIPTION AND LOCATION OF QUALIFIED PROPERTY

This proposed project provides for the design and construction of a wind energy facility, and all associated infrastructure, with a total rated production capacity of 600 megawatts (MW) located within Parmer County Reinvestment Zone No. 2016-01. The total estimated investment for this project is \$750 million dollars, with an estimated \$337.5 million to be allocated within Friona Independent School District. The remaining investment will be located within neighboring Bovina Independent School District.

The proposed wind facility will be construction in what is described as vacant, rural farm land located exclusively within Parmer County, Texas. The legal description of the Land is more fully described in **EXHIBIT 1**.

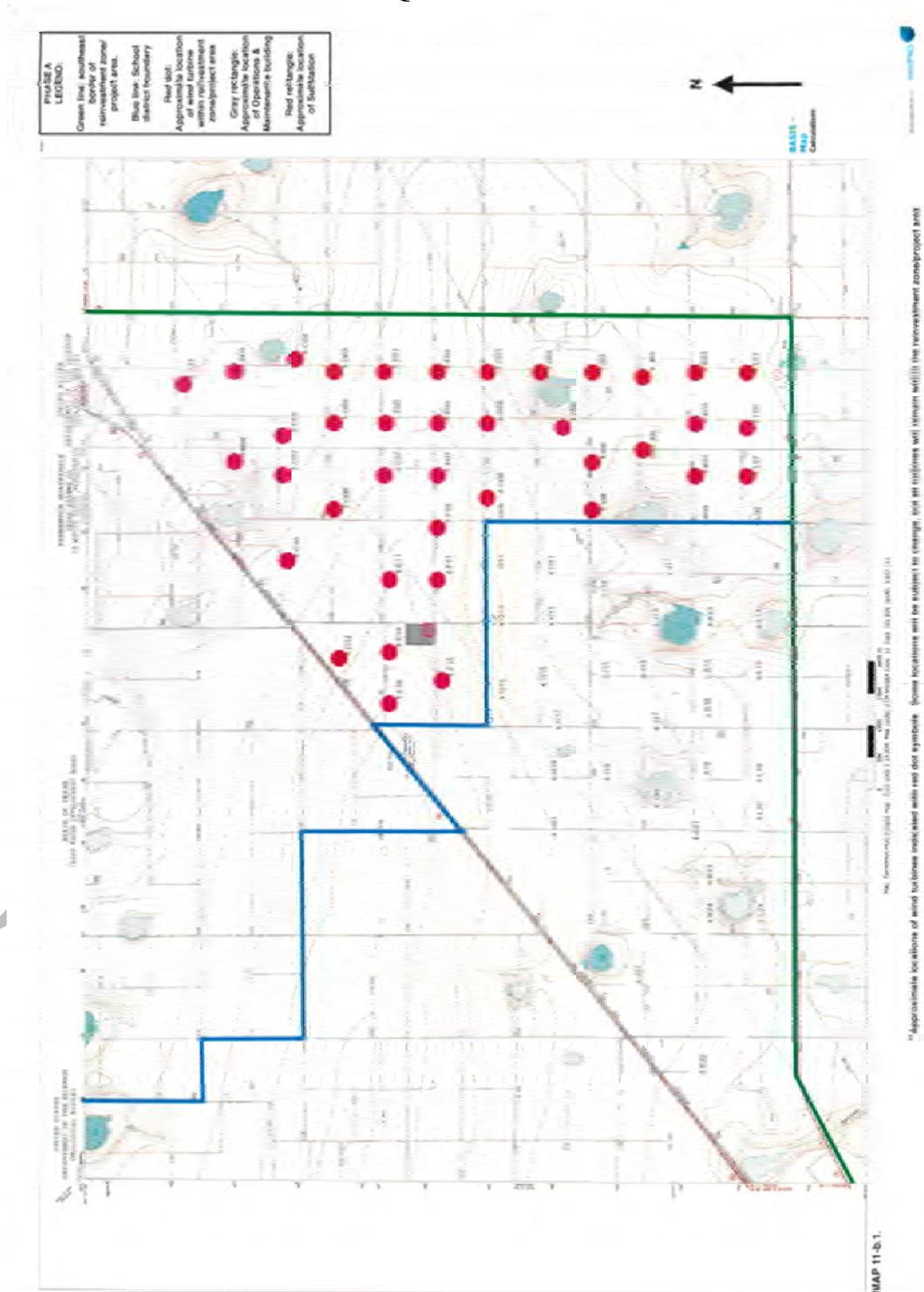
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- Wind turbines (rotor blades, nacelles, gearboxes generators, power cables, and towers)
- Transformers
- Brake systems
- Lighting and other electrical infrastructure
- Inverters

Additional support infrastructure related to the project should include:

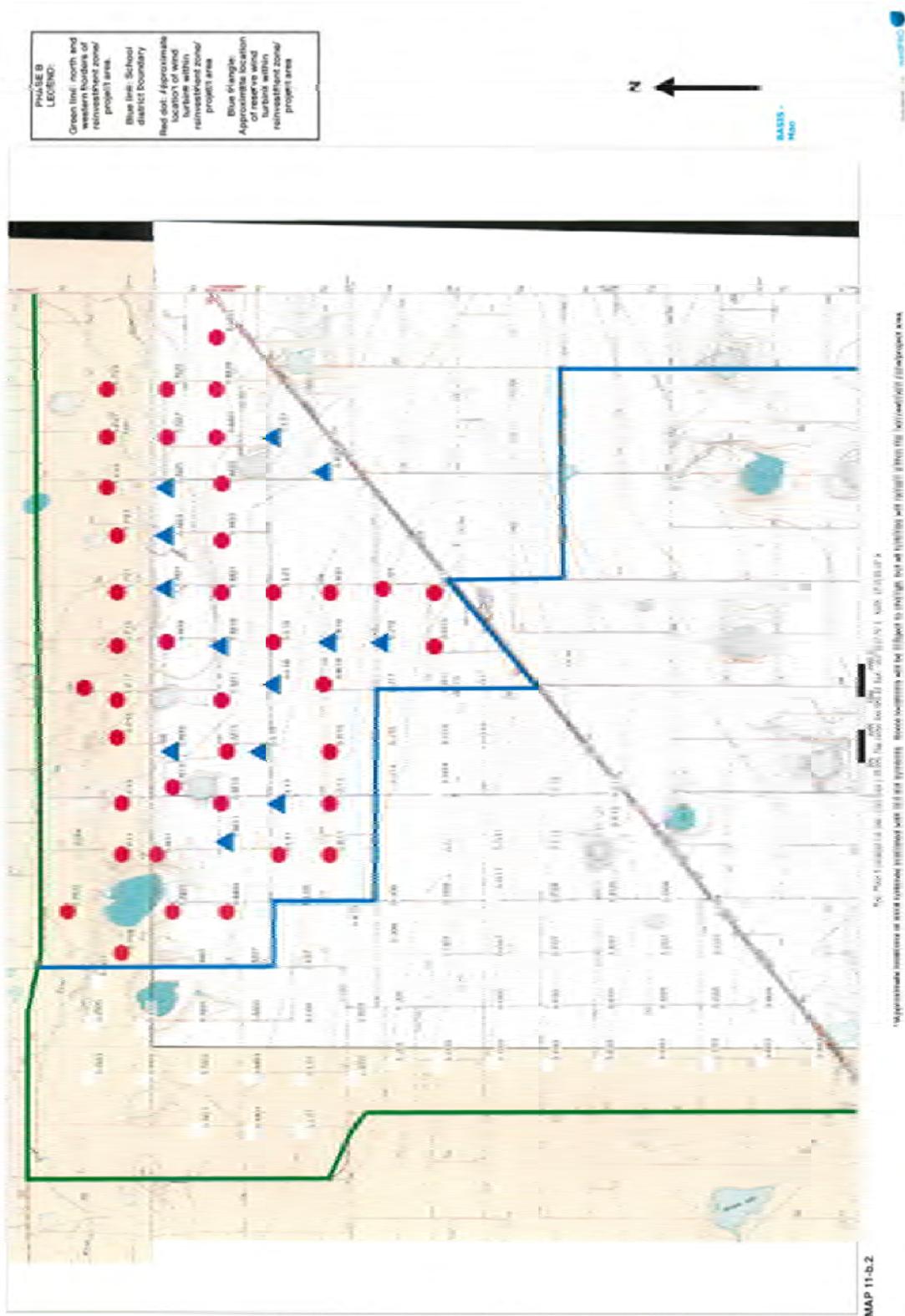
- Structural foundations
- Roads and crane pads
- Underground collection systems for cables
- Concrete and gravel foundations
- Transmission lines
- One Substation
- One Operations and Maintenance Building

MAP OF QUALIFIED PROPERTY



Agreement for Limitation on Appraised Value
 Between Friona ISD and Scandia Wind, L.L.C.
 (App No. 1130), September 12, 2016
 Exhibit 4

Texas Economic Development Act Agreement
 Comptroller Form 50-826 (Jan 2016)



Agreement for Limitation on Appraised Value
 Between Friona ISD and Scandia Wind, L.L.C.
 (App No. 1130), September 12, 2016
 Exhibit 4

Texas Economic Development Act Agreement
 Comptroller Form 50-826 (Jan 2016)

EXHIBIT 5

AGREEMENT SCHEDULE

| | <u>Year of Agreement</u> | <u>Date of Appraisal</u> | <u>School Year</u> | <u>Tax Year</u> | <u>Summary Description</u> |
|--------------------------------------|--------------------------|--------------------------|--------------------|-----------------|--|
| Limitation Pre-Years | 1 | January 1, 2016 | 2016-17 | 2016 | Limitation Pre-Year |
| | 2 | January 1, 2017 | 2017-18 | 2017 | Limitation Pre-Year |
| | 3 | January 1, 2018 | 2018-19 | 2018 | Limitation Pre-Year |
| Limitation Period (10 Years) | 4 | January 1, 2019 | 2019-20 | 2019 | \$25 million appraisal limitation |
| | 5 | January 1, 2020 | 2020-21 | 2020 | \$25 million appraisal limitation |
| | 6 | January 1, 2021 | 2021-22 | 2021 | \$25 million appraisal limitation |
| | 7 | January 1, 2022 | 2022-23 | 2022 | \$25 million appraisal limitation |
| | 8 | January 1, 2023 | 2023-24 | 2023 | \$25 million appraisal limitation |
| | 9 | January 1, 2024 | 2024-25 | 2024 | \$25 million appraisal limitation |
| | 10 | January 1, 2025 | 2025-26 | 2025 | \$25 million appraisal limitation |
| | 11 | January 1, 2026 | 2026-27 | 2026 | \$25 million appraisal limitation |
| | 12 | January 1, 2027 | 2027-28 | 2027 | \$25 million appraisal limitation |
| | 13 | January 1, 2028 | 2028-29 | 2028 | \$25 million appraisal limitation |
| Maintain a Viable Presence (5 Years) | 14 | January 1, 2029 | 2029-30 | 2029 | No appraisal limitation; must maintain a viable presence |
| | 15 | January 1, 2030 | 2030-31 | 2030 | No appraisal limitation; must maintain a viable presence |
| | 16 | January 1, 2031 | 2031-32 | 2031 | No appraisal limitation; must maintain a viable presence |
| | 17 | January 1, 2032 | 2032-33 | 2032 | No appraisal limitation; must maintain a viable presence |
| | 18 | January 1, 2033 | 2033-34 | 2033 | No appraisal limitation; must maintain a viable presence |



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

August 25, 2016

Pamela Nelson-Ray, PhD
Superintendent
Friona Independent School District
909 East. 11th
Friona, Texas 79035

Re: Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Friona Independent School District and Scandia Wind, LLC, Application # 1130

Dear Superintendent Nelson-Ray:

This office has been provided with the "Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes" by and between Friona Independent School District and Scandia Wind, LLC (the "Agreement"). As requested, the Agreement has been reviewed pursuant to 34 TAC 9.1055(e)(1).

Based on our review, this office concludes that it complies with the provisions of Tax Code, Chapter 313 and 34 TAC Chapter 9, Subchapter F.

Should you have any questions, please contact Desiree Caufield with our office. She can be reached by email at desiree.caufield@cpa.texas.gov or by phone at 1-800-531-5441, ext. 6-8597, or direct in Austin at 512-936-8597.

Sincerely,

A handwritten signature in black ink, appearing to read "Will Counihan", is positioned above the typed name.

Will Counihan
Director
Data Analysis & Transparency Division

cc: Fred Stormer, Underwood Law Firm, P.C.
James R. Swafford, Scandia Wind, LLC
Blas Ortiz, Popp Hutcheson, PLLC



June 23, 2016

Dr. Pamela Nelson-Ray, Superintendent
Friona Independent School District
909 E. 11th Street
Friona, Texas 79035

Re: Chapter 313 Request for Waiver of Job Creation Requirement for Scandia Wind, LLC.

Dear Superintendent Nelson-Ray,

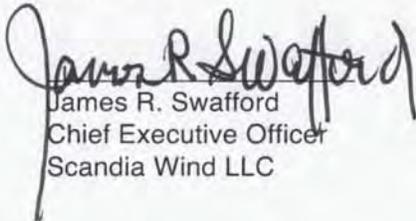
Please accept this letter as a formal request that the Friona Independent School District's Board of Trustees waive the job requirement provision as allowed by Section 313.025 (f-1) of the Texas Property Tax Code. This waiver would be based on the board finding that the jobs creation requirement exceeds the industry standard for the number of employees reasonably necessary to operate the proposed facility described in the property owner's application.

Scandia Wind LLC respectfully requests that Friona Independent School District makes such a finding and grants a waiver of the current job creation requirement of 10 permanent, full-time jobs. In accordance with industry standards for job requirements (one full-time employee per an estimated 15 to 20 turbines), Scandia Wind LLC has committed to create five (5) total qualifying jobs for the project, all of which will be located within Friona ISD. In addition to on-site qualified technicians, off-site personnel may also be utilized to support the project.

While wind projects create a substantial number of full and part-time positions during the construction phase, the number of qualified technicians tasked with maintaining and operating the project during commercial operations tends to be low. The permanent employees of a wind project maintain and service wind turbines, underground electrical connections, substations and other related infrastructure associated with the safe and reliable operation of the project.

The waiver request herein is comparable to the industry standard for maintenance and operations employment and is affirmed by similar wind project value limitation applications. This number may vary depending on the maintenance and operations requirements of the turbines selected as well as the support and technical assistance offered by the turbine manufacturer.

SINCERELY,


James R. Swafford
Chief Executive Officer
Scandia Wind LLC

POPP | HUTCHESON PLLC
The Property Tax Firm

September 1, 2016

Fred Stormer
Underwood Law Firm, P.C.
500 S. Taylor, Ste. 1200
Amarillo, Texas 79101

VIA EMAIL

Re: Job Waiver for Friona Independent School District – Scandia Wind, LLC

Mr. Stormer,

It is our understanding as of the date of this letter that the maps found in Exhibits 3 and 4 of the Chapter 313 Value Limitation Agreement for Application No. 1130 depict the approximate maximum number of wind turbines for the proposed Scandia Wind project within the school district boundaries.

Please feel free to contact me with any further questions regarding this matter.

Sincerely,

POPP HUTCHESON PLLC



Blas Ortiz
Property Tax Incentives Manager