

**FINDINGS**  
of the  
***LORENZO INDEPENDENT***  
***SCHOOL DISTRICT***  
***BOARD OF TRUSTEES***

**Under Chapter 313 of the**  
**Texas Tax Code**

**ON THE APPLICATION FOR A**  
**LIMITED APPRAISED VALUE ON**  
**QUALIFIED PROPERTY**

**SUBMITTED BY**

***FIBER WINDS ENERGY, LLC***

***Comptroller Application Number 369***

**RESOLUTION AND FINDINGS OF FACT**  
**of the**  
**LORENZO INDEPENDENT SCHOOL DISTRICT BOARD OF TRUSTEES**  
**UNDER CHAPTER 313 OF THE TEXAS TAX CODE**  
**ON THE APPLICATION FOR A**  
**LIMITED APPRAISED VALUE ON QUALIFIED PROPERTY SUBMITTED**  
**BY FIBER WINDS ENERGY, LLC**

STATE OF TEXAS                   §  
  §  
COUNTY OF CROSBY           §

**PREAMBLE**

On the 16<sup>th</sup> day of June, 2014, a public meeting of the Board of Trustees of the Lorenzo Independent School District (the “Board”) was held to solicit input from interested parties on the application by Fiber Winds Energy, LLC (“Fiber Winds” 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 Fiber Winds for a Limited 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, the Board of Trustees of the Lorenzo Independent School District makes the following Findings regarding the Application:

On or about the 18<sup>th</sup> day of November, 2013, the Superintendent of Schools, acting as an agent for the Board of Trustees for the Lorenzo Independent School District, received an Application for an Appraised Value Limitation on Qualified Property from Fiber Winds, pursuant to Chapter 313 of the Texas Tax Code. The general nature of Applicant’s investment in qualified property set forth in the Application is for equipment and material related to the creation of a renewable energy facility. *See* Comptroller’s Recommendation Letter, dated March 19, 2014, attached hereto as Attachment C. The Board agreed to consider such Application, and the 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 November 20, 2013. Thereafter, on behalf of the Applicant, District submitted Amendment No. 001 (Amended page 5) on or about November 22, 2013, and Amendment No. 002 (revised legal description and map) on or about December 18, 2013. The Comptroller issued its notice of completeness by letter dated December 19, 2013, the Application Review Start Date. A copy of the Application and Comptroller letter of December 19, 2013 are attached as Attachment A. The District then submitted, on behalf of the Applicant, Amendment No. 003 (reinvestment zone documents) on or about April 2, 2014. The Application and Amendment Nos. 001, 002 and 003 are collectively referred to as the “Application.”

The Texas Taxpayer Identification number for Fiber Winds is 32052504217. Fiber Winds 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 Crosby 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 pursuant to §313.026 of the Texas Tax Code. 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 recommendation on March 19, 2014 that the Application be approved. *See* Attachment C. The Board of Trustees has carefully considered such evaluation and recommendation. Copies of the Recommendation 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 Lorenzo Independent School District. A copy of a report prepared by Randy McDowell and Neal Brown is attached to these Findings as Attachment E.

The Board has confirmed that the taxable value of industrial property in the Lorenzo Independent School District for the preceding tax year, as determined under Subchapter M, Chapter 403 of the Texas Government Code, falls within a rural school district, Category III of §313.054 of the Texas Tax Code. *See* Comptroller's "2013 ISD Summary Worksheet," attached hereto as Attachment F, and Attachment C.

After receipt of the completed Application, the District entered into negotiations with Fiber Winds regarding the specific language to be included in the Limitation on Appraised Value Agreement ("LAVA") pursuant to Chapter 313 of the Texas Tax Code, including appropriate revenue protection provisions for the District. The proposed LAVA is attached to these Findings as Attachment G, and the LAVA was submitted to and approved by the Comptroller as set out under 34 Texas Administrative Code §9.1015, *et seq.* *See* copy of May 28, 2014 Agreement approval letter from the Comptroller, attached to these Findings as Attachment H.

The District's Board of Trustees, by resolution dated April 21, 2014, granted Applicant's request to extend the statutory deadline by which the District must consider its Application until

July 18, 2014, and the Comptroller was provided notice of such extension as set out under 34 Texas Administrative Code §9.1054(d). See Resolution authorizing extension of consideration period and notice to Applicant attached hereto as Attachment J.

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

**Board Finding Number 1.**

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

In support of Finding Number 1, the Economic Impact Evaluation states:

The Texas Economic Development Plan focuses on attracting and developing industries using technology. It also identifies opportunities for existing Texas industries. The plan centers on promoting economic prosperity throughout Texas and the skilled workers that the Fiber Winds Energy, LLC project requires appear to be in line with the focus and themes of the plan. Texas identified energy as one of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the energy industry.

See Attachment D.

**Board Finding Number 2.**

*Applicant's renewable energy generation facility will improve the economic condition of Crosby County and the region.*

In support of this Finding, the Economic Impact Evaluation provided by the Comptroller's Office analyzes several economic factors and conditions, including population, employment and taxes. The Comptroller's Economic Impact Evaluation indicates the population growth of Crosby County lagged behind that of the state in recent years. The state population grew by 1.8 percent between 2009 and 2010, while the population of Crosby County was up 0.1 percent over the same period. Crosby County was the 193<sup>rd</sup> largest county in population in 2010, and the 190<sup>th</sup> fastest growing county from 2009 to 2010.

September 2011 employment for Crosby County was up 1.4 percent from September 2010, while the state total employment increased .9 percent in this same period. Total Crosby County employment in September 2011 was 2,454. The unemployment rate in Crosby County was 10.3

percent in September 2011, which was up from 7.8 percent in September 2010. This was higher than the state average of 8.5 percent for September 2011.

Crosby County has lower per-capita personal income than the state as a whole. The average per-capita income for Crosby County residents for 2009 was \$34,095, which ranked 101<sup>st</sup> among the 254 counties in Texas, and was up 2.5 percent from 2008. The Texas average was \$38,609 for the same period.

Taxable sales in Crosby County through the fourth quarter of 2010 were \$10.25 million, up 1.1 percent from the same period in 2009. Taxable sales in the City of Lorenzo through the fourth quarter of 2010 were \$1.34 million, down 2.2 percent from the same period in 2009.

Given recent income levels and sales tax activity, Crosby County will benefit from economic activity like that associated with the Fiber Winds. Major capital investments like this project are beneficial to the community on a number of fronts, including employment, expanded opportunities for existing businesses, and an increased local tax base.

See Attachment 3, and Tables 1 and 2, of Attachment D.

### **Board Finding Number 3.**

*Based on the Application, the level of the Applicant's average investment per qualifying job over the term of the Agreement is estimated to be approximately \$50.3 million, based on three (3) qualifying jobs in the Fiber Winds project attributable to Lorenzo ISD.*

In support of Finding Number 3, the Economic Impact Evaluation states:

The project's total investment is \$100 million, resulting in a relative level of investment per qualifying job of \$33.3 million.

See Attachment D.

### **Board Finding Number 4.**

*The average salary level of qualifying jobs is expected to be at least \$45,250 per year, which meets the requirements under Chapter 313 for an appropriate wage-level, and each qualifying job will be offered a full package of benefits such as health insurance in compliance with the Affordable Care Act, competitive 401(k) retirement savings plan, vacation time and sick leave.*

In support of Finding Number 4, the Economic Impact Evaluation states:

After construction, the project will create three new jobs when fully operational. All three jobs will meet the criteria for qualifying jobs as specified in Tax Code

Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the South Plains Workforce Development Area, where Crosby County is located was \$33,662 in 2013. The annual average manufacturing wage for 2013 for Crosby County is not available. That same year, the county annual average wage for all industries was \$32,253. In addition to an annual average salary of \$45,250 each qualifying position will receive benefits such as health insurance in compliance with the Affordable Care Act, competitive 401(k) retirement savings plan, vacation time and sick leave.

See Attachment D.

#### **Board Finding Number 5.**

*The new 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 Attachment 13 to its Application regarding the industry standard for the number of jobs for a project with qualified property of this size and type. Attachment 13 provides that for a project of the size and type described in the Application, the project will require less than ten (10) permanent jobs. The industry standard requires approximately one (1) full time position for every 15 turbines, which is less than the requirements of §313.051(b), depending on: (a) the operations and maintenance requirements of turbines selected, and (b) the support and technical assistance offered by the turbine manufacture. Applicant intends to use 1.7-3.0 MW turbines, which would require one (1) full time job for every 15 turbines. A copy of Attachment and check list item 13 submitted with the Application is attached hereto as Attachment I. Applicant reported in its Application that it would create a total of three (3) new qualifying jobs for the project to service and support an estimated 27-50 turbines, which is in line with industry standards.

See Attachments A and I.

#### **Board Finding Number 6.**

*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.*

In support of Finding Number 6, the Economic Impact Evaluation states:

According to Fiber Winds Energy, LLC's application, "Wind farms are operating and under development in many states throughout the country. The Applicant can

locate the Project anywhere in the United States with sufficient prevailing wind conditions conducive to power generation.”

See Attachment D. Fiber Winds further states, in attachment 4A of its Application, that:

Fiber Winds Energy, LLC is a Delaware limited liability company that is registered to do business in Texas formed by Tri Global Energy to develop, build, own and operate the Fiber Winds Energy Project. Tri Global is the Project “sponsor”, i.e. the entity responsible for the development, financing, construction and operation of the Project.

The collective accomplishments of Tri Global Energy, LLC’s (“Tri Global”), the exclusive developer of Fiber Winds, include leadership roles in the development, construction, and operations of approximately 4,100 MWs, or approximately 8%, of the U.S.’ installed wind energy capacity and over 3,500 MWs of fossil generation, as well as securing over \$3 billion in corporate and project finance. Tri Global’s President, Tom Carbone, is the former North American president of Vestas, a world leading turbine manufacturer. Tri Global’s management team has a combined 4,100 MW of prior wind turbine purchases and is uniquely qualified to develop and construct wind projects throughout the United States.

As such, the development resources necessary to advance the subject 80 MW Fiber Winds Energy Farm could be redeployed to other renewable energy development projects in other power markets in the United States. Tri Global chose Texas, and in particular Crosby County, for its favorable wind resource, access to the SPP market, and favorable property tax incentives under the Tax Code Chapter 312 tax abatement and Chapter 313 Appraised Value Limitation. Tri Global prefers to develop and build the proposed Fiber Winds Energy, LLC as per this application, but since this Project is still in the early stages of development, further investment could be, if necessary, redeployed to other counties and states competing for similar wind projects.

See Attachment A.

### **Board Finding Number 7.**

***Subsequent positive economic effects on the local and regional tax bases will be significant. The District will receive revenue gains due to the increase in its tax base. Likewise, the Board finds that the local and regional tax base will increase, and that the Applicant’s renewable energy project will improve the economic condition of the region and the state.***

In support of Finding Number 7, the Economic Impact Evaluation states:

Table 1 depicts Fiber Winds Energy, LLC’s estimated economic impact to Texas. It depicts the direct, indirect and induced effects to employment and personal

income within the state. The Comptroller’s office calculated the economic impact based on 16 years of annual investment and employment levels using software from Regional Economic Models, Inc., (REMI). The impact includes the construction period and the operating period of the project.

**Table 1: Estimated Statewide Economic Impact of Investment and Employment in Fiber Winds Energy, LLC**

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2014	5	6	11	\$226,250	\$383,750	\$610,000
2015	65	64	129	\$2,941,250	\$4,626,750	\$7,568,000
2016	3	4	7	\$135,750	\$718,250	\$854,000
2017	3	2	5	\$135,750	\$718,250	\$854,000
2018	3	1	4	\$135,750	\$474,250	\$610,000
2019	3	1	4	\$135,750	\$352,250	\$488,000
2020	3	1	4	\$135,750	\$230,250	\$366,000
2021	3	1	4	\$135,750	\$352,250	\$488,000
2022	3	1	4	\$135,750	\$230,250	\$366,000
2023	3	1	4	\$135,750	-\$13,750	\$122,000
2024	3	(1)	2	\$135,750	-\$13,750	\$122,000
2025	3	3	6	\$135,750	-\$13,750	\$122,000
2026	3	(3)	0	\$135,750	-\$13,750	\$122,000
2027	3	1	4	\$135,750	\$108,250	\$244,000
2028	3	3	6	\$135,750	\$108,250	\$244,000
2029	3	(3)	0	\$135,750	\$108,250	\$244,000

Source: CPA, REMI, Fiber Winds Energy, LLC

The statewide average ad valorem tax base for school districts in Texas was \$1.65 billion in 2012-2013. Lorenzo ISD’s ad valorem tax base in 2012-2013 was \$169 million. The statewide average wealth per WADA was estimated at \$343,155 for fiscal 2012-2013. During that same year, Lorenzo ISD’s estimated wealth per WADA was \$325,735. The impact on the facilities and finances of the district are presented in Attachment 2 [of the Comptroller’s Economic Impact Evaluation].

Table 2 examines the estimated direct impact on ad valorem taxes to the school district, Crosby County, Crosby County Hospital District and High Plains Underground Water Conservation District with all property tax incentives sought being granted using estimated market value from Fiber Winds Energy, LLC’s application. Fiber Winds Energy, LLC has applied for both a value limitation under Chapter 313, Tax Code and tax abatement with the county. Table 3 illustrates the estimated tax impact of the Fiber Winds Energy, LLC project on the region if all taxes are assessed.

**Table 2 Estimated Direct Ad Valorem Taxes with all property tax incentives sought**

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate <sup>1</sup>	Lorenzo ISD I&S Levy	Lorenzo ISD M&O Levy	Lorenzo ISD M&O and I&S Tax Levies (Before Credit Credited)	Lorenzo ISD M&O and I&S Tax Levies (After Credit Credited)	Crosby County Tax Levy	Crosby County Hospital District Tax Levy	High Plains Underground WCD Tax Levy	Estimated Total Property Taxes
				0.0000	1.0271			0.5457	0.1424	0.0075	
2015	\$2,500,000	\$2,500,000		\$0	\$25,678	\$25,678	\$25,678	\$13,643	\$3,560	\$189	\$43,069
2016	\$79,848,000	\$79,848,000		\$0	\$820,119	\$820,119	\$820,119	\$435,731	\$113,704	\$6,021	\$1,375,573
2017	\$75,855,600	\$10,000,000		\$0	\$102,710	\$102,710	\$102,710	\$413,944	\$108,018	\$5,720	\$630,392
2018	\$72,062,820	\$10,000,000		\$0	\$102,710	\$102,710	\$51,355	\$393,247	\$102,617	\$5,434	\$552,653
2019	\$68,459,680	\$10,000,000		\$0	\$102,710	\$102,710	\$51,355	\$373,584	\$97,487	\$5,162	\$527,588
2020	\$65,036,695	\$10,000,000		\$0	\$102,710	\$102,710	\$51,355	\$354,905	\$92,612	\$4,904	\$503,776
2021	\$61,784,860	\$10,000,000		\$0	\$102,710	\$102,710	\$51,355	\$337,160	\$87,982	\$4,659	\$481,155
2022	\$58,695,618	\$10,000,000		\$0	\$102,710	\$102,710	\$51,355	\$320,302	\$83,583	\$4,426	\$459,665
2023	\$55,760,836	\$10,000,000		\$0	\$102,710	\$102,710	\$51,355	\$304,287	\$79,403	\$4,204	\$439,250
2024	\$52,972,794	\$10,000,000		\$0	\$102,710	\$102,710	\$51,355	\$289,073	\$75,433	\$3,994	\$419,855
2025	\$50,324,155	\$50,324,155		\$0	\$516,879	\$516,879	\$165,940	\$274,619	\$71,662	\$3,794	\$516,015
2026	\$47,807,947	\$47,807,947		\$0	\$491,035	\$491,035	\$491,035	\$260,888	\$68,079	\$3,605	\$823,607
2027	\$45,417,550	\$45,417,550		\$0	\$466,484	\$466,484	\$466,484	\$247,844	\$64,675	\$3,424	\$782,426
2028	\$43,146,672	\$43,146,672		\$0	\$443,159	\$443,159	\$443,159	\$235,451	\$61,441	\$3,253	\$743,305
2029	\$40,989,339	\$40,989,339		\$0	\$421,002	\$421,002	\$421,002	\$223,679	\$58,369	\$3,091	\$706,140
						<b>Total</b>	<b>\$3,295,612</b>	<b>\$4,478,356</b>	<b>\$1,168,623</b>	<b>\$61,878</b>	<b>\$9,004,469</b>

Assumes School Value Limitation and Tax Abatements with Crosby County  
Source: CPA, Fiber Winds Energy, LLC  
<sup>1</sup>Tax Rate per \$100 Valuation

**Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives**

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate <sup>1</sup>	Lorenzo ISD I&S Levy	Lorenzo ISD M&O Levy	Lorenzo ISD M&O and I&S Tax Levies	Crosby County Tax Levy	Crosby County Hospital District Tax Levy	High Plains Underground WCD Tax Levy	Estimated Total Property Taxes	
				0.0000	1.0271		0.5457	0.1424	0.0075		
2015	\$2,500,000	\$2,500,000		\$0	\$25,678	\$25,678	\$13,643	\$3,560	\$189	\$43,069	
2016	\$79,848,000	\$79,848,000		\$0	\$820,119	\$820,119	\$435,731	\$113,704	\$6,021	\$1,375,573	
2017	\$75,855,600	\$75,855,600		\$0	\$779,113	\$779,113	\$413,944	\$108,018	\$5,720	\$1,306,795	
2018	\$72,062,820	\$72,062,820		\$0	\$740,157	\$740,157	\$393,247	\$102,617	\$5,434	\$1,241,455	
2019	\$68,459,680	\$68,459,680		\$0	\$703,149	\$703,149	\$373,584	\$97,487	\$5,162	\$1,179,382	
2020	\$65,036,695	\$65,036,695		\$0	\$667,992	\$667,992	\$354,905	\$92,612	\$4,904	\$1,120,413	
2021	\$61,784,860	\$61,784,860		\$0	\$634,592	\$634,592	\$337,160	\$87,982	\$4,659	\$1,064,392	
2022	\$58,695,618	\$58,695,618		\$0	\$602,863	\$602,863	\$320,302	\$83,583	\$4,426	\$1,011,173	
2023	\$55,760,836	\$55,760,836		\$0	\$572,720	\$572,720	\$304,287	\$79,403	\$4,204	\$960,614	
2024	\$52,972,794	\$52,972,794		\$0	\$544,084	\$544,084	\$289,073	\$75,433	\$3,994	\$912,584	
2025	\$50,324,155	\$50,324,155		\$0	\$516,879	\$516,879	\$274,619	\$71,662	\$3,794	\$866,954	
2026	\$47,807,947	\$47,807,947		\$0	\$491,035	\$491,035	\$260,888	\$68,079	\$3,605	\$823,607	
2027	\$45,417,550	\$45,417,550		\$0	\$466,484	\$466,484	\$247,844	\$64,675	\$3,424	\$782,426	
2028	\$43,146,672	\$43,146,672		\$0	\$443,159	\$443,159	\$235,451	\$61,441	\$3,253	\$743,305	
2029	\$40,989,339	\$40,989,339		\$0	\$421,002	\$421,002	\$223,679	\$58,369	\$3,091	\$706,140	
						<b>Total</b>	<b>\$8,429,025</b>	<b>\$4,478,356</b>	<b>\$1,168,623</b>	<b>\$61,878</b>	<b>\$14,137,882</b>

Source: CPA, Fiber Winds Energy, LLC  
<sup>1</sup>Tax Rate per \$100 Valuation

See also the District's Financial Impact Report, Tables III, IV and V, attached hereto as Attachment E.

### **Board Finding Number 8.**

*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, Randy McDowell and Neal Brown estimate in the District's Financial Impact Report, based on Fiber Winds' Application, that the project would add \$79,848,000 to the tax base at the peak investment level for the 2016 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 and Table 2 of Attachment D. In addition, the projected revenue gains from the proposed Agreement would be approximately \$338,062, based on \$100 per student per year in average daily attendance. See Table VI of Attachment E.

### **Board Finding Number 9.**

*The effect of the applicant's proposal, if approved, is not expected to increase the District's instructional facility needs. Lorenzo ISD can easily accommodate the projected student growth 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.*

The Application indicates that Fiber Winds expects three (3) new qualifying jobs in the District. It is not known whether these would be new employees to the District, or if current residents would fill these positions. But, it is assumed in the Financial Impact Report that these employees would be new residents to the District, and provide two (2) new students to the District based on three (3) qualifying jobs. It is believed that Lorenzo ISD will easily be able to accommodate new students, if any, which may result from these new jobs. See Table VII of Attachment E. The District must plan to educate all students who reside within its boundaries, and the number of new students could vary widely depending on the number of construction jobs and workers present during the construction phase of Fiber Winds' renewable energy project. Therefore, the District may need to hire additional temporary teachers and staff to educate the additional students that could enroll in the District. The proposed Limitation on Appraised Value Agreement pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment G, provides that Applicant shall reimburse the District for extraordinary educational related expenses paid by the District that are directly attributable to Applicant's project.

### **Board Finding Number 10.**

*During the past two (2) years, nine (9) projects in the South Plains Workforce Development Area applied for value limitation agreements under Tax Code Chapter 313.*

See Attachment D.

**Board Finding Number 11.**

*The Board finds that the total investment of the Applicant is \$100,000,000, and the projected market value of the qualified property of the Applicant is \$79,848,000, as determined by the Comptroller.*

See Table 2 of Attachment D; see also Table I of Attachment E.

**Board Finding Number 12.**

*The proposed limitation on appraised value for the qualified property is \$10,000,000.*

**Board Finding Number 13.**

*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, 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 follows:*

**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	Tax Credits	Payment of District's Revenue Losses	Net Tax Savings
2015-2016	1.0271	0.000	25,678	0	n/a	0	0
2016-2017	1.0171	0.000	812,134	0	n/a	0	0
2017-2018	1.0271	0.000	779,113	676,403	n/a	(634,112)	42,291
2018-2019	1.0271	0.000	740,157	637,447	51,355	0	688,802
2019-2020	1.0271	0.000	703,149	600,439	51,355	0	651,794
2020-2021	1.0271	0.000	667,992	565,282	51,355	0	616,637
2021-2022	1.0271	0.000	634,592	531,882	51,355	0	583,237
2022-2023	1.0271	0.000	602,863	500,153	51,355	0	551,508
2023-2024	1.0271	0.000	572,720	470,010	51,355	0	521,365
2024-2025	1.0271	0.000	544,084	441,374	51,355	0	492,729
2025-2026	1.0171	0.000	511,847	0	350,939	0	350,939
2026-2027	1.0271	0.000	491,035	0	0	0	0
2027-2028	1.0271	0.000	466,484	0	0	0	0
<b>Totals</b>			<b>7,551,847</b>	<b>4,422,989</b>	<b>710,424</b>	<b>(634,112)</b>	<b>4,499,302</b>

*The Comptroller's estimated dollar amount of the taxes that would be imposed on the qualified property, for each year of the Agreement, if the property does not receive a limitation on appraised value with the projected depreciations of investment, is depicted in Table 3 of the Economic Impact Evaluation. See Finding No. 7, page 8, infra.*

**Board Finding Number 14.**

*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, 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 follows:*

**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	Tax Credits	Payment of District's Revenue Losses	Net Tax Savings
2015-2016	1.0271	0.000	25,678	0	n/a	0	0
2016-2017	1.0171	0.000	812,134	0	n/a	0	0
2017-2018	1.0271	0.000	779,113	676,403	n/a	(634,112)	42,291
2018-2019	1.0271	0.000	740,157	637,447	51,355	0	688,802
2019-2020	1.0271	0.000	703,149	600,439	51,355	0	651,794
2020-2021	1.0271	0.000	667,992	565,282	51,355	0	616,637
2021-2022	1.0271	0.000	634,592	531,882	51,355	0	583,237
2022-2023	1.0271	0.000	602,863	500,153	51,355	0	551,508
2023-2024	1.0271	0.000	572,720	470,010	51,355	0	521,365
2024-2025	1.0271	0.000	544,084	441,374	51,355	0	492,729
2025-2026	1.0171	0.000	511,847	0	350,939	0	350,939
2026-2027	1.0271	0.000	491,035	0	0	0	0
2027-2028	1.0271	0.000	466,484	0	0	0	0
<b>Totals</b>			<b>7,551,847</b>	<b>4,422,989</b>	<b>710,424</b>	<b>(634,112)</b>	<b>4,499,302</b>

*The Comptroller's estimated 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 depicted in Table 2 of the Economic Impact Evaluation. See Finding No. 7, page 8, infra.*

**Board Finding Number 15.**

*The projected effect on the Foundation School Program and impact on the District's finances resulting from payments to the District for each year of the Agreement is shown on Tables III, IV and V of Attachment E. The economic impact from Fiber Winds' project on the State of Texas, local employment levels and personal income is shown, and in Tables 1, 2 and 3 of the Economic Impact Evaluation. See Finding No. 7, pages 6, 7 and 8, infra.*

**Board Finding Number 16.**

*The projected future tax credits for each year of the Agreement are shown in Table II of Attachment E; See also Finding No. 7, Table 2, at p. 8.*

**Board Finding Number 17.**

*Assuming that Applicant would still construct is renewable energy project in the District, without a limitation on appraised value for the qualified property, the total amount of taxes to be lost over the life of the Agreement by subtracting the projected taxes stated in Finding Number 14 from the projected taxes stated in Finding Number 13 is shown in Table II of Attachment E (column labeled “Tax Savings with Agreement,” which is highlighted in Finding No. 14, page 11). See also difference between Table 3 and Table 2, Finding No. 7, page 8.*

**Board Finding Number 18.**

*The Board of Trustees hired consultants to review and verify the information in the Application from Fiber Winds. Based upon the consultants’ review, the Comptroller’s Economic Impact Evaluation, and the Comptroller’s Recommendation letter, the Board has determined that the information provided by the Applicant in its Application was true and correct when it was submitted (see Attachments B, C and D).*

**Board Finding Number 19.**

*The Applicant (Taxpayer Id. 32052504217) 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 B and C).*

**Board Finding Number 20.**

*The Limited Appraised Valuation Agreement on Qualified Property (LAVA), pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment G, includes adequate and appropriate revenue protection provisions for the District.*

In support of this Finding and based on the information provided by Applicant in its Application, the Financial Impact Report demonstrates that the District will incur a revenue loss during year 3 of the proposed LAVA. However, the negative consequences of granting the value limitation are offset through the “hold harmless” provision of the LAVA and other revenue protection provisions agreed to by the Applicant and the District. See Table II in Attachment E.

**Board Finding Number 21.**

*The general nature of Applicant's qualified investment is renewable energy electricity generation (wind), which is eligible for the limitation on the appraised value of Applicant's Property.*

See Attachments A and C.

**Board Finding Number 22.**

*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 Fiber Winds' Application and enter into the attached Limited Appraised Valuation Agreement of Property for School District Maintenance and Operations Taxes.*

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 Lorenzo 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 G is APPROVED and is hereby authorized to be executed and delivered by the Trustee whose signature appears below on behalf of the Lorenzo 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 Lorenzo Independent School District Board of Trustees.

*[the remainder of this page is intentionally left blank]*

Dated this 16<sup>th</sup> day of June, 2014.

Lorenzo Independent School District

By Brad Aycock  
Signature

Brad Aycock 130910 PRESIDENT  
Printed Name and Title LORENZO I.S.D.

Attest:

By Ruben Garcia  
Signature

RUBEN GARCIA Secretary  
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 Recommendation Letter
D	Comptroller Economic Impact Evaluation
E	District's Financial Impact Report
F	Comptroller's 2013 ISD Property Value Summary Worksheet
G	Proposed Limited Assessed Valuation Agreement
H	May 28, 2014 Agreement approval letter from Comptroller
I	Job Waiver Request
J	Resolution authorizing extension request

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



December 19, 2013

Jarrold Pickering  
Superintendent  
Lorenzo Independent School District  
1003 3<sup>rd</sup> St.  
Lorenzo, Texas 79416

Dear Superintendent Pickering:

On November 20, 2013, the Comptroller's office received from Lorenzo Independent School District (Lorenzo ISD) an application from Fiber Winds Energy, LLC for a limitation on appraised value. The purpose of this letter is to inform you that the Comptroller's office has received all required documents for the application review and economic impact evaluation.

The Comptroller's office will move forward with our economic impact evaluation and recommendation to the school district. Tax Code §313.025(d) allows the Comptroller's office to complete the economic impact evaluation and recommendation on or before 91 days from the date of this letter. The Comptroller's office will send a letter of recommendation to the ISD and the applicant.

Please be advised we may request additional or clarifying information to complete our review of the application.

Should you have any questions, please contact Stephanie Jones with our office. She can be reached by email at [stephanie.jones@cpa.state.tx.us](mailto:stephanie.jones@cpa.state.tx.us) or by phone at 1-800-531-5441, ext. 3-4594, or direct in Austin at 512-463-4594.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert Wood".

Robert Wood  
Director  
Economic Development & Analysis

cc: Audie Sciumbato, Underwood Law Firm, P.C.  
Melissa Miller, Miller Wind Consulting, LLC  
Shannon Adkins, Fiber Winds Energy, LLC  
Stephen Johns, Tri Global Energy, LLC

**Fiber Winds Energy, LLC**

**Chapter 313 Application  
For Appraised Value Limitation  
To Lorenzo ISD**

**November 18, 2013**



# Application for Appraised Value Limitation on Qualified Property

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

**Form 50-296**  
(Revised July 2013)

**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 completed application to the Comptroller in a three-ring binder with tabs 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 as explained in the Confidentiality Notice below.

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. 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, make a recommendation 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 before the 151st 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 complete the recommendation, 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/](http://www.texasahead.org/tax_programs/chapter313/). There are links on this Web page to the Chapter 313 statute, rules and forms. Information about minimum limitation values for particular districts and wage standards may also be found at that site.

## SCHOOL DISTRICT INFORMATION – CERTIFICATION OF APPLICATION

<b>Authorized School District Representative</b>		Date Application Received by District November 18, 2013	
First Name Jarrod	Last Name Pickering		
Title Superintendent			
School District Name Lorenzo ISD			
Street Address 1003 3rd St.			
Mailing Address P.O. Box 520			
City Lorenzo	State Texas	ZIP 79416	
Phone Number (806) 634-5591 Ext. 222	Fax Number (806) 634-5928		
Mobile Number (optional)	Email Address jepickering@lorenzoid.net		

I authorize the consultant to provide and obtain information related to this application.  Yes  No

Will consultant be primary contact?  Yes  No

**SCHOOL DISTRICT INFORMATION – CERTIFICATION OF APPLICATION (CONTINUED)**

**Authorized School District Consultant (If Applicable)**

First Name <b>Audie</b>	Last Name <b>Sciumbato</b>
Title <b>Attorney</b>	
Firm Name <b>Underwood Law Firm, P.C</b>	
Street Address <b>145 W 3rd St.</b>	
Mailing Address <b>PO Box 9158</b>	
City <b>Hereford</b>	State <b>Texas</b> ZIP <b>79045</b>
Phone Number <b>(806) 364-2626</b>	Fax Number <b>(806) 364-9368</b>
Mobile Number (Optional)	Email Address <b>audie.sciumbato@uwlaw.com</b>

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.

Signature (Authorized School District Representative)  Date **11-18-2013**

Has the district determined this application complete? .....  Yes  No

If yes, date determined complete. .... **11-19-2013**

Have you completed the school finance documents required by TAC 9.1054(c)(3)? .....  Yes  No

**SCHOOL DISTRICT CHECKLIST AND REQUESTED ATTACHMENTS**

	Checklist	Page X of 16	Check Completed
1	Date application received by the ISD	1 of 16	✓
2	Certification page signed and dated by authorized school district representative	2 of 16	✓
3	Date application deemed complete by ISD	2 of 16	✓
4	Certification pages signed and dated by applicant or authorized business representative of applicant	4 of 16	✓
5	Completed company checklist	12 of 16	✓
6	School finance documents described in TAC 9.1054(c)(3) (Due within 20 days of district providing notice of completed application)	2 of 16	will submit



APPLICANT INFORMATION – CERTIFICATION OF APPLICATION

Authorized Business Representative (Applicant)

First Name Shannon	Last Name Adkins	
Title President		
Organization Fiber Winds Energy, LLC		
Street Address 17300 Dallas Parkway, Suite 2060, Dallas, Texas 75248		
Mailing Address 17300 Dallas Parkway, Suite 2060, Dallas, Texas 75248		
City Dallas	State Texas	ZIP 75248
Phone Number (972) 290-0825	Fax Number	
Mobile Number (optional)	Business Email Address sadkins@triglobalenergy.com	

Will a company official other than the authorized business representative be responsible for responding to future information requests?  Yes  No

If yes, please fill out contact information for that person.

First Name Stephen	Last Name Johns	
Title Chief Legal Officer & General Counsel		
Organization Tri Global Energy, LLC		
Street Address 17300 North Dallas Parkway, Suite 2060		
Mailing Address Same		
City Dallas	State Texas	ZIP 75248
Phone Number (972) 290-0825	Fax Number	
Mobile Number (optional)	Email Address Sjohns@triglobalenergy.com	

I authorize the consultant to provide and obtain information related to this application.  Yes  No

Will consultant be primary contact?  Yes  No

APPLICANT INFORMATION – CERTIFICATION OF APPLICATION (CONTINUED)

Authorized Company Consultant (If Applicable)

First Name: Melissa Last Name: Miller

Title: Principal

Firm Name: Miller Wind Consulting LLC

Street Address: 1706 W. 6th St.

Mailing Address: 1706 W. 6th St.

City: Austin State: Texas ZIP: 78703

Phone Number: 512-739-0397 Fax Number: \_\_\_\_\_

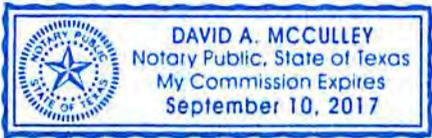
Business Email Address: melissa@millerwind.com

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 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.

Signature (Authorized Business Representative (Applicant)) *[Signature]* Date 11-18-13

GIVEN under my hand and seal of office this 18 day of November, 2013



(Notary Seal)

*[Signature]*  
Notary Public, State of Texas

My commission expires 9/10/17

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



**FEES AND PAYMENTS**

Enclosed is proof of application fee paid to the school district.

For the purpose of this question, "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.

Please answer only either A OR B:

A. 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

B. 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

**BUSINESS APPLICANT INFORMATION**

Legal Name Under Which Application is Made

Fiber Winds Energy, LLC

Texas Taxpayer I.D. Number of Entity Subject to Tax Code, Chapter 171 (11 digits)

32052504217

NAICS Code

221115

Is the applicant a party to any other Chapter 313 agreements?  Yes  No

If yes, please list name of school district and year of agreement.

**APPLICANT BUSINESS STRUCTURE**

Registered to do business in Texas with the Texas Secretary of State?  Yes  No

Identify Business Organization of Applicant (corporation, limited liability corporation, etc.)

limited liability corporation

1. Is the applicant a combined group, or comprised of members of a combined group, as defined by Texas Tax Code Chapter 171.0001(7)?  Yes  No

If so, please attach documentation of the combined group membership and contact information.

2. Is the applicant current on all tax payments due to the State of Texas?  Yes  No

3. Are all applicant members of the combined group current on all tax payments due to the State of Texas?  NA  Yes  No

If the answer to either question is no, please explain and/or disclose any history of default, delinquencies and/or any material litigation, including litigation involving the State of Texas. (Use attachment if necessary.)

Empty text box for providing explanation or documentation.



ELIGIBILITY UNDER TAX CODE CHAPTER 313.024

Are you an entity to which Tax Code, Chapter 171 applies? [checked] Yes [ ] No

The property will be used as an integral part, or as a necessary auxiliary part, in one of the following activities:

- (1) manufacturing [ ] Yes [checked] No
(2) research and development [ ] Yes [checked] No
(3) a clean coal project... [ ] Yes [checked] No
(4) an advanced clean energy project... [ ] Yes [checked] No
(5) renewable energy electric generation [checked] Yes [ ] No
(6) electric power generation using integrated gasification... [ ] Yes [checked] No
(7) nuclear electric power generation [ ] Yes [checked] No
(8) a computer center that is used as an integral part or as a necessary auxiliary part...

Are you requesting that any of the land be classified as qualified investment? [ ] Yes [checked] No

Will any of the proposed qualified investment be leased under a capitalized lease? [ ] Yes [checked] No

Will any of the proposed qualified investment be leased under an operating lease? [ ] Yes [checked] No

Are you including property that is owned by a person other than the applicant? [ ] Yes [checked] No

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 [checked] No

PROJECT DESCRIPTION

Provide 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.

See attached project description on Attachment 4.

Describe the ability of your company to locate or relocate in another state or another region of the state.

See attached capability of company to relocate on Attachment 4.

PROJECT CHARACTERISTICS (CHECK ALL THAT APPLY)

- [checked] New Jobs [checked] Construct New Facility [ ] New Business / Start-up [ ] Expand Existing Facility
[ ] Relocation from Out-of-State [ ] Expansion [checked] Purchase Machinery & Equipment
[ ] Consolidation [ ] Relocation within Texas

PROJECTED TIMELINE

Begin Construction September 1, 2014 Begin Hiring New Employees April 1, 2015

Construction Complete April 1, 2015 Fully Operational May 1, 2015

Purchase Machinery & Equipment August 1, 2014

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)? [checked] Yes [ ] No

Note: Improvements made before that time may not be considered qualified property.

When do you anticipate the new buildings or improvements will be placed in service? April 1, 2015



**ECONOMIC INCENTIVES**

Identify state programs the project will apply for:

State Source	Amount
N/A	
Total	

Will other incentives be offered by local units of government?  Yes  No

Please use the following box for additional details regarding incentives. (Use attachments if necessary.)

Fiber Winds Energy, LLC intends to enter into a Chapter 312 Tax Abatement Agreement with Crosby County.

**THE PROPERTY**

Identify county or counties in which the proposed project will be located Crosby County

Central Appraisal District (CAD) that will be responsible for appraising the property Crosby County Central Appraisal District

Will this CAD be acting on behalf of another CAD to appraise this property?  Yes  No

List all taxing entities that have jurisdiction for the property and the portion of project within each entity

County: Crosby County - 100% (Name and percent of project) City: (Name and percent of project)

Hospital District: Crosby County Hospital District - 100% (Name and percent of project) Water District: High Plains Underground WCD - 100% (Name and percent of project)

Other (describe): (Name and percent of project) Other (describe): (Name and percent of project)

Is the project located entirely within this ISD?  Yes  No

If not, please provide additional information on the project scope and size to assist in the economic analysis.

Empty box for providing additional information on project scope and size.



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 rural, 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/.

At the time of application, what is the estimated minimum qualified investment required for this school district? \$10,000,000
What is the amount of appraised value limitation for which you are applying? \$10,000,000
What is your total estimated qualified investment? \$100,000,000

NOTE: See 313.021(1) for full definition. Generally, Qualified Investment is the sum of the investment in tangible personal property and buildings and new improvements made between beginning of the qualifying time period (date of application final approval by the school district) and the end of the second complete tax year.

What is the anticipated date of application approval? February 25, 2014
What is the anticipated date of the beginning of the qualifying time period? February 25, 2014
What is the total estimated investment for this project for the period from the time of application submission to the end of the limitation period? \$100,000,000

Describe the qualified investment.[See 313.021(1).]

Attach the following items to this application:

- (1) 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,
(2) a description of any new buildings, proposed improvements or personal property which you intend to include as part of your minimum qualified investment and
(3) a map of the qualified investment showing location of new buildings or new improvements with vicinity map.

Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or 313.053 for rural school districts) for the relevant school district category during the qualifying time period? [X] Yes [ ] No

- Except for new equipment described in Tax Code §151.318(q) or (q-1), is the proposed tangible personal property to be placed in service for the first time:
(1) in or on the new building or other new improvement for which you are applying? [X] Yes [ ] No
(2) if not in or on the new building or other new improvement for which you are applying for an appraised value limitation, is the personal property necessary and ancillary to the business conducted in the new building or other new improvement? [X] Yes [ ] No
(3) on the same parcel of land as the building for which you are applying for an appraised value limitation? [X] Yes [ ] No

("First placed in service" means the first use of the property by the taxpayer.)

Will the investment in real or personal property you propose be counted toward the minimum qualified investment required by Tax Code §313.023, (or 313.053 for rural school districts) be first placed in service in this state during the applicable qualifying time period? [X] Yes [ ] No

Does the investment in tangible personal property meet the requirements of Tax Code §313.021(1)? [X] Yes [ ] No

If the proposed investment includes a building or a permanent, non-removable component of a building, does it house tangible personal property? [X] Yes [ ] No

QUALIFIED PROPERTY

Describe the qualified property. [See 313.021(2)] (If qualified investment describes qualified property exactly you may skip items (1), (2) and (3) below.)

Attach the following items to this application:

- (1) 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,
(2) a description of any new buildings, proposed improvements or personal property which you intend to include as part of your qualified property and
(3) a map of the qualified property showing location of new buildings or new improvements – with vicinity map.

Land

Is the land on which you propose new construction or 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 [X] No

If you answered "no" to the question above, what is the anticipated date on which you will submit proof of a reinvestment zone with boundaries encompassing the land on which you propose new construction or improvements? January 15, 2014

Will the applicant own the land by the date of agreement execution? [ ] Yes [X] No

Will the project be on leased land? [X] Yes [ ] No



QUALIFIED PROPERTY (CONTINUED)

If the land upon which the new building or new improvement is to be built is part of the qualified property described by §313.021(2)(A), please attach complete documentation, including:

- 1. Legal description of the land
2. Each existing appraisal parcel number of the land on which the improvements will be constructed, regardless of whether or not all of the land described in the current parcel will become qualified property
3. Owner
4. The current taxable value of the land. Attach estimate if land is part of larger parcel.
5. A detailed map (with a vicinity map) showing the location of the land

Attach a map of the reinvestment zone boundaries, certified to be accurate by either the governmental entity creating the zone, the local appraisal district, or a licensed surveyor. (With vicinity map)

Attach the order, resolution or ordinance establishing the zone, and the guidelines and criteria for creating the zone, if applicable.

Miscellaneous

Is the proposed project a building or new improvement to an existing facility? ... [ ] Yes [x] No

Attach a description of any existing improvements and include existing appraisal district account numbers.

List current market value of existing property at site as of most recent tax year. N/A (Market Value) N/A (Tax Year)

Is any of the existing property subject to a value limitation agreement under Tax Code 313? ... [ ] Yes [x] No

Will all of the property for which you are requesting an appraised value limitation be free of a tax abatement agreement entered into by a school district for the duration of the limitation? ... [x] Yes [ ] No

WAGE AND EMPLOYMENT INFORMATION

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

The last complete calendar quarter before application review start date is the: [ ] First Quarter [ ] Second Quarter [x] Third Quarter [ ] Fourth Quarter of 2013 (year)

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 TWC? ... None

Note: For job definitions see TAC §9.1051(14) and Tax Code 313.021(3). If the applicant intends to apply a definition for "new job" other than TAC §9.1051(14)(C), then please provide the definition of "new job" as used in this application.

N/A

Total number of new jobs that will have been created when fully operational ... 3

Do you plan to create at least 25 new jobs (at least 10 new jobs for rural school districts) on the land and in connection with the new building or other improvement? ... [ ] Yes [x] No

Do you intend to request that the governing body waive the minimum new job creation requirement, as provided under Tax Code §313.025(f-1)? ... [x] Yes [ ] No

If you answered "yes" to the question above, attach evidence documenting that the new job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards. Note: Even if a minimum new job waiver is provided, 80% of all new jobs must be qualifying jobs pursuant to Texas Tax Code, §313.024(d).

What is the maximum number of qualifying jobs meeting all criteria of §313.021(3) you are committing to create? ... 3

If this project creates more than 1,000 new jobs, the minimum required wage for this project is 110% of the average county weekly wage for all jobs as described by 313.021(3)(E)(ii).

If this project creates less than 1,000 new jobs, does this district have territory in a county that meets the demographic characteristics of 313.051(2)? (see table of information showing this district characteristic at www.texasahead.org/tax\_programs/chapter313/)

If yes, the applicant must meet wage standard described in 313.051(b) (110% of the regional average weekly wage for manufacturing)

If no, the applicant shall designate one of the wage standards set out in §§313.021(5)(A) or 313.021(5)(B).



WAGE AND EMPLOYMENT INFORMATION (CONTINUED)

For the following three wage calculations please include on an attachment the four most recent quarters of data for each wage calculation. Show the average and the 110% calculation. Include documentation from 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(7).

Table with 2 columns: Description of wage calculation and Amount. Rows include 110% of county average weekly wage for all jobs, manufacturing jobs in county, and manufacturing jobs in region.

Please identify which Tax Code section you are using to estimate the wage standard required for this project:

- Checkboxes for tax code sections: §313.021(5)(A), §313.021(5)(B), §313.021(3)(E)(ii), and §313.051(b) (checked).

What is the estimated minimum required annual wage for each qualifying job based on the qualified property? \$45,130.80

What is the estimated minimum required annual wage you are committing to pay for each of the qualifying jobs you create on the qualified property? \$45,250

Will 80% of all new jobs created by the owner be qualifying jobs as defined by 313.021(3)? [X] Yes [ ] No

Will each qualifying job require at least 1,600 of work a year? [X] Yes [ ] No

Will any of the qualifying jobs be jobs transferred from one area of the state to another? [ ] Yes [X] No

Will any of the qualifying jobs be retained jobs? [ ] Yes [X] No

Will any of the qualifying jobs be created to replace a previous employee? [ ] Yes [X] No

Will any required qualifying jobs be filled by employees of contractors? [ ] Yes [X] No

If yes, what percent? \_\_\_\_\_

Does the applicant or contractor of the applicant offer to pay at least 80% of the employee's health insurance premium for each qualifying job? [X] Yes [ ] No

Describe each type of benefits to be offered to qualifying jobholders. (Use attachments as necessary.)

Please see Attachment 14 for the information regarding benefits for qualifying jobholders.

ECONOMIC IMPACT

Is an Economic Impact Analysis attached (If supplied by other than the Comptroller's office)? [ ] Yes [X] No

Is Schedule A completed and signed for all years and attached? [X] Yes [ ] No

Is Schedule B completed and signed for all years and attached? [X] Yes [ ] No

Is Schedule C (Application) completed and signed for all years and attached? [X] Yes [ ] No

Is Schedule D completed and signed for all years and attached? [X] Yes [ ] No

Note: Excel spreadsheet versions of schedules are available for download and printing at URL listed below.

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

**CONFIDENTIALITY NOTICE****Property Tax Limitation Agreement Applications  
Texas Government Code Chapter 313  
Confidential Information Submitted to the Comptroller**

Generally, an application for property tax value limitation, the information provided therein, and documents submitted in support thereof, are considered public information subject to release under the Texas Public Information Act.

There is an exception, outlined below, by which information will be withheld from disclosure.

The Comptroller's office will withhold information from public release if:

- 1) it describes the specific processes or business activities to be conducted or the specific tangible personal property to be located on real property covered by the application;
- 2) the information has been segregated in the application from other information in the application; and
- 3) the party requesting confidentiality provides the Comptroller's office a list of the documents for which confidentiality is sought and for each document lists the specific reasons, including any relevant legal authority, stating why the material is believed to be confidential.

All applications and parts of applications which are not segregated and marked as confidential as outlined above will be considered public information and will be posted on the internet.

Such information properly identified as confidential will be withheld from public release unless and until the governing body of the school district acts on the application, or we are directed to do so by a ruling from the Attorney General.

Other information in the custody of a school district or the comptroller submitted in connection with the application, including information related to the economic impact of a project or the essential elements of eligibility under Texas Tax Code, Chapter 313, such as

the nature and amount of the projected investment, employment, wages, and benefits, will not be considered confidential business information and will be posted on the internet.

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

The following outlines how the Comptroller's office will handle requests for information submitted under the Texas Public Information Act for application portions and submitted records appropriately identified as confidential.

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

**COMPANY CHECKLIST AND REQUESTED ATTACHMENTS**

	<b>Checklist</b>	<b>Page X of 16</b>	<b>Check Completed</b>
1	Certification pages signed and dated by Authorized Business Representative (applicant)	4 of 16	✓
2	Proof of Payment of Application Fee (Attachment)	5 of 16	✓
3	For applicant members, documentation of Combined Group membership under Texas Tax Code 171.0001(7) (if Applicable) (Attachment)	5 of 16	N/A
4	Detailed description of the project	6 of 16	✓
5	If project is located in more than one district, name other districts and list percentage in each district (Attachment)	7 of 16	✓
6	Description of Qualified Investment (Attachment)	8 of 16	✓
7	Map of qualified investment showing location of new buildings or new improvements with vicinity map.	8 of 16	✓
8	Description of Qualified Property (Attachment)	8 of 16	✓
9	Map of qualified property showing location of new buildings or new improvements with vicinity map	8 of 16	✓
10	Description of Land (Attachment)	9 of 16	✓
11	A detailed map showing location of the land with vicinity map.	9 of 16	✓
12	A description of all existing (if any) improvements (Attachment)	9 of 16	✓
13	Request for Waiver of Job Creation Requirement (if applicable) (Attachment)	9 of 16	✓
14	Calculation of three possible wage requirements with TWC documentation. (Attachment)	10 of 16	✓
15	Description of Benefits	10 of 16	✓
16	Economic Impact (if applicable)	10 of 16	✓
17	Schedule A completed and signed	13 of 16	✓
18	Schedule B completed and signed	14 of 16	✓
19	Schedule C (Application) completed and signed	15 of 16	✓
20	Schedule D completed and signed	16 of 16	✓
21	Map of Reinvestment Zone (Attachment) (Showing the actual or proposed boundaries and size, Certified to be accurate by either the government entity creating the zone, the local appraisal district, or a licensed surveyor, with vicinity map)*	9 of 16	will supplement
22	Order, Resolution, or Ordinance Establishing the Zone (Attachment)*	9 of 16	will supplement
23	Legal Description of Reinvestment Zone (Attachment)*	9 of 16	will supplement
24	Guidelines and Criteria for Reinvestment Zone(Attachment)*	9 of 16	will supplement

\* To be submitted with application or before date of final application approval by school board.

**ATTACHMENT 1**

See executed application attached.

**ATTACHMENT 2**

Proof of Payment of Application Fee

Please find on the attached page, copy of the check for the \$65,000 application fee to Lorenzo Independent School District.

Proof of payment of filing fee received by the  
Comptroller of Public Accounts per TAC Rule  
§9.1054 (b)(5)

*(Page Inserted by Office of Texas Comptroller of Public  
Accounts)*

**ATTACHMENT 3**

Combined Group membership documentation

Not Applicable

## **ATTACHMENT 4**

### Detailed Description of the Project

***Provide a detailed description of the scope of the proposed project, including, at 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. (Use attachments as necessary)***

Fiber Winds Energy, LLC is requesting an appraised value limitation from Lorenzo ISD for a proposed renewable energy project using wind turbines (wind farm) in Crosby County. The wind farm will be constructed within a Reinvestment Zone established by Crosby County, Texas. A map showing the location of the wind farm is included as Attachment 7.

The wind farm will have a capacity of up to 80 megawatts. The Project plans to install 27-50 wind turbines in Lorenzo ISD that will have a rated capacity of 1.7-3.0 megawatts each depending on the final turbine model selected. In addition to the wind turbines, roads will be constructed as necessary and transmission lines and substation will be installed to permit the interconnection and transmission of electricity generated by the wind turbines.

Construction of the wind farm is proposed to begin in the third quarter of 2014 and may take up to nine months to complete, with the project achieving commercial operations projected in the second quarter of 2015.

***Describe the ability of our company to locate or relocate in another state or another region of the state.***

Wind farms are operating and under development in many states throughout the country. The Applicant can locate the Project anywhere in the United States with sufficient prevailing wind conditions conducive to power generation. However, Fiber Winds Energy, LLC was formed for the purpose of developing a wind farm in Crosby County. A 313 appraised value limitation agreement is a key tax incentive agreement necessity to ensuring the Project's success.

## ATTACHMENT 4A

***Describe the ability of your company to locate or relocate in another state or another region of the state.***

Fiber Winds Energy, LLC is a Delaware limited liability company that is registered to do business in Texas formed by Tri Global Energy to develop, build, own and operate the Fiber Winds Energy Project. Tri Global is the Project “sponsor”, i.e. the entity responsible for the development, financing, construction and operation of the Project.

The collective accomplishments of Tri Global Energy, LLC’s (“Tri Global”), the exclusive developer of Fiber Winds, include leadership roles in the development, construction, and operations of approximately 4,100 MWs, or approximately 8%, of the U.S.’ installed wind energy capacity and over 3,500 MWs of fossil generation, as well as securing over \$3 billion in corporate and project finance. Tri Global’s President, Tom Carbone, is the former North American president of Vestas, a world leading turbine manufacturer. Tri Global’s management team has a combined 4,100 MW of prior wind turbine purchases and is uniquely qualified to develop and construct wind projects throughout the United States.

As such, the development resources necessary to advance the subject 80 MW Fiber Winds Energy Farm could be redeployed to other renewable energy development projects in other power markets in the United States. Tri Global chose Texas, and in particular Crosby County, for its favorable wind resource, access to the SPP market, and favorable property tax incentives under the Tax Code Chapter 312 tax abatement and Chapter 313 Appraised Value Limitation. Tri Global prefers to develop and build the proposed Fiber Winds Energy, LLC as per this application, but since this Project is still in the early stages of development, further investment could be, if necessary, redeployed to other counties and states competing for similar wind projects.

**ATTACHMENT 5**

***List of districts and percentages where the project is located.***

The project is located solely in Lorenzo ISD and in no other districts.

Lorenzo ISD	<b>100%</b>
-------------	-------------

## ATTACHMENT 6

### Description of Qualified Investment

- 1) 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**
- 2) A description of any new building, proposed improvement or personal property which you intend to include as part of your minimum qualified investment and**
- 3) A map of the qualified investment showing location of new buildings or new improvements with vicinity map (Please see Attachment 7)**

Fiber Winds Energy, LLC plans to construct an 80 MW wind farm in Crosby County, located in Lorenzo ISD. The Project plans to install 27-50 wind turbines in Lorenzo ISD that will have a rated capacity of 1.7-3.0 megawatts each depending on the final turbine model selected. The site layout has not been finalized, so the locations of the turbines and associated infrastructure is subject to change. Should Fiber Winds Energy Farm elect to install additional turbines, use larger nameplate capacity turbines, or greater off take demand develop in the marketplace, the Project's potential operation capacity could increase. The black line around the Project indicates the footprint boundary of the Project. Fiber Winds Energy Farm intends to connect at a new point of interconnection to an existing 115kV line within the Project, as indicated on the map.

This application covers all qualified property necessary for the commercial operations of the wind farm.

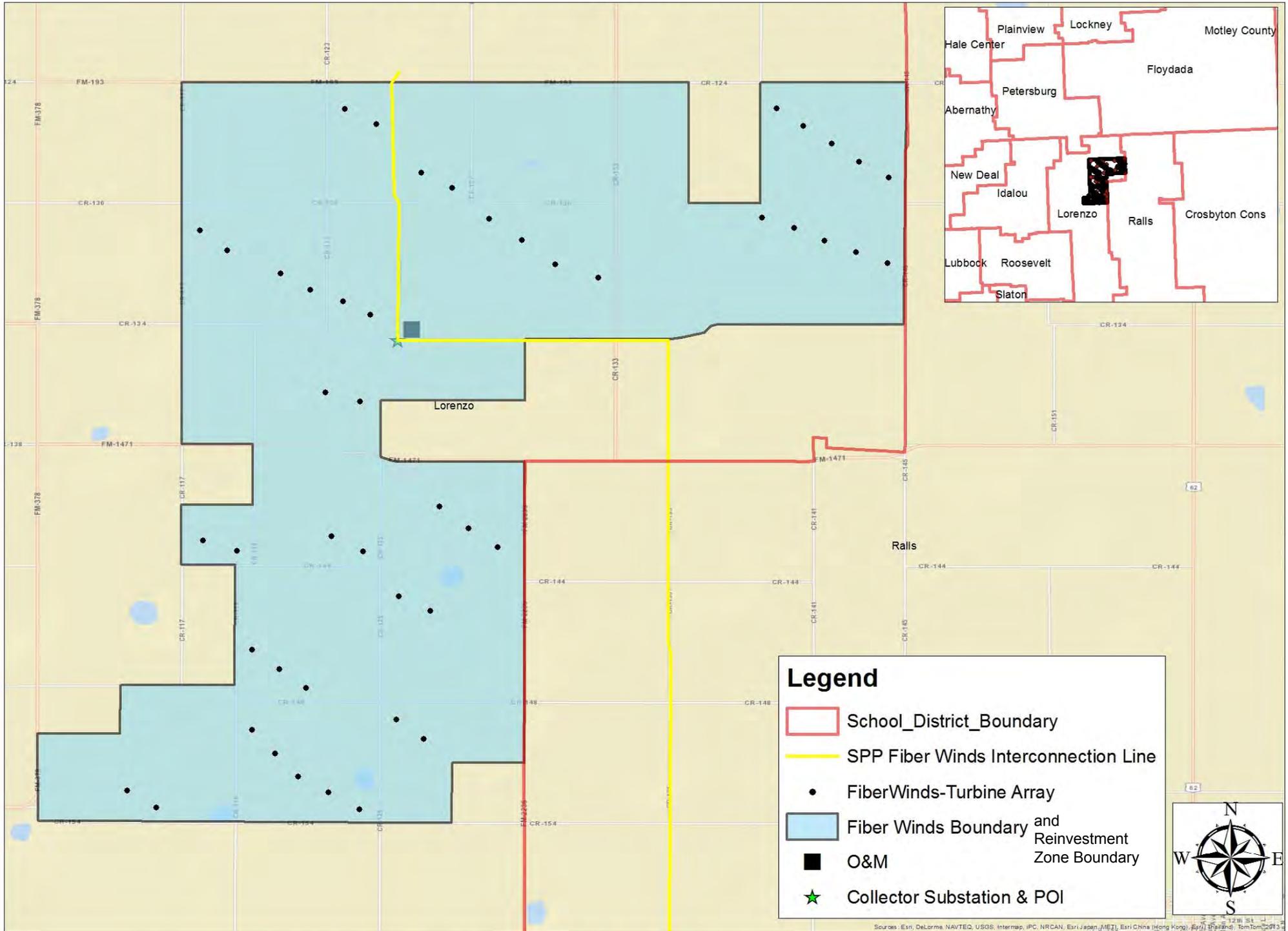
Qualified Investment and Qualified Property includes, but is not limited to, turbines, towers, foundations, underground collection systems, SPP interconnection and electrical substation(s) or any reactive power facilities, transmission lines, electrical interconnections, met towers, roads, operations and maintenance buildings, spare parts, and control systems necessary for commercial generation of electricity.

The map in Attachment 7 shows the proposed project area with the proposed improvement locations. The exact placement of turbines is subject to ongoing planning, wind studies, engineering, and discussions with landowners and turbine manufacturers. The final number and location of turbines and supporting structures will be determined before construction begins.

**ATTACHMENT 7**

*Map of Qualified Investment showing location of improvements with vicinity map.*

**See Confidential Map**



Note: locations of turbines and infrastructure may change but all will remain within Lorenzo ISD and within Fiber Winds Project Boundary as shown on the map.

## **ATTACHMENT 8**

### Description of Qualified Property

- 1) 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**
- 2) A description of any new building, proposed improvement or personal property which you intend to include as part of your minimum qualified investment and**
- 3) A map of the qualified investment showing location of new buildings or new improvements with vicinity map (Please see Attachment 9)**

Fiber Winds Energy, LLC plans to construct an 80 MW wind farm in Crosby County, located in Lorenzo ISD. The Project plans to install 27-50 wind turbines in Lorenzo ISD that will have a rated capacity of 1.7-3.0 megawatts each depending on the final turbine model selected. The site layout has not been finalized, so the locations of the turbines and associated infrastructure is subject to change. Should Fiber Winds Energy Farm elect to install additional turbines, use larger nameplate capacity turbines, or greater off take demand develop in the marketplace, the Project's potential operation capacity could increase. The black line around the Project indicates the footprint boundary of the Project. Fiber Winds Energy Farm intends to connect at a new point of interconnection to an existing 115kV line within the Project, as indicated on the map.

This application covers all qualified property necessary for the commercial operations of the wind farm.

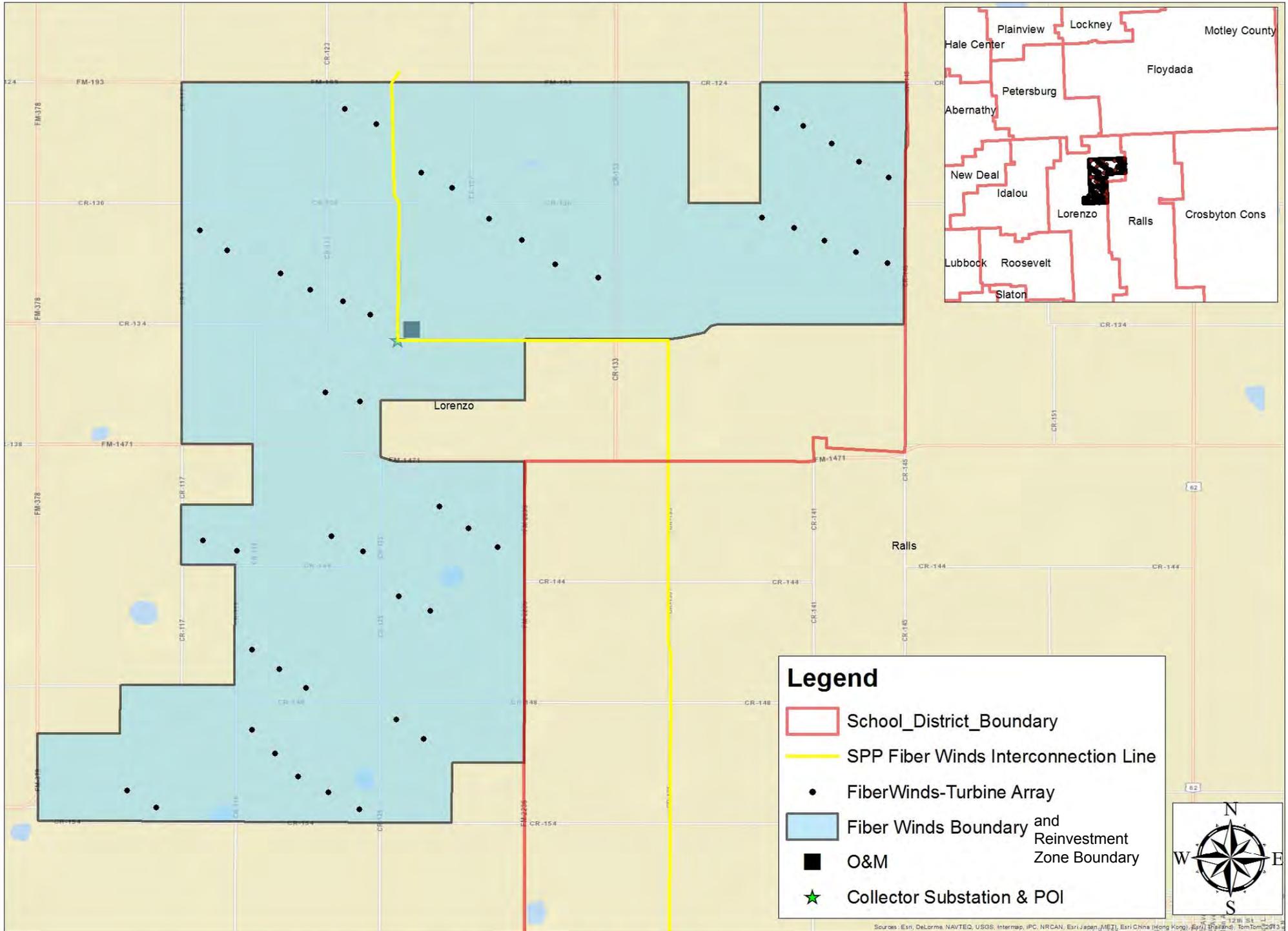
Qualified Investment and Qualified Property includes, but is not limited to, turbines, towers, foundations, underground collection systems, SPP interconnection and electrical substation(s) or any reactive power facilities, transmission lines, electrical interconnections, met towers, roads, operations and maintenance buildings, spare parts, and control systems necessary for commercial generation of electricity.

The map in Attachment 9 shows the proposed project area with the proposed improvement locations. The exact placement of turbines is subject to ongoing planning, wind studies, engineering, and discussions with landowners and turbine manufacturers. The final number and location of turbines and supporting structures will be determined before construction begins.

**ATTACHMENT 9**

*Map of Qualified Property showing location of improvements with vicinity map.*

**See Confidential Map**



Note: locations of turbines and infrastructure may change but all will remain within Lorenzo ISD and within Fiber Winds Project Boundary as shown on the map.

**ATTACHMENT 10**  
Legal Description of Land

The Fiber Winds Energy Farm is located on approximately 10,000 acres of leased land in the northeastern area of Lorenzo ISD. The full leased area metes and bounds description will be included in the forthcoming Reinvestment Zone to be filed with Crosby County.

Amendment No. 002

Attachment 10

Fiber Winds Energy

Legal Description

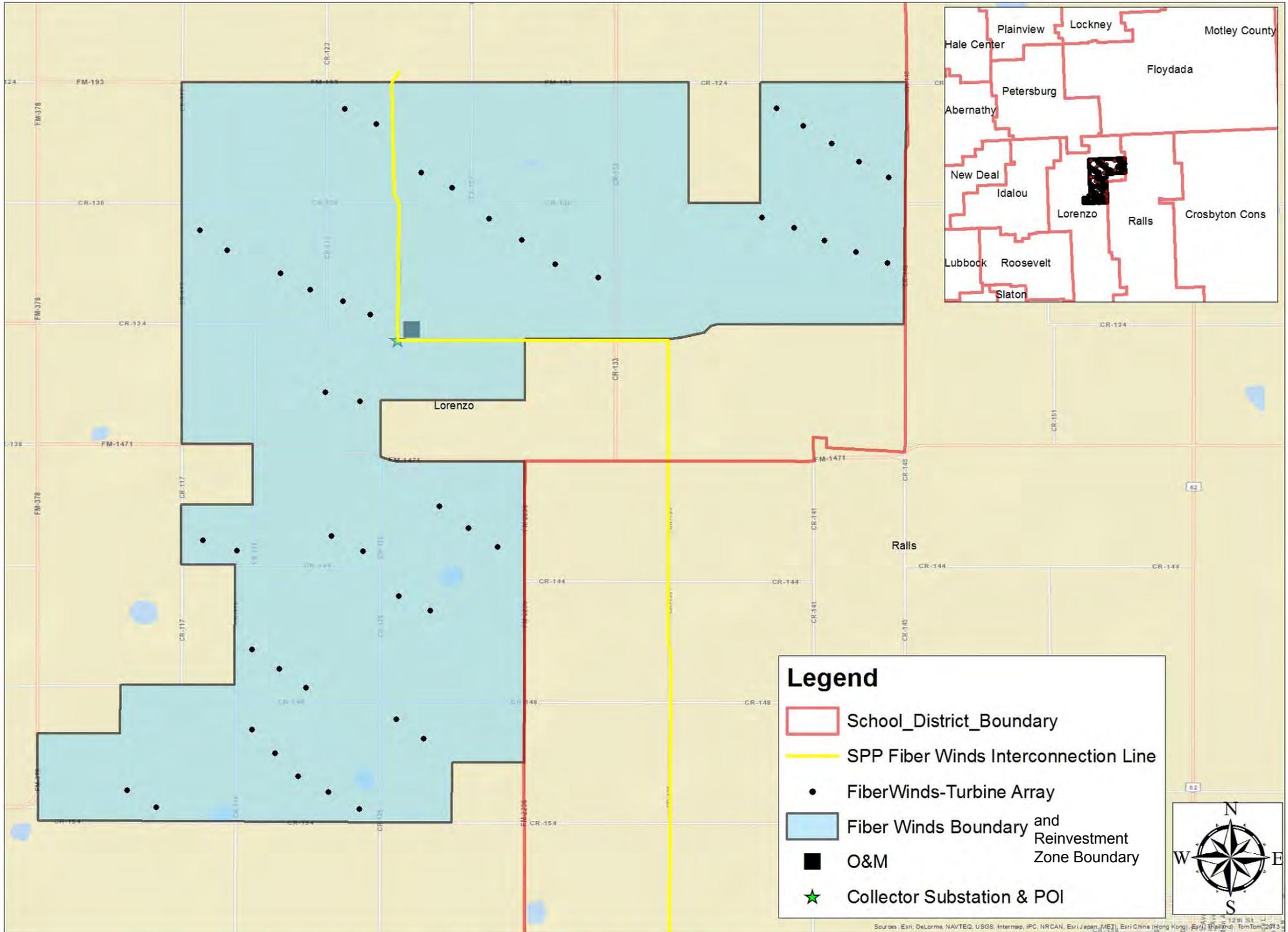
**FIBER WINDS**

DESCRIPTION OF A 10,855 ACRE TRACT (MORE OR LESS) OF LAND LOCATED IN CROSBY COUNTY, TEXAS, SAID 10,855 ACRE TRACT BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: 471 ACRES MORE OR LESS OUT OF SECTION 14, E.L. & R.R. RAILROAD COMPANY SURVEY, ABSTRACT 1102; 156 ACRES MORE OR LESS OUT OF SECTION 14, E.L. & R.R. RAILROAD COMPANY SURVEY, ABSTRACT 963; 425 ACRES MORE OR LESS OUT OF SECTION 11, E.L. & R.R. RAILROAD COMPANY SURVEY, ABSTRACT 246; THE NORTH ONE-HALF OF THE NORTHEAST ONE-QUARTER AND SOUTHWEST ONE-QUARTER OF THE SOUTHEAST ONE-QUARTER OF SECTION 8, E.L. & R.R. RAILROAD COMPANY SURVEY, ABSTRACT 1112; THE WEST ONE-HALF OF SECTION 5, E.L. & R.R. RAILROAD COMPANY SURVEY, ABSTRACT 340; ALL OF SECTION 2, E.L. & R.R. RAILROAD COMPANY SURVEY, ABSTRACT 964; THE EAST ONE-HALF AND NORTHEAST ONE-QUARTER OF SECTION 15, E.L. & R.R. RAILROAD SURVEY, ABSTRACT 249; ALL OF SECTION 9, E.L. & R.R. RAILROAD COMPANY SURVEY, ABSTRACT 245; THE NORTH ONE-HALF OF SECTION 4, E.L. & R.R. RAILROAD COMPANY SURVEY, ABSTRACT 1040; THE SOUTHWEST ONE-QUARTER OF SECTION 3, E.L. & R.R. RAILROAD COMPANY SURVEY, ABSTRACT 252; THE WEST 51.98 ACRES MORE OR LESS OUT OF THE B.M. WOODY SURVEY, ABSTRACT 1235; ALL OF SECTION 16, E.L. & R.R. RAILROAD COMPANY SURVEY, ABSTRACT 644; ALL OF SECTION 16, E.L. & R.R. RAILROAD COMPANY SURVEY, ABSTRACT 173; ALL OF SECTION 1, J.C. MURPHY SURVEY, ABSTRACT 657; 159.5 ACRES MORE OR LESS OUT OF THE W. COONS SURVEY, ABSTRACT 785; 47 ACRES MORE OR LESS OUT OF THE NORTHWEST QUARTER OF SECTION 888, A.B. & M. SURVEY, ABSTRACT 1089; THE EAST HALF AND THE SOUTHWEST QUARTER OF SECTION 17, E.L. & R.R. RAILROAD COMPANY SURVEY, ABSTRACT 341; ALL OF THE R.G. COOK SURVEY, ABSTRACT 784, LESS AND EXCEPT 1 ACRE MORE OR LESS OUT OF THE NORTHEAST QUARTER, ALL OF THE M. PHILLIPS SURVEY, ABSTRACT 1222; ALL OF SECTION 18, E. L. & R.R. RAILROAD COMPANY SURVEY, ABSTRACT 1188; ALL OF SECTION 887, A.B. & M. SURVEY, ABSTRACT 200; ALL OF SECTION 893, A.B. & M. SURVEY, ABSTRACT 197; ALL OF SECTION 894, A.B. & M. SURVEY, ABSTRACT 1071; THE EAST HALF OF SECTION 18, E.L. R.R. RAILROAD COMPANY SURVEY, ABSTRACT 1146; ALL OF SECTION 1, W.T. RAILROAD COMPANY SURVEY, ABSTRACT 419, LESS AND EXCEPT 3 ACRES; ALL OF SECTION 908, E.L. & R.R. RAILROAD COMPANY SURVEY, ABSTRACT 1073, LESS AND EXCEPT 3.2 ACRES OUT OF THE SOUTHWEST QUARTER; 120 ACRES MORE OR LESS OUT OF THE NORTHEAST ONE-QUARTER AND THE WEST ONE-HALF OF SECTION 910, E.L. & R.R. RAILROAD COMPANY SURVEY, ABSTRACT 1072. IN ALL CONTAINING 10,855 ACRES OF LAND (MORE OR LESS).

**ATTACHMENT 11**

*A Detailed Map showing location of the land and separate vicinity map.*

**See Confidential Map**



Note: locations of turbines and infrastructure may change but all will remain within Lorenzo ISD and within Fiber Winds Project Boundary as shown on the map.

**ATTACHMENT 12**

*Description of all existing (if any) improvements.*

There are no existing wind farm related improvements at this site.

**ATTACHMENT 13**

Request of Waiver of Job Creation Requirement

November 18, 2013

Mr. Jarrod Pickering  
Lorenzo Independent School District  
3<sup>rd</sup> and Polk, P.O. Box 520  
Lorenzo, TX 79343

**Re: Chapter 313 Job Waiver Request for Fiber Winds Energy, LLC**

Dear Mr. Pickering,

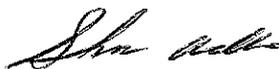
Fiber Winds Energy, LLC, requests that the Lorenzo Independent School District's Board of Trustees waive the job requirement provision as allowed by Section 313.025(f-1) of the tax code. This waiver would be based on the school district's board findings that the jobs creation requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility of the property owner that is described in the application.

Fiber Winds Energy, LLC, requests that the Lorenzo Independent School District makes such a finding and waive the job creation requirement for 10 permanent jobs. In line with industry standards for job requirements, Fiber Winds Energy, LLC, has committed to create 3 total jobs for the project, all of which will be in Lorenzo ISD.

Wind projects create a large number of full and part-time, but temporary jobs during the construction phase of the project, but require a relatively small number of highly skilled technicians to operate and maintain the project after commercial operation commences.

The industry standard for employment is typically one full-time employee for approximately every 15 turbines. This number may vary depending on the operations and maintenance requirements of the turbines selected as well as the support and technical assistance offered by the turbine manufacturer. The permanent employees of a wind project maintain and service wind turbines, underground electrical connections, substations and other infrastructure associated with the safe and reliable operation of the project. In addition to the onsite employees, there may be managers or technicians who support the project from offsite locations.

Sincerely,



Shannon Adkins, President

## **ATTACHMENT 14**

### ***Calculation of three possible wage requirements with TWC documentation***

- Crosby County average weekly wage for all jobs (all industries)
- Crosby County average weekly wage for all jobs (manufacturing)
- See attached Council of Governments Regional Wage Calculation and Documentation, with reference to the South Plains Association of Governments data

**Fiber Winds Energy, LLC Employment and Wage Calculations**

Year	Quarter	Area	Ownership	Industry	Avg Weekly Wage
2013	1st	Crosby	Private	All	\$656
2013	2nd	Crosby	Private	All	\$610
2012	3rd	Crosby	Private	All	\$567
2012	4th	Crosby	Private	All	\$648
Mean Average					\$620.25
					110%
<b>110% County Average Weekly Wage for All Jobs</b>					<b>\$682.28</b>

Year	Quarter	Area	Ownership	Industry	Avg Weekly Wage
2012	1st	Crosby	Private	Manufacturing	\$478
2012	2nd	Crosby	Private	Manufacturing	\$560
2012	3rd	Crosby	Private	Manufacturing	\$822
2012	4th	Crosby	Private	Manufacturing	\$530
Mean Average					\$597.50
					110%
<b>110% County Average Weekly Wage for Manufacturing Jobs</b>					<b>\$657.25</b>
(Note: 2013 Crosby County Manufacturing Data Not Available)					

Year	Quarter	Area	Ownership	Industry	Avg Weekly Wage
2013	1st	South Plains WDA	Private	Manufacturing	\$796
2013	2nd	South Plains WDA	Private	Manufacturing	\$796
2012	3rd	South Plains WDA	Private	Manufacturing	\$754
2012	4th	South Plains WDA	Private	Manufacturing	\$810
Mean Average					\$789.00
					110%
<b>110% County Average Weekly Wage for Manufacturing Jobs</b>					<b>\$867.90</b>

<b>South Plains Association of Governments Annual Wage (as of July 2013)</b>	\$33,662
	110%
	<b>\$37,028.2</b>

Source: Texas Workforce Commission TRACER database

# Quarterly Employment and Wages (QCEW)

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Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2012	3rd Qtr	Crosby County	Total All	00	0	10	Total, All Industries	\$567
2012	4th Qtr	Crosby County	Total All	00	0	10	Total, All Industries	\$648

# Quarterly Employment and Wages (QCEW)

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Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2013	1st Qtr	Crosby County	Total All	00	0	10	Total, All Industries	\$656
2013	2nd Qtr	Crosby County	Total All	00	0	10	Total, All Industries	\$610

# Quarterly Employment and Wages (QCEW)

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Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2012	1st Qtr	Crosby County	Total All	31	2	31-33	Manufacturing	\$478
2012	2nd Qtr	Crosby County	Total All	31	2	31-33	Manufacturing	\$560
2012	3rd Qtr	Crosby County	Total All	31	2	31-33	Manufacturing	\$822
2012	4th Qtr	Crosby County	Total All	31	2	31-33	Manufacturing	\$530

# Quarterly Employment and Wages (QCEW)

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Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2012	3rd Qtr	South Plains WDA	Total All	31	2	31-33	Manufacturing	\$754
2012	4th Qtr	South Plains WDA	Total All	31	2	31-33	Manufacturing	\$810

# Quarterly Employment and Wages (QCEW)

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Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2013	1st Qtr	South Plains WDA	Total All	31	2	31-33	Manufacturing	\$796
2013	2nd Qtr	South Plains WDA	Total All	31	2	31-33	Manufacturing	\$796

**2012 Manufacturing Wages by Council of Government Region  
Wages for All Occupations**

COG	Wages	
	Hourly	Annual
<b>Texas</b>	<b>\$23.56</b>	<b>\$48,996</b>
<u>1. Panhandle Regional Planning Commission</u>	\$20.12	\$41,850
<u>2. South Plains Association of Governments</u>	\$16.18	\$33,662
<u>3. NORTEX Regional Planning Commission</u>	\$17.83	\$37,076
<u>4. North Central Texas Council of Governments</u>	\$24.68	\$51,333
<u>5. Ark-Tex Council of Governments</u>	\$16.84	\$35,032
<u>6. East Texas Council of Governments</u>	\$19.61	\$40,797
<u>7. West Central Texas Council of Governments</u>	\$18.24	\$37,941
<u>8. Rio Grande Council of Governments</u>	\$16.17	\$33,631
<u>9. Permian Basin Regional Planning Commission</u>	\$21.93	\$45,624
<u>10. Concho Valley Council of Governments</u>	\$16.33	\$33,956
<u>11. Heart of Texas Council of Governments</u>	\$19.07	\$39,670
<u>12. Capital Area Council of Governments</u>	\$26.03	\$54,146
<u>13. Brazos Valley Council of Governments</u>	\$16.55	\$34,424
<u>14. Deep East Texas Council of Governments</u>	\$16.20	\$33,698
<u>15. South East Texas Regional Planning Commission</u>	\$29.38	\$61,118
<u>16. Houston-Galveston Area Council</u>	\$26.59	\$55,317
<u>17. Golden Crescent Regional Planning Commission</u>	\$21.03	\$43,742
<u>18. Alamo Area Council of Governments</u>	\$18.40	\$38,280
<u>19. South Texas Development Council</u>	\$13.54	\$28,170
<u>20. Coastal Bend Council of Governments</u>	\$22.97	\$47,786
<u>21. Lower Rio Grande Valley Development Council</u>	\$16.33	\$33,961
<u>22. Texoma Council of Governments</u>	\$22.57	\$46,949
<u>23. Central Texas Council of Governments</u>	\$17.16	\$35,689
<u>24. Middle Rio Grande Development Council</u>	\$18.93	\$39,380

Source: Texas Occupational Employment and Wages

Data published: July 2013

Data published annually, next update will be July 31, 2014

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.

## ATTACHMENT 15

### *Description of Benefits*

At least 80% of employees of the operator of the Fiber Winds Energy Farm will be employed in qualifying jobs pursuant to Texas Tax Code 31324(d). Qualifying jobs will meet the definition of Texas Tax Code Section 313051(b). Employees will be offered a group health benefit plan for which the operator of the Fiber Winds Energy Farm will pay at least 80% of the premiums or other charges assessed for employee-only coverage under the plan or be in compliance with the Affordable Care Act. In addition, each qualifying employee will receive area wide competitive 401(k) Retirement Saving Plans, vacation time, sick leave and skills training.

**ATTACHMENT 16**  
*Economic Impact Study.*

Pending, not attached.

**ATTACHMENT 17**  
See attached Schedule A

Schedule A (Rev. May 2010): Investment

Applicant Name Fiber Wnds Energy, LLC  
 ISD Name Lorenzo ISD

Form 50-296

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: Tangible Personal Property (The amount of new investment (original cost) placed in service during this year)	Column B: Building or permanent nonremovable component of building (annual amount only)	Column C: Sum of A and B Qualifying Investment (during the qualifying time period)	Column D: Other investment that is not qualified investment but investment affecting economic impact and total value	Column E: Total Investment (A+B+D)		
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	Investment made before filing complete application with district (neither qualified property nor eligible to become qualified investment)	2014-2015	2014	\$ -	\$ -	\$ -	\$ -	\$ -		
	Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property)			\$ -	\$ -	\$ -	\$ -	\$ -		
	Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period (qualified investment and eligible to become qualified property)			\$ 5,000,000	\$ -	\$ 5,000,000	\$ -	\$ 5,000,000		
Complete tax years of qualifying time period	1	2015-2016	2015	\$ 94,700,000	\$ 300,000	\$ 95,000,000	\$ -	\$ 95,000,000		
	2	2016-2017	2016	\$ -	\$ -	\$ -	\$ -	\$ -		
Tax Credit Period (with 50% cap on credit)	Value Limitation Period	3	2017-2018	2017	\$ -	\$ -	\$ -	\$ -	\$ -	
		4	2018-2019	2018	\$ -	\$ -	\$ -	\$ -	\$ -	
		5	2019-2020	2019	\$ -	\$ -	\$ -	\$ -	\$ -	
		6	2020-2021	2020	\$ -	\$ -	\$ -	\$ -	\$ -	
		7	2021-2022	2021	\$ -	\$ -	\$ -	\$ -	\$ -	
		8	2022-2023	2022	\$ -	\$ -	\$ -	\$ -	\$ -	
		9	2023-2024	2023	\$ -	\$ -	\$ -	\$ -	\$ -	
		10	2024-2025	2024	\$ -	\$ -	\$ -	\$ -	\$ -	
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2025-2026	2025	\$ -	\$ -	\$ -	\$ -	\$ -	
		12	2026-2027	2026	\$ -	\$ -	\$ -	\$ -	\$ -	
		13	2027-2028	2027	\$ -	\$ -	\$ -	\$ -	\$ -	
Post-Settle-Up Period		14	2028-2029	2028	\$ -	\$ -	\$ -	\$ -	\$ -	
Post-Settle-Up Period		15	2029-2030	2029	\$ -	\$ -	\$ -	\$ -	\$ -	

Qualifying Time Period usually begins with the final board approval of the application and extends generally for the following two complete tax years.

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

[For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property.]

Column B: Includes estimates of investment for "replacement" property-property that is part of original agreement but scheduled for probable replacement during limitation period.

The total dollar amount of planned investment each year in buildings or nonremovable component of buildings that the applicant considers qualified investment under Tax Code §313.021(1)(E).

For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonremovable components of buildings.

Column D: Dollar value of other investment that may not be qualified investment but that may affect economic impact and total value-for planning, construction and operation of the facility.

The most significant example for many projects would be land. Other examples may be items such as professional services, etc.

Note: Land can be listed as part of investment during the "pre-year 1" time period. It cannot be part of qualifying investment.

Notes: For advanced clean energy projects, nuclear projects, projects with deferred qualifying time periods, and projects with lengthy application review periods, insert additional rows as needed.

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

  
 SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

11-18-13  
 DATE

**ATTACHMENT 18**  
See attached Schedule B

## Schedule B (Rev. May 2010): Estimated Market And Taxable Value

Applicant Name Fiber Winds Energy, LLC

ISD Name Lorenzo ISD

Form 50-296

					Qualified Property			Reductions from Market Value	Estimated Taxable Value	
		Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	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 building or "in or on the new improvement"	Exempted Value	Final taxable value for I&S - after all reductions	Final taxable value for M&O--after all reductions
		pre- year 1	2014-2015	2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Complete tax years of qualifying time period	1	2015-2016	2015	\$ -	\$ -	\$ 2,500,000	\$ -	\$ 2,500,000	\$ 2,500,000
		2	2016-2017	2016	\$ -	\$ 300,000	\$ 79,548,000	\$ -	\$ 79,848,000	\$ 79,848,000
	Tax Credit Period (with 50% cap on credit)	3	2017-2018	2017	\$ -	\$ 285,000	\$ 75,570,600	\$ -	\$ 75,855,600	\$ 10,000,000
		4	2018-2019	2018	\$ -	\$ 270,750	\$ 71,792,070	\$ -	\$ 72,062,820	\$ 10,000,000
		5	2019-2020	2019	\$ -	\$ 257,213	\$ 68,202,467	\$ -	\$ 68,459,679	\$ 10,000,000
		6	2020-2021	2020	\$ -	\$ 244,352	\$ 64,792,343	\$ -	\$ 65,036,695	\$ 10,000,000
		7	2021-2022	2021	\$ -	\$ 232,134	\$ 61,552,726	\$ -	\$ 61,784,860	\$ 10,000,000
		8	2022-2023	2022	\$ -	\$ 220,528	\$ 58,475,090	\$ -	\$ 58,695,617	\$ 10,000,000
		9	2023-2024	2023	\$ -	\$ 209,501	\$ 55,551,335	\$ -	\$ 55,760,836	\$ 10,000,000
		10	2024-2025	2024	\$ -	\$ 199,026	\$ 52,773,768	\$ -	\$ 52,972,795	\$ 10,000,000
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2025-2026	2025	\$ -	\$ 189,075	\$ 50,135,080	\$ -	\$ 50,324,155	\$ 50,324,155
		12	2026-2027	2026	\$ -	\$ 179,621	\$ 47,628,326	\$ -	\$ 47,807,947	\$ 47,807,947
		13	2027-2028	2027	\$ -	\$ 170,640	\$ 45,246,910	\$ -	\$ 45,417,550	\$ 45,417,550
Post- Settle-Up Period		14	2028-2029	2028	\$ -	\$ 162,108	\$ 42,984,564	\$ -	\$ 43,146,672	\$ 43,146,672
Post- Settle-Up Period		15	2029-2030	2029	\$ -	\$ 154,003	\$ 40,835,336	\$ -	\$ 40,989,339	\$ 40,989,339

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

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



SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

11-18-13

DATE

**ATTACHMENT 19**  
See attached Schedule C

**Schedule C- Application: Employment Information**

**Applicant Name** Fiber Winds Energy, LLC  
**ISD Name** Lorenzo ISD

Form 50-296

		Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Construction		New 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 new jobs applicant commits to create (cumulative)	Column D: Average annual wage rate for all new jobs.	Column E: Number of qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Column F: Average annual wage of qualifying jobs
		pre- year 1	2014-2015	2014	5 FTE	\$ 45,250	0	\$ -	0	\$ -
	Complete tax years of qualifying time period	1	2015-2016	2015	65 FTE	\$ 45,250	0	\$ -	0	\$ -
		2	2016-2017	2016	0	N/A	3	\$ 45,250	3	\$ 45,250
	Tax Credit Period (with 50% cap on credit)	3	2017-2018	2017	0	N/A	3	\$ 45,250	3	\$ 45,250
		4	2018-2019	2018	0	N/A	3	\$ 45,250	3	\$ 45,250
		5	2019-2020	2019	0	N/A	3	\$ 45,250	3	\$ 45,250
		6	2020-2021	2020	0	N/A	3	\$ 45,250	3	\$ 45,250
		7	2021-2022	2021	0	N/A	3	\$ 45,250	3	\$ 45,250
		8	2022-2023	2022	0	N/A	3	\$ 45,250	3	\$ 45,250
		9	2023-2024	2023	0	N/A	3	\$ 45,250	3	\$ 45,250
		10	2024-2025	2024	0	N/A	3	\$ 45,250	3	\$ 45,250
	Credit Settle-Up Period	11	2025-2026	2025	0	N/A	3	\$ 45,250	3	\$ 45,250
		12	2026-2027	2026	0	N/A	3	\$ 45,250	3	\$ 45,250
		13	2027-2028	2027	0	N/A	3	\$ 45,250	3	\$ 45,250
	Post- Settle-Up Period	14	2028-2029	2028	0	N/A	3	\$ 45,250	3	\$ 45,250
	Post- Settle-Up Period	15	2029-2030	2029	0	N/A	3	\$ 45,250	3	\$ 45,250

Notes: For job definitions see TAC §9.1051(14) and Tax Code §313.021(3).

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

  
 \_\_\_\_\_  
 SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

11-18-13  
 \_\_\_\_\_  
 DATE

**ATTACHMENT 20**  
See attached Schedule D

Schedule D: (Rev. May 2010): Other Tax Information

Applicant Name

Fiber Winds Energy, LLC

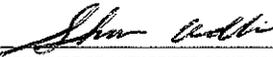
ISD Name

Lorenzo ISD

Form 50-296

					Sales Tax Information		Franchise Tax	Other Property Tax Abatements Sought			
					Sales Taxable Expenditures		Franchise Tax	County	City	Hospital	Water District
		Year	School Year (YYYY-YYYY)	Tax/Calendar Year YYYY	Column F: Estimate of total annual expenditures* subject to state sales tax	Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax	Column H: Estimate of Franchise tax due from (or attributable to) the applicant	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)			2014-2015	2014	\$ 312,500	\$ 2,187,500	\$ -	0%	N/A	0%	0%
Complete tax years of qualifying time period	1	2015-2016	2015	\$ 11,875,000	\$ 83,125,000	\$ 12,000.00	0%	N/A	0%	0%	
	2	2016-2017	2016	\$ -	\$ -	\$ 12,000.00	100%	N/A	0%	0%	
Tax Credit Period (with 50% cap on credit)	Value Limitation Period	3	2017-2018	2017	\$ -	\$ -	\$ 12,000.00	100%	N/A	0%	0%
		4	2018-2019	2018	\$ -	\$ -	\$ 12,000.00	100%	N/A	0%	0%
		5	2019-2020	2019	\$ -	\$ -	\$ 12,000.00	100%	N/A	0%	0%
		6	2020-2021	2020	\$ -	\$ -	\$ 12,000.00	100%	N/A	0%	0%
		7	2021-2022	2021	\$ -	\$ -	\$ 12,000.00	100%	N/A	0%	0%
		8	2022-2023	2022	\$ -	\$ -	\$ 12,000.00	100%	N/A	0%	0%
		9	2023-2024	2023	\$ -	\$ -	\$ 12,000.00	100%	N/A	0%	0%
		10	2024-2025	2024	\$ -	\$ -	\$ 12,000.00	100%	N/A	0%	0%
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2025-2026	2025	\$ 640,000	\$ 960,000	\$ 12,000.00	100%	N/A	0%	0%
		12	2026-2027	2026	\$ 652,800	\$ 979,200	\$ 12,000.00	0%	N/A	0%	0%
		13	2027-2028	2027	\$ 665,856	\$ 998,784	\$ 12,000.00	0%	N/A	0%	0%
Post- Settle-Up Period		14	2028-2029	2028	\$ 679,173	\$ 1,018,760	\$ 12,000.00	0%	N/A	0%	0%
Post- Settle-Up Period		15	2029-2030	2029	\$ 692,757	\$ 1,039,135	\$ 12,000.00	0%	N/A	0%	0%

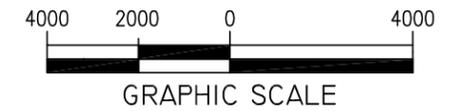
\*For planning, construction and operation of the facility.

  
SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

11-18-13  
DATE

**ATTACHMENT 21**

The Applicant will work with Crosby County Commissioners Court to create the proposed Reinvestment Zone by January 15, 2014. The Applicant will provide an updated map of the Reinvestment Zone at that time.



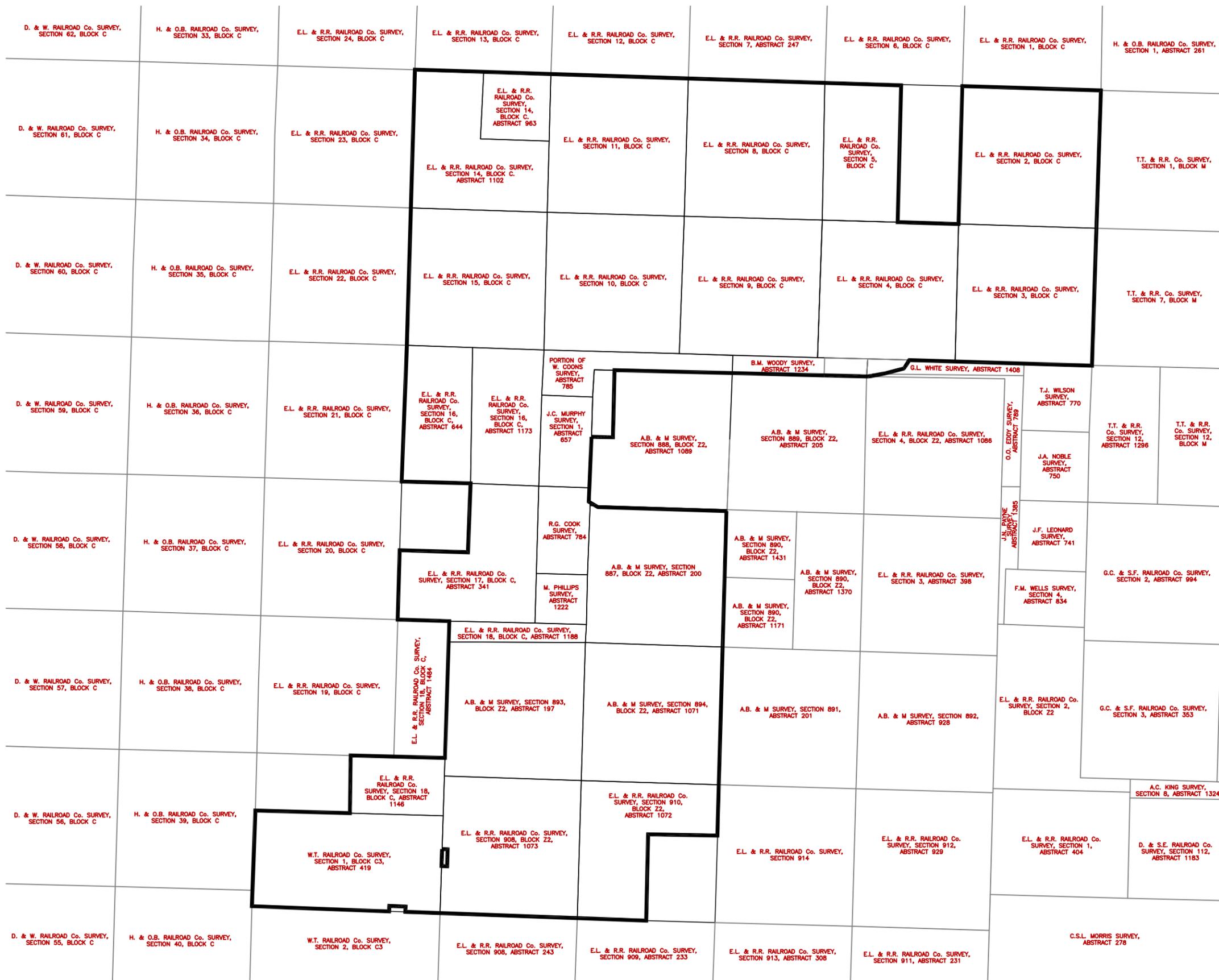
NOTE THIS DRAWING DOES NOT CONSTITUTE A BOUNDARY SURVEY AND SHOULD NOT BE USED FOR TRANSFER OF TITLE.

THIS MAP IS CONCEPTUAL IN NATURE.

THE DATA SHOWN WAS NOT FIELD VERIFIED.

LEGEND

— FIBER WINDS REINVESTMENT ZONE



PROJECT: TRI-GLOBAL ENERGY  
FIBER WINDS  
JOB NUMBER: 31084  
DATE: FEBRUARY 2014  
SCALE: 1"=4000'  
REVIEWER: D. PECK  
TECHNICIAN: D. ROGERS  
DRAWING: CCWF\_PHASE TWO  
FIELDNOTES: N/A  
PARTYCHIEF: N/A  
FIELDBOOKS: N/A



FIBER WINDS REINVESTMENT ZONE  
CROSBY COUNTY, TEXAS  
PROJECT AREA TOTAL ACRES: 11,763

SHEET 1  
OF 1

DWG. NO.: CCWF\_PHASE TWO

**ATTACHMENT 22**

The Applicant will work with Crosby County Commissioners Court to create the proposed Reinvestment Zone by January 15, 2014. The Applicant will provide the Order establishing the Zone at that time.

**RESOLUTION OF THE COMMISSIONERS COURT  
OF CROSBY COUNTY, TEXAS  
DESIGNATING REINVESTMENT ZONE NUMBER  
2-B**

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

*WHEREAS*, the Commissioners Court of Crosby 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 Guidelines and Criteria of the Commissioners Court of Crosby County for Granting a Tax Abatement, in a Reinvestment Zone Created in Crosby County, Texas (the "Guidelines"); and

*WHEREAS*, on November 28, 2011, a hearing before the Commissioners Court of Crosby County, Texas was held, at which hearing the Commissioners Court of Crosby County, Texas adopted the Crosby County Reinvestment Zone that was the area described in the metes and bounds description attached to those resolutions as Exhibit "A", which was incorporated therein by reference for all purposes; and

*WHEREAS*, on December 9, 2013, a hearing before the Commissioners Court of Crosby 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 Crosby 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 amended reinvestment zone; and

*WHEREAS*, on March 10, 2014, a hearing before the Commissioners Court of Crosby 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 Crosby 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 amended reinvestment zone; and

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

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

*BE IT RESOLVED BY THE COMMISSIONERS COURT OF CROSBY 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 Crosby 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 amendment of the Crosby County 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 amended reinvestment zone;

(b) That the amended boundaries of the Crosby County Reinvestment Zone should be the area described in Exhibit "A" attached hereto, which is incorporated herein by reference for all purposes;

(c) That amendment of the Crosby County Reinvestment Zone will result in benefits to Crosby County, Texas and to the new land included in the zone and that the improvements sought are feasible and practical; and

(d) The Crosby County 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 Crosby County, Texas, and that the entire tract of land is located entirely within an unincorporated area of Crosby County, Texas.

SECTION 3. That pursuant to the Property Redevelopment and Tax Abatement Act, as amended, and the Guidelines, Crosby County Commissioner's Court hereby amends Crosby County Reinvestment Zone Number 2-B; a reinvestment zone for commercial-industrial tax abatement encompassing only the area described by the amended metes and bounds in Exhibit "A", and such amended reinvestment zone is hereby designated and shall hereafter be referred to as Crosby County Reinvestment Zone Number 2-B.

SECTION 4. That Crosby County Reinvestment Zone Number 2-B shall take effect on the date upon which commercial operations of a wind farm project commence within Crosby County Reinvestment Zone Number 2-B 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 a sufficient notice of the date, hour, place and subject, of the meeting of the Crosby 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 amendment 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 10<sup>th</sup> day of March, 2014.

CROSBY COUNTY, TEXAS

By: David Wigley  
MARCH 10, 2014 County Judge  
DAVID WIGLEY

Date: MARCH 10, 2014

By: \_\_\_\_\_  
Commissioner, Precinct 1

By: Frank Mullins  
Commissioner, Precinct 2

By: Larry Wampler  
Commissioner, Precinct 3

By: Alan H...  
Commissioner, Precinct 4

Attest: Linda S. Jones  
Crosby County Clerk

Exhibit A

CROSBY COUNTY REINVESTMENT ZONE NUMBER 2-B

The description of Crosby County Reinvestment Zone Number 2-B is revised to include the following tracts of land:

DESCRIPTION OF 11,813 ACRES (MORE OR LESS) OF LAND LOCATED IN CROSBY COUNTY, TEXAS, SAID LAND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THE FOLLOWING LANDS IN E.L. & R.R. RAILROAD COMPANY SURVEY, BLOCK "C":

ALL OF SECTIONS 2, 3, 4, 8, 9, 10, 11, 14, 15, AND 16;

THE WEST ONE-HALF OF SECTION 5, BEING ALL OF ABSTRACT 340;

THE EAST HALF AND THE SOUTHWEST QUARTER OF SECTION 17, BEING ALL OF ABSTRACT 341;

THE EAST ONE-HALF OF THAT CERTAIN SECTION 18, BEING ALL OF ABSTRACT 1146; AND

THAT CERTAIN SECTION 18, BEING ALL OF ABSTRACT 1188;

THE FOLLOWING LANDS IN E.L. & R.R. RAILROAD COMPANY SURVEY, BLOCK "Z2":

ALL OF SECTION 908; AND

THE WEST ONE-HALF AND 120 ACRES, MORE OR LESS, OUT OF THE NORTHEAST ONE-QUARTER OF SECTION 910, BEING ALL OF ABSTRACT 1072;

THE FOLLOWING LANDS IN A.B. & M. SURVEY, BLOCK "Z2":

ALL OF SECTIONS 887, 893, AND 894;

THAT PORTION OF SECTION 888, ABSTRACT 1089, LYING WEST OF COUNTY ROAD 125, BEING APPROXIMATELY 50 ACRES;

ALL OF THE M. PHILLIPS SURVEY, ABSTRACT 1222;

ALL OF THE J.C. MURPHY SURVEY, SECTION 1, ABSTRACT 657;

ALL OF THE W. COONS SURVEY, ABSTRACT 785;

ALL OF THE B.M. WOODY SURVEY, ABSTRACT 1235;

THE R.G. COOK SURVEY, ABSTRACT 784, LESS AND EXCEPT 1 ACRE MORE OR LESS OUT OF THE NORTHEAST QUARTER;

ALL THAT PORTION OF THE G.L. WHITE SURVEY, ABSTRACT 1408, BEING NORTH OF COUNTY ROAD 134;

THE W.T. RAILROAD COMPANY SURVEY, SECTION 1, ABSTRACT 1408, AND EXCEPT 3 ACRES;

IN ALL CONTAINING 11,813 ACRES OF LAND (MORE OR LESS).

FILED  
2018 MAR 01 AM 9:26  
LINDA S. JONES  
COUNTY CLERK  
CROSBY CO. TX  
DEPUTY

## **ATTACHMENT 23**

The Applicant has not yet established a Reinvestment Zone that will encompass the facility. The Applicant intends to obtain this Reinvestment Zone in the near term and will provide the full legal description of this Reinvestment Zone at that time.

Exhibit A

CROSBY COUNTY REINVESTMENT ZONE NUMBER 2-B

The description of Crosby County Reinvestment Zone Number 2-B is revised to include the following tracts of land:

DESCRIPTION OF 11,813 ACRES (MORE OR LESS) OF LAND LOCATED IN CROSBY COUNTY, TEXAS, SAID LAND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THE FOLLOWING LANDS IN E.L. & R.R. RAILROAD COMPANY SURVEY, BLOCK "C":

ALL OF SECTIONS 2, 3, 4, 8, 9, 10, 11, 14, 15, AND 16;

THE WEST ONE-HALF OF SECTION 5, BEING ALL OF ABSTRACT 340;

THE EAST HALF AND THE SOUTHWEST QUARTER OF SECTION 17, BEING ALL OF ABSTRACT 341;

THE EAST ONE-HALF OF THAT CERTAIN SECTION 18, BEING ALL OF ABSTRACT 1146; AND

THAT CERTAIN SECTION 18, BEING ALL OF ABSTRACT 1188;

THE FOLLOWING LANDS IN E.L. & R.R. RAILROAD COMPANY SURVEY, BLOCK "Z2":

ALL OF SECTION 908; AND

THE WEST ONE-HALF AND 120 ACRES, MORE OR LESS, OUT OF THE NORTHEAST ONE-QUARTER OF SECTION 910, BEING ALL OF ABSTRACT 1072;

THE FOLLOWING LANDS IN A.B. & M. SURVEY, BLOCK "Z2":

ALL OF SECTIONS 887, 893, AND 894;

THAT PORTION OF SECTION 888, ABSTRACT 1089, LYING WEST OF COUNTY ROAD 125, BEING APPROXIMATELY 50 ACRES;

ALL OF THE M. PHILLIPS SURVEY, ABSTRACT 1222;

ALL OF THE J.C. MURPHY SURVEY, SECTION 1, ABSTRACT 657;

ALL OF THE W. COONS SURVEY, ABSTRACT 785;

ALL OF THE B.M. WOODY SURVEY, ABSTRACT 1235;

THE R.G. COOK SURVEY, ABSTRACT 784, LESS AND EXCEPT 1 ACRE MORE OR LESS OUT OF THE NORTHEAST QUARTER;

ALL THAT PORTION OF THE G.L. WHITE SURVEY, ABSTRACT 1408, BEING NORTH OF COUNTY ROAD 134;

THE W.T. RAILROAD COMPANY SURVEY, SECTION 1, ABSTRACT 1408, AND EXCEPT 3 ACRES;

IN ALL CONTAINING 11,813 ACRES OF LAND (MORE OR LESS).

FILED  
2018 MAR 08 AM 9:26  
LINDA S. JONES  
COUNTY CLERK  
CROSBY CO. TX  
DEPUTY

**ATTACHMENT 24**

The Applicant has not yet established a Reinvestment Zone that will encompass the facility. The Applicant intends to obtain this Reinvestment Zone in the near term and will provide the Guidelines and Criteria of this Reinvestment Zone at that time.

234 816

**TAX ABATEMENT CRITERIA AND GUIDELINES FOR  
CROSBY COUNTY, TEXAS**  
Effective as of the 12<sup>th</sup> day of October, 2010

**SECTION I. General Purpose:**

Crosby County (the "County") is committed to the promotion of high quality economic development in the area and to an ongoing improvement in the quality of life for the citizens residing within the County. The County recognizes that these objectives are generally served by enhancement and expansion of the local economy. The County will, on a case by case basis, give consideration to providing tax abatement, as authorized by V.T.C.A., Tax Code, Chapter 312, as stimulation for economic development within the County. It is the policy of the County that said consideration will be provided in accordance with the guidelines and criteria herein set forth and in conformity with the Tax Code.

Nothing contained herein shall imply, suggest or be understood to mean that the County is under any obligation to provide tax abatement to any Applicant (as defined below) and attention is called to V.T.C.A., Tax Code, Section 312.002(d). With the above rights reserved all applications for tax abatement will be considered on a case by case basis.

**SECTION II. Definitions:**

Capitalized words or phrases used within these guidelines and criteria shall have the meanings set forth in Exhibit A.

**SECTION III. Intent of Criteria and Guidelines:**

The intent of these criteria and guidelines, as herein set forth, is to establish the minimum standards which an Applicant must meet in order for the County to consider tax abatement.

**SECTION IV. Criteria and Guidelines for Tax Abatement:**

A Facility will be eligible for tax abatement consideration provided such Facility meets the following guidelines and criteria:

1. To qualify for tax abatement, the Owner or Applicant must meet both of the following criteria:
  - a) the Project entails the Modernization/Renovation of Existing Facilities, Expansion of Existing Facilities or construction of a New Facility; and
  - b) the Project entails the production, manufacturing, or distribution of goods and services of which fifty percent (50%) or more are distributed outside of the County.
2. In addition to the aforementioned, the County will consider abatement only if the Owner or Applicant meets one of the following criteria:

- a) the Project consists of at least one of the following target industries:
    - i. Advanced Technologies and Manufacturing;
    - ii. Value-added Agricultural Production including Food Processing and Machinery;
    - iii. Research and Development;
    - iv. Medical Services;
    - v. Manufacturing;
    - vi. Warehouse/Distribution;
    - vii. Corporate Headquarters of a Regional/National Service Center;
    - viii. Information and Data Centers; or
    - ix. Wind-Energy Production;
  
  - b) the Project is not included as a target industry, but has the potential of generating additional significant economic development opportunities for the County.
3. The Applicant must also meet one of the following criteria:
- a) the Project will add at least (i) \$500,000 in Improvements to Real Property, (ii) \$1 million in new personal property, or (iii) five (5) New Permanent Jobs if the Applicant is new to the County; or
  - b) the Project will add at least (i) \$200,000 in Improvements to Real Property, (ii) \$500,000 in new personal property, or (iii) three (3) New Permanent Jobs if the facility is an Existing Facility.
4. New or Existing Facilities located in a County Reinvestment Zone or upon Real Property eligible for such status may be eligible for consideration for tax abatement status provided that all other criteria and guidelines are satisfied.
5. Improvements to Real Property must be eligible for tax abatement status.
6. The following items shall be ineligible for tax abatement status and shall be fully taxed:
- a) real property;
  - b) inventories or supplies;
  - c) tools;
  - d) furnishings and other forms of movable personal property;
  - e) vehicles;
  - f) aircraft;
  - g) housing;
  - h) boats;
  - i) hotel accommodations;
  - j) motel accommodations;

- k) retail businesses; and
  - l) property owned by the State of Texas or any State agency.
7. In order for a Facility to qualify for abatement, the following conditions must apply:
- a) the Owner or leaseholder of Real Property must make eligible Improvements to Real Property; and
  - b) in the case of lessees, the leaseholder must have a lease commitment of at least five (5) years.
8. In County Reinvestment Zones, the amount and term of abatement shall be determined on a case by case basis, but in no event shall taxes be abated for a term in excess of ten (10) years. The amount of the taxable value of Improvements to be abated and the term of the abatement shall be determined by the County, except that a County Reinvestment Zone that is a state enterprise zone is designated for the same period as a state enterprise zone as provided by Chapter 2303, Government Code.
- In enterprise zones, the governing body of each taxing jurisdiction may execute a written agreement with the Applicant or Owner of the property. The agreement may, but is not required to, contain terms that are identical to those contained in the Abatement Agreement with the County, and the only terms for the agreement that may vary are the those dealing with the portion of the property that is to be exempt from taxation under the agreement and the duration of the agreement.
9. No Property shall be eligible for tax abatement under these criteria and guidelines unless such property is located in a County Reinvestment Zone in accordance with V.T.C.A., Tax Code, Section 312.401 and the tax abatement application is filed with the County before construction begins.
10. Notwithstanding any of the requirements set forth in Section IV Subsection 3, the governing body of the County, upon the affirmative vote of three-fourths (3/4) of its members, may vary any of the above requirements when the Applicant demonstrates that variation is in the best interest of the County or to do so and will significantly enhance the economic development of the County. By way of example only and not by limitation, the governing body of the County may consider the following or similar terms in determining whether a variance shall be granted:
- a) that the increase in productivity of the Facility will be substantial and hence directly benefit the economy;
  - b) that the increase of goods or services produced by the Facility will be substantial and directly benefit the economy;

- c) that the employment maintained at the Facility will be increased;
  - d) that the waiver will contribute and provide for the retention of existing jobs within the County; and/or
  - e) any other evidence showing a direct economic benefit to the County.
11. Taxability
- a) Tax abatement shall be granted in accordance with the terms and provisions of an Abatement Agreement executed between the County and the Applicant or Owner of Real Property and/or Tangible Personal Property, which Abatement Agreement shall be in accord with the provisions of V.T.C.A., Tax Code, Section 312.402.
  - b) All ineligible property, if otherwise taxable, shall be fully taxed.
12. The governing body of the County shall have total discretion as to whether tax abatement is to be granted. Such discretion, as herein retained, shall be exercised on a case by case basis. The adoption of these guidelines and criteria by the governing body of the County does not:
- a) limit the discretion of the governing body to decide whether to enter into a specific Abatement Agreement;
  - b) 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
  - c) 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.
13. The burden to demonstrate that an application for tax abatement should be granted shall be upon the Applicant. The County shall have full authority to request any additional information from the Applicant that the governing body of such County deems necessary to assist it in considering such application.

#### **SECTION V. Criteria and Guidelines for Creation of a County Reinvestment Zone:**

- 1. No Property shall be eligible for tax abatement through the County unless such property is located in an Enterprise Zone, in accordance with V.T.C.A., Tax Code, Section 312.401 I, or a County Reinvestment Zone in accordance with V.T.C.A., Tax Code, Section 312.401. The County commissioners court, by order, if eligible to do so under V.T.C.A., Tax Code, Section 312.002 may

designate as a County Reinvestment Zone an area of the County that does not include area in the taxing jurisdiction of a municipality.

2. The governing body of the County, as required by Tax Code, Section 312.401, shall hold a public hearing on the designation of an area within its jurisdiction as a County Reinvestment Zone.
3. Notice of the hearing must be given in the same manner as provided under V.T.C.A., Tax Code, Section 312.201.
4. Property may be located both in a County Reinvestment Zone designated by the County under this subchapter and in a reinvestment zone designated by a municipality under V.T.C.A., Tax Code, Section 312 Subchapter B.
5. The designation of a County Reinvestment Zone expires five years after the date of the designation and may be renewed for periods not to exceed five years, except that a County Reinvestment Zone that is a state enterprise zone is designated for the same period as a state enterprise zone as provided by Chapter 2303, Government Code. The expiration of the designation does not affect an existing Abatement Agreement made in accordance with V.T.C.A., Tax Code, Section 312.402.
6. Designation of an area as an enterprise zone under the Texas Enterprise Zone Act, Chapter 2303, Subchapter C, Texas Government Code, constitutes designation of the area as a County Reinvestment Zone under V.T.C.A., Tax Code, Section 312 Subchapter C without further hearing or other procedural requirements other than those provided by the Texas Enterprise Zone Act, Chapter 2303, Subchapter C, Texas Government Code.

#### **SECTION VI. Abatement Agreement:**

1. An Abatement Agreement shall not exempt from taxation a portion of the value of the Facilities or Improvements for a period greater than ten (10) years.
2. An Abatement Agreement shall be subject to the rights of holders of outstanding bonds of the County.
3. Abatement Agreements made with multiple Owners must contain identical terms for the portion of the value of the property that is to be exempt and the duration of the exemption.
4. Property that is in a reinvestment zone owned or leased by a person who is a member of the governing body of the County is excluded from tax abatement.
5. Property that is subject to an Abatement Agreement when a person becomes a member of the governing body of the County does not cease to be eligible for

property tax abatement.

6. An Abatement Agreement shall:

- a) provide access to and authorize inspection of the property by County employees to ensure that the improvements or repairs are made according to the conditions of the Abatement Agreement;
- b) limit the uses of the property consistent with the general purpose of encouraging development or redevelopment of the zone during the period that property tax exemptions are in effect;
- c) provide for recapturing property tax revenue lost as a result of the Abatement Agreement if the Owner fails to make the improvements or repairs as provided by the Abatement Agreement;
- d) contain each term agreed to by the Owner of the property;
- e) require the owner of the property to certify annually to the County that the Owner is in compliance with each applicable term of the Abatement Agreement;
- f) provide that the governing body of the County may cancel or modify the Abatement Agreement if the Owner fails to comply with the Abatement Agreement;
- g) establish and set forth the Base Year Value of the property for which tax abatement is sought;
- h) provide that the taxes paid on the Base Year Value shall not be abated as a result of the execution of said Abatement Agreement;
- i) provide for the exemption of Improvements in each year covered by the Abatement Agreement only to the extent the value of such Improvements for each such year exceeds the value for the year in which the Abatement Agreement is executed;
- j) set forth the estimated value of all Improvements to Real Property;
- k) clearly provide that tax abatement shall be granted only to the extent:
  - i. the Improvements to Real Property increase the value of the Real Property for the year in which the Abatement Agreement is executed; and
  - ii. the Tangible Personal Property or Improvements to Real Property

were not located on the Real Property prior to the execution of the Abatement Agreement;

- l) list the kind, number, and location of all proposed Improvements, including:
    - i. whether the Improvements are for a New Facility, Modernization/Renovation of Existing Facilities, or Expansion of Existing Facilities;
    - ii. the nature of the construction, proposed time table of completion, and a map or drawings of the Improvements above mentioned;
    - iii. the amount of investment and the commitment for the creation of New Permanent Jobs;
    - iv. any other information required by the County;
  - m) provide a legal description of the Real Property upon which Improvements are to be made;
  - n) provide contractual obligations in the event of default by Owner, violation of the terms or conditions by Owner, recapturing property tax revenue in the event Owner defaults or otherwise fails to make Improvements as provided in said Abatement Agreement and any other provision as may be required or authorized by State Law; and
  - o) meet any other statutory or regulatory requirements.
2. Not later than the seventh day before the County enters into an Abatement Agreement for tax abatement under V.T.C.A., Tax Code, Section 312.402, the governing body of such County or a designated officer or employee thereof shall deliver to the presiding officer of the governing body of each of the taxing units in which the property to be subject to the Abatement Agreement is located, a written notice that the County intends to enter into the Abatement Agreement. The notice must include a copy of the proposed Abatement Agreement and is presumed delivered when placed in the mail, postage paid and properly addressed to the appropriate presiding officer. A notice properly addressed and sent by registered or certified mail for which a return receipt is received by the sender is considered to have been delivered to the addressee.
  3. Failure to deliver the notice does not affect the validity of the Abatement Agreement.

**SECTION VII. Application:**

1. Any present Owner of taxable property located within the County may apply for tax abatement by filing an application with the governing body of the County.
2. The application shall consist of a completed application containing:
  - a) the name, contact information, and brief description of the Applicant;
  - b) a descriptive list of the kind, number and location of all proposed Improvements to Real Property or Existing Facility;
  - c) a map indicating the approximate location of proposed Improvements to Real Property or Existing Facilities;
  - d) a list of any and all Tangible Personal Property presently existing on the Real Property or located in an Existing Facility;
  - e) a proposed time schedule for completing the proposed Improvements;
  - f) a general description stating whether the proposed Improvements are in connection with:
    - i. the Modernization/Renovation of Existing Facilities;
    - ii. construction of a New Facility;
    - iii. the Expansion of Existing Facilities; or
    - iv. any combination of the above;
  - g) a statement of the additional value to the Real Property or Facility as a result of the proposed Improvements;
  - h) a statement of the assessed Base Year Value of the Real Property, Facility or Existing Facility;
  - i) information concerning the number of New Permanent Jobs created or the number of existing jobs retained as result of the Improvements; and
  - j) any other information which the County deems appropriate.
3. Information that is provided to the County in connection with an application or request for tax abatement and which describes the specific processes or business activity to be conducted or the equipment or other property to be located on the property for which tax abatement is sought is confidential and not subject to public disclosure until the Abatement Agreement is executed.
4. If the County determines that the property described is not within a current

County Reinvestment Zone, they shall so notify the Applicant and the application shall then be considered both as an application for the creation of a County Reinvestment Zone and a request for tax abatement to be effective after the zone is created.

5. An application or request for tax abatement submitted to the County under this chapter must be accompanied by an application fee of one thousand dollars and no/100 (\$1,000.00).
6. At the discretion of the County, the Applicant may be responsible for any third party fees or out-of-pocket expenses incurred by the County, including without limitation any legal, accounting, economist, appraiser fees.

### **SECTION VIII. Default Options**

1. In the event that the Applicant or Owner has entered into an Abatement Agreement but has failed to make Improvements or is otherwise in default of any of the terms or conditions contained in the Abatement Agreement; then in such event the County shall give the Applicant or Owner sixty (60) days notice of such failure. The Applicant or Owner shall demonstrate to the satisfaction of the County above mentioned that the Applicant or Owner has commenced to cure such failure within the 60 days above mentioned. In the event the Applicant or Owner fails to demonstrate that he is taking affirmative action to cure his failure, the County shall have three options:
  - a) the County may renegotiate the Agreement with the Applicant or Owner, in which case the then-current guidelines and criteria shall apply to the new Agreement;
  - b) the County may determine that good cause exists to cancel the Agreement and all tax abatements shall terminate immediately; or
  - c) the County may terminate the Agreement and recapture taxes abated under Section IX below.
2. In any of the three above options, the County shall determine whether Applicant or Owner is in default of the Abatement Agreement and shall so notify all other local taxing authorities. Cancellation or termination of the Abatement Agreement by the County shall constitute simultaneous action to all Abatement Agreements between the County and Applicant.

### **SECTION IX. Recapture**

1. In the event that a facility is completed and begins producing goods or services, but subsequently discontinues producing goods or services for any reason, excepting fire, explosion or other casualty or accident or natural disaster or other

- event beyond the reasonable control of Applicant or Owner for a period of 180 days during the term of an Abatement Agreement, then in such event the Abatement Agreement shall terminate and all tax abatements shall likewise terminate. Taxes abated during the calendar year in which termination takes place shall be payable to the County within sixty (60) days of the date of termination. Taxes abated in years prior to the year of termination shall be payable to the County no later than twelve (12) months after the date of termination. The burden shall be upon the Applicant or Owner to prove to the satisfaction of the County that the discontinuance of producing goods or services was as a result of fire, explosion, or other casualty or accident of natural disaster or other event beyond the control of Applicant or Owner. In the event that Applicant or Owner meets this burden and the County is satisfied that the discontinuance of the production of goods or services was the result of events beyond the control of the Applicant or Owner, then such Applicant or Owner shall have a period of one (1) year, commencing upon written notification from the County to the Applicant or Owner, in which to resume the production of goods and services. In the event that the Applicant or Owner fails to resume the production of goods or services within one year, then the Abatement Agreement shall terminate and the Abatement of all taxes shall likewise terminate. Taxes abated during the calendar year in which termination takes place shall be payable to the County within sixty (60) days of the date of termination. Taxes abated in years prior to the year of termination shall be payable to the County no later than twelve (12) months after the date of termination.
2. In the event that the Applicant or Owner has entered into an Abatement Agreement to make Improvements to a facility but fails to undertake or complete such Improvements or fails to create all or a portion of the number of new jobs provided by the Abatement Agreement, then in such event the County shall give the Applicant or Owner sixty (60) days notice of such failure. The Applicant or Owner shall demonstrate to the satisfaction of the County that the Applicant or Owner has commenced to cure such failure within the 60 days above mentioned. In the event that the Applicant or Owner fails to demonstrate that he is taking affirmative action to cure his failure, then in such event the Abatement Agreement shall terminate and all tax abatements shall likewise terminate. Taxes abated during the calendar year in which termination takes place shall be payable to the County within 60 days of the date of termination. Taxes abated in years prior to the year of termination shall be payable to the County no later than twelve (12) months after the date of termination.
  3. In the event that the County determines that the Applicant or Owner is in default of any of the terms or conditions contained in the Abatement Agreement, the County shall give the Applicant or Owner sixty (60) days written notice to cure such default. In the event such default is not cured to the satisfaction of the County within the sixty (60) days notice period, then the Abatement Agreement shall terminate and all tax abatements shall likewise terminate. Taxes abated during the calendar year in which termination takes place shall be payable to the

- County within sixty (60) days of the date of termination. Taxes abated in years prior to the year of termination shall be payable to the County no later than twelve (12) months after the date of termination.
4. In the event that the Applicant or Owner allows ad valorem taxes owed to the County to become delinquent and fails to timely and properly follow the legal procedures for their protest or contest, then in such event this Abatement Agreement shall terminate and all tax abatements shall likewise terminate. Taxes abated during the calendar year in which termination takes place shall be payable to the County within sixty (60) days of the date of termination. Taxes abated in years prior to the year of termination shall be payable to the County no later than twelve (12) months after the date of termination.
  5. In the event that the Applicant or Owner relocates the business for which tax abatement has been granted to a location outside of the designated County Reinvestment Zone, the Abatement Agreement shall terminate after sixty (60) days written notice by the County to the Owner or Applicant. Taxes abated during the calendar year in which termination takes place shall be payable to the County within sixty (60) days of the date of termination. Taxes abated in years prior to the year of termination shall be payable to the County no later than twelve (12) months after the date of termination.
  6. The date of termination as that term is used in this Section IX shall, in every instance, be sixty (60) days after the day the County mails notice of default to the address shown in the Abatement Agreement to the Applicant or Owner. Should the default be cured by the Owner or Applicant within the 60 day notice period, the Owner or Applicant shall be responsible for so advising the County and obtaining a release from the notice of default from the County, failing in which, the abatement remains terminated and the abated taxes must be paid.
  7. In the event that an Abatement Agreement is terminated for any reason what so ever and taxes are not paid within the time period herein specified, then in such event, the provisions of V.T.C.A., Tax Code, Section 33.01 will apply.

**SECTION X. Miscellaneous:**

1. Any notice required to be given by these criteria or guidelines shall be given in the following manner:
  - a) Owner or Applicant: the address appearing on the Abatement Agreement.
  - b) County: the address appearing on the Abatement Agreement.
2. The Chief Appraiser of the County Appraisal District shall annually assess the Real and Personal Property comprising the County Reinvestment Zone. Each year, the Applicant or Owner receiving tax abatement shall furnish the Chief

Appraiser with such information as may be necessary for the abatement. Once value has been established, the Chief Appraiser shall notify the County of the assessment amount.

3. Upon the completion of Improvements made to any type of Facility, a designated employee or employees of the County shall have access to the Facility to insure compliance with the Abatement Agreement.
4. An Abatement Agreement may be assigned to a new Owner but only after written consent has been obtained from the County.
5. These guidelines and criteria are effective upon the date of their adoption by the County and shall remain in force for two (2) years. At the end of the 2 year period these guidelines and criteria may be readopted, modified, amended or rewritten as the conditions may warrant.
6. In the event of a conflict between these guidelines and criteria and V.T.C.A., Tax Code, Chapter 312, the Tax Code shall prevail and these guidelines and criteria interpreted accordingly.
7. These guidelines and criteria may be amended or repealed by a vote of three-fourths (3/4) of the members of the governing body of the County during the 2 year term in which these guidelines and criteria are effective.

Exhibit A

1. **Abatement Agreement:** A contract between a property Owner or Applicant and the County for the abatement of taxes on qualified property located within a County Reinvestment Zone.
2. **Advanced Technologies and Manufacturing:** Advanced manufacturing which requires higher skills and results in higher wages and investment.
3. **Applicant:** Any party seeking the designation of a County Reinvestment Zone or to enter into an Abatement Agreement with the County.
4. **Base Year Value:** The assessed value of property eligible for tax abatement as of January 1 preceding the execution of an Abatement Agreement as herein defined.
5. **County:** Crosby County, Texas.
6. **Existing Facility:** A Facility located in or on Real Property eligible for tax abatement as of the date of execution of the Abatement Agreement.
7. **Expansion of Existing Facilities:** The addition of buildings, structures, machinery or equipment to a Facility located in or on Real Property eligible for tax abatement as of the date of execution of the Abatement Agreement.
8. **Facility:** Any Improvement made to Real Property eligible for tax abatement, including the building or structure erected on such Real Property and/or any Tangible Personal Property to be located in or on such property.
9. **Information and Data Center:** Any Facility used to house computer systems and associated components, such as tele communications and storage systems. The main purpose of the facility is running applications that handle the core business and operational data of organizations, off-site backups and other informational operations.
10. **Improvements to Real Property or Improvements:** The construction, addition to, structural upgrading of, replacement of, or completion of any Facility located upon or to be located upon Real Property, or any Tangible Personal Property placed in or on said Real Property.
11. **Manufacturing:** The production of goods or materials or the processing or change of goods or materials to a finished product.
12. **Medical Services:** Facilities such as hospitals, specialty hospitals and other like facilities that are classified under North American Industrial Classification System Code 622.

FILED  
 2010 OCT 13 AM 10:20  
 LINDA S. ...  
 COUNTY CLERK  
 CROSBY COUNTY  
 TEXAS

RESOLUTION

NO. \_\_\_\_\_

PROVIDING THAT THE COUNTY OF CROSBY, TEXAS 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 ("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.

NOW, THEREFOR, BE IT RESOLVED BY THE COUNTY COMMISSIONERS' COURT OF CROSBY COUNTY, TEXAS, THAT:

- 1. THE COUNTY hereby elects to be eligible to participate in tax abatement in accordance with Chapter 312 of the Code.

Adopted this the 12th day of October, 2010 in Crosby County Commissioners' Court.

Davey Abell, County Judge

Gary Jordan, Commissioner, Precinct 1

Frank Mullins, Commissioner, Precinct 2

Larry Wampler, Commissioner, Precinct 3

Charles Thorton, Commissioner, Precinct 4

Attest:

Linda S. Jones, Crosby County Clerk

FILED 2010 OCT 13 AM 11:48 LINDA S. JONES COUNTY CLERK CROSBY CO., TX DEPUTY



## Franchise Tax Account Status

As of: 06/11/2014 11:17:13 AM

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

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<b>FIBER WINDS ENERGY, LLC</b>	
Texas Taxpayer Number	32052504217
Mailing Address	17300 DALLAS PKWY STE 2060 DALLAS, TX 75248-7703
Right to Transact Business in Texas	ACTIVE
State of Formation	DE
Effective SOS Registration Date	11/18/2013
Texas SOS File Number	0801884527
Registered Agent Name	TRI GLOBAL ENERGY, LLC
Registered Office Street Address	17300 DALLAS PARKWAY SUITE 2060 DALLAS, TX 75248

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



March 19, 2014

Jarrold Pickering  
Superintendent  
Lorenzo Independent School District  
1003 3<sup>rd</sup> St.  
Lorenzo, Texas 79416

Dear Superintendent Pickering:

On December 19, 2013, the Comptroller received the completed application (Application # 369) for a limitation on appraised value under the provisions of Tax Code Chapter 313<sup>1</sup>. This application was originally submitted in November 2013 to the Lorenzo Independent School District (the school district) by Fiber Winds Energy, LLC (the applicant). This letter presents the results of the Comptroller's review of the application:

- 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 make a recommendation to the governing body of the school district as to whether the application should be approved or disapproved using the criteria set out by Section 313.026.

The school district is currently classified as a rural school district in Category 3 according to the provisions of Chapter 313. Therefore, the applicant properly applied under the provisions of Subchapter C, applicable to rural school districts. The amount of proposed qualified investment (\$100 million) is consistent with the proposed appraised value limitation sought (\$10 million). The property value limitation amount noted in this recommendation is based on property values available at the time of application and may change prior to the execution of any final agreement.

The applicant is an active franchise taxpayer in good standing, as required by Section 313.024(a), and is proposing the construction of a renewable energy facility in Crosby County, an eligible property use under Section 313.024(b). The Comptroller has determined that the property, as described by the application, meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

After reviewing the application using the criteria listed in Section 313.026, and the information provided by the applicant, the Comptroller's recommendation is that this application under Tax Code Chapter 313 be approved.

Our review of the application assumes the truth and accuracy of the statements in the application and that, if the application is approved, the applicant would perform according to the provisions of the agreement reached with the school district. Our recommendation does not address whether the applicant has complied with all Chapter 313 requirements; the school district is responsible for verifying that all requirements of the statute have been fulfilled. Additionally, Section 313.025 requires the school district to only approve an application if the school district finds that the information in the application is true and

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<sup>1</sup> All statutory references are to the Texas Tax Code, unless otherwise noted.

correct, finds that the applicant is eligible for a limitation and determines that granting the application is in the best interest of the school district and this state. When approving a job waiver requested under Section 313.025(f-1), the school district must also find that the statutory jobs creation requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility. As stated above, the Comptroller's recommendation is prepared by generally reviewing the application and supporting documentation in light of the Section 313.026 criteria and a cursory review of the industry standard evidence necessary to support the waiver of the required number of jobs.

Note that any new building or other improvement existing as of the application review start date of December 19, 2013, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2).

The Comptroller's recommendation is based on the application submitted by the school district and reviewed by the Comptroller. The recommendation may not be used by the school district to support its approval of the property value limitation agreement if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this recommendation is contingent on future compliance with the Chapter 313 and the Texas Administrative Code, with particular reference to the following requirements related to the execution of the agreement:

- 1) The applicant must provide the Comptroller a copy of the proposed limitation on appraised value agreement no later than ten (10) days prior to the meeting scheduled by the school district to consider approving the agreement, so that the Comptroller may review it for compliance with the statutes and the Comptroller's rules as well as consistency with the application;
- 2) The Comptroller must confirm that it received and reviewed the draft agreement and affirm the recommendation made in this letter;
- 3) The school district must approve and execute a limitation agreement that has been reviewed by the Comptroller within a year from the date of this letter; and
- 4) The school district must provide a copy of the signed limitation agreement to the Comptroller within seven (7) days after execution, as required by Section 313.025.

Should you have any questions, please contact Robert Wood, director of Economic Development & Analysis Division, by email at [robert.wood@cpa.state.tx.us](mailto:robert.wood@cpa.state.tx.us) or by phone at 1-800-531-5441, ext. 3-3973, or direct in Austin at 512-463-3973.

Sincerely,



Martin A. Hubert  
Deputy Comptroller

Enclosure

cc: Robert Wood

**Economic Impact for Chapter 313 Project**

Applicant	Fiber Winds Energy, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Lorenzo ISD
2012-13 Enrollment in School District	302
County	Crosby
Total Investment in District	\$100,000,000
Qualified Investment	\$100,000,000
Limitation Amount	\$10,000,000
Number of total jobs committed to by applicant	3*
Number of qualifying jobs committed to by applicant	3
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$870
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$712
Minimum Annual Wage committed to by applicant for qualified jobs	\$45,250
Investment per Qualifying Job	\$33,333,333
Estimated 15 year M&O levy without any limit or credit:	\$8,429,025
Estimated gross 15 year M&O tax benefit	\$5,133,413
Estimated 15 year M&O tax benefit ( <i>after</i> deductions for estimated school district revenue protection--but not including any deduction for supplemental payments or extraordinary educational expenses):	\$4,499,302
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$710,424
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$3,929,723
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	53.4%
Percentage of tax benefit due to the limitation	86.2%
Percentage of tax benefit due to the credit	13.8%
* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).	

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

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

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

After construction, the project will create three new jobs when fully operational. All three jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the South Plains Workforce Development Area, where Crosby County is located was \$33,662 in 2013. The annual average manufacturing wage for 2013 for Crosby County is not available. That same year, the county annual average wage for all industries was \$32,253. In addition to an annual average salary of \$45,250 each qualifying position will receive benefits such as health insurance in compliance with the Affordable Care Act, competitive 401(k) retirement savings plan, vacation time and sick leave. The project's total investment is \$100 million, resulting in a relative level of investment per qualifying job of \$33.3 million.

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

According to Fiber Winds Energy, LLC's application, "Wind farms are operating and under development in many states throughout the country. The Applicant can locate the Project anywhere in the United States with sufficient prevailing wind conditions conducive to power generation."

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

During the past two years, nine projects in the South Plains Workforce Development Area applied for value limitation agreements under Tax Code, Chapter 313.

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

The Texas Economic Development Plan focuses on attracting and developing industries using technology. It also identifies opportunities for existing Texas industries. The plan centers on promoting economic prosperity throughout Texas and the skilled workers that the Fiber Winds Energy, LLC project requires appear to be in line with the focus and themes of the plan. Texas identified renewable energy as one of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the renewable energy industry.

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

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

**Table 1: Estimated Statewide Economic Impact of Investment and Employment in Fiber Winds Energy, LLC**

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2014	5	6	11	\$226,250	\$383,750	\$610,000
2015	65	64	129	\$2,941,250	\$4,626,750	\$7,568,000
2016	3	4	7	\$135,750	\$718,250	\$854,000
2017	3	2	5	\$135,750	\$718,250	\$854,000
2018	3	1	4	\$135,750	\$474,250	\$610,000
2019	3	1	4	\$135,750	\$352,250	\$488,000
2020	3	1	4	\$135,750	\$230,250	\$366,000
2021	3	1	4	\$135,750	\$352,250	\$488,000
2022	3	1	4	\$135,750	\$230,250	\$366,000
2023	3	1	4	\$135,750	-\$13,750	\$122,000
2024	3	(1)	2	\$135,750	-\$13,750	\$122,000
2025	3	3	6	\$135,750	-\$13,750	\$122,000
2026	3	(3)	0	\$135,750	-\$13,750	\$122,000
2027	3	1	4	\$135,750	\$108,250	\$244,000
2028	3	3	6	\$135,750	\$108,250	\$244,000
2029	3	(3)	0	\$135,750	\$108,250	\$244,000

Source: CPA, REMI, Fiber Winds Energy, LLC

The statewide average ad valorem tax base for school districts in Texas was \$1.65 billion in 2012-2013. Lorenzo ISD's ad valorem tax base in 2012-2013 was \$169 million. The statewide average wealth per WADA was estimated at \$343,155 for fiscal 2012-2013. During that same year, Lorenzo ISD's estimated wealth per WADA was \$325,735. The impact on the facilities and finances of the district are presented in Attachment 2.

Table 2 examines the estimated direct impact on ad valorem taxes to the school district, Crosby County, Crosby County Hospital District and High Plains Underground Water Conservation District with all property tax incentives sought being granted using estimated market value from Fiber Winds Energy, LLC's application. Fiber Winds Energy, LLC has applied for both a value limitation under Chapter 313, Tax Code and tax abatement with the county. Table 3 illustrates the estimated tax impact of the Fiber Winds Energy, LLC project on the region if all taxes are assessed.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate <sup>1</sup>	Lorenzo ISD I&S Levy	Lorenzo ISD M&O Levy	Lorenzo ISD M&O and I&S Tax Levies (Before Credit Credited)	Lorenzo ISD M&O and I&S Tax Levies (After Credit Credited)	Crosby County Tax Levy	Crosby County Hospital District Tax Levy	High Plains Underground WCD Tax Levy	Estimated Total Property Taxes
				0.0000	1.0271			0.5457	0.1424	0.0075	
2015	\$2,500,000	\$2,500,000		\$0	\$25,678	\$25,678	\$25,678	\$13,643	\$3,560	\$189	\$43,069
2016	\$79,848,000	\$79,848,000		\$0	\$820,119	\$820,119	\$820,119	\$435,731	\$113,704	\$6,021	\$1,375,573
2017	\$75,855,600	\$10,000,000		\$0	\$102,710	\$102,710	\$102,710	\$413,944	\$108,018	\$5,720	\$630,392
2018	\$72,062,820	\$10,000,000		\$0	\$102,710	\$102,710	\$51,355	\$393,247	\$102,617	\$5,434	\$552,653
2019	\$68,459,680	\$10,000,000		\$0	\$102,710	\$102,710	\$51,355	\$373,584	\$97,487	\$5,162	\$527,588
2020	\$65,036,695	\$10,000,000		\$0	\$102,710	\$102,710	\$51,355	\$354,905	\$92,612	\$4,904	\$503,776
2021	\$61,784,860	\$10,000,000		\$0	\$102,710	\$102,710	\$51,355	\$337,160	\$87,982	\$4,659	\$481,155
2022	\$58,695,618	\$10,000,000		\$0	\$102,710	\$102,710	\$51,355	\$320,302	\$83,583	\$4,426	\$459,665
2023	\$55,760,836	\$10,000,000		\$0	\$102,710	\$102,710	\$51,355	\$304,287	\$79,403	\$4,204	\$439,250
2024	\$52,972,794	\$10,000,000		\$0	\$102,710	\$102,710	\$51,355	\$289,073	\$75,433	\$3,994	\$419,855
2025	\$50,324,155	\$50,324,155		\$0	\$516,879	\$516,879	\$165,940	\$274,619	\$71,662	\$3,794	\$516,015
2026	\$47,807,947	\$47,807,947		\$0	\$491,035	\$491,035	\$491,035	\$260,888	\$68,079	\$3,605	\$823,607
2027	\$45,417,550	\$45,417,550		\$0	\$466,484	\$466,484	\$466,484	\$247,844	\$64,675	\$3,424	\$782,426
2028	\$43,146,672	\$43,146,672		\$0	\$443,159	\$443,159	\$443,159	\$235,451	\$61,441	\$3,253	\$743,305
2029	\$40,989,339	\$40,989,339		\$0	\$421,002	\$421,002	\$421,002	\$223,679	\$58,369	\$3,091	\$706,140
						<b>Total</b>	<b>\$3,295,612</b>	<b>\$4,478,356</b>	<b>\$1,168,623</b>	<b>\$61,878</b>	<b>\$9,004,469</b>

Assumes School Value Limitation and Tax Abatements with Crosby County

Source: CPA, Fiber Winds Energy, LLC

<sup>1</sup>Tax Rate per \$100 Valuation

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate <sup>1</sup>	Lorenzo ISD I&S Levy	Lorenzo ISD M&O Levy	Lorenzo ISD M&O and I&S Tax Levies	Crosby County Tax Levy	Crosby County Hospital District Tax Levy	High Plains Underground WCD Tax Levy	Estimated Total Property Taxes	
				0.0000	1.0271		0.5457	0.1424	0.0075		
2015	\$2,500,000	\$2,500,000		\$0	\$25,678	\$25,678	\$13,643	\$3,560	\$189	\$43,069	
2016	\$79,848,000	\$79,848,000		\$0	\$820,119	\$820,119	\$435,731	\$113,704	\$6,021	\$1,375,573	
2017	\$75,855,600	\$75,855,600		\$0	\$779,113	\$779,113	\$413,944	\$108,018	\$5,720	\$1,306,795	
2018	\$72,062,820	\$72,062,820		\$0	\$740,157	\$740,157	\$393,247	\$102,617	\$5,434	\$1,241,455	
2019	\$68,459,680	\$68,459,680		\$0	\$703,149	\$703,149	\$373,584	\$97,487	\$5,162	\$1,179,382	
2020	\$65,036,695	\$65,036,695		\$0	\$667,992	\$667,992	\$354,905	\$92,612	\$4,904	\$1,120,413	
2021	\$61,784,860	\$61,784,860		\$0	\$634,592	\$634,592	\$337,160	\$87,982	\$4,659	\$1,064,392	
2022	\$58,695,618	\$58,695,618		\$0	\$602,863	\$602,863	\$320,302	\$83,583	\$4,426	\$1,011,173	
2023	\$55,760,836	\$55,760,836		\$0	\$572,720	\$572,720	\$304,287	\$79,403	\$4,204	\$960,614	
2024	\$52,972,794	\$52,972,794		\$0	\$544,084	\$544,084	\$289,073	\$75,433	\$3,994	\$912,584	
2025	\$50,324,155	\$50,324,155		\$0	\$516,879	\$516,879	\$274,619	\$71,662	\$3,794	\$866,954	
2026	\$47,807,947	\$47,807,947		\$0	\$491,035	\$491,035	\$260,888	\$68,079	\$3,605	\$823,607	
2027	\$45,417,550	\$45,417,550		\$0	\$466,484	\$466,484	\$247,844	\$64,675	\$3,424	\$782,426	
2028	\$43,146,672	\$43,146,672		\$0	\$443,159	\$443,159	\$235,451	\$61,441	\$3,253	\$743,305	
2029	\$40,989,339	\$40,989,339		\$0	\$421,002	\$421,002	\$223,679	\$58,369	\$3,091	\$706,140	
						<b>Total</b>	<b>\$8,429,025</b>	<b>\$4,478,356</b>	<b>\$1,168,623</b>	<b>\$61,878</b>	<b>\$14,137,882</b>

Source: CPA, Fiber Winds Energy, LLC

<sup>1</sup>Tax Rate per \$100 Valuation

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

Attachment 2, provided by the district and reviewed by the Texas Education Agency, contains information relating to the financial impact of the proposed project on the finances of the district as well as the tax benefit of the value limitation. "Table II" in this attachment shows the estimated 13 year M&O tax levy without the value limitation agreement would be \$7,551,847 The estimated gross 13 year M&O tax benefit, or levy loss, is \$5,133,413.

Attachment 3 is an economic overview of Crosby County.

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

# Attachments

1. Schedules A, B, C, and D provided by applicant in application
2. School finance and tax benefit provided by district
3. County Economic Overview

# **Attachment 1**

Schedule A (Rev. May 2010): Investment

Applicant Name: Fiber Winds Energy, LLC  
 ISD Name: Loranzo ISD

Form 50-298

PROPERTY INVESTMENT AMOUNTS											
(Estimated investment in each year. Do not put cumulative totals.)											
	Year	School Year (YYYY-YYYY)	Tax Year (File actual tax year below) YYYY	Column A: Tangible Personal Property The amount of new investment (original cost) placed in service during this year	Column B: Building or permanent nonremovable component of building (annual amount only)	Column C: Sum of A and B Qualifying Investment (during the qualifying time period)	Column D: Other investment that is not qualified investment but investment affecting economic impact and total value	Column E: Total Investment (A+B+D)			
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	Investment made before filing complete application with district (neither qualified property nor eligible to become qualified investment)	2014-2015	2014	\$ -	\$ -	\$ -	\$ -	\$ -			
	Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property)			\$ -	\$ -	\$ -	\$ -	\$ -			
	Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period (qualified investment and eligible to become qualified property)			\$ 5,000,000	\$ -	\$ 5,000,000	\$ -	\$ 5,000,000			
Tax Credit Period (with 50% cap on credit)	Value Limitation Period	1	2015-2016	2015	\$ 84,700,000	\$ 300,000	\$ 85,000,000	\$ -	\$ 85,000,000		
		2	2016-2017	2016	\$ -	\$ -	\$ -	\$ -	\$ -		
		3	2017-2018	2017	\$ -	\$ -	\$ -	\$ -	\$ -		
		4	2018-2019	2018	\$ -	\$ -	\$ -	\$ -	\$ -		
		5	2019-2020	2019	\$ -	\$ -	\$ -	\$ -	\$ -		
		6	2020-2021	2020	\$ -	\$ -	\$ -	\$ -	\$ -		
		7	2021-2022	2021	\$ -	\$ -	\$ -	\$ -	\$ -		
		8	2022-2023	2022	\$ -	\$ -	\$ -	\$ -	\$ -		
		9	2023-2024	2023	\$ -	\$ -	\$ -	\$ -	\$ -		
		10	2024-2025	2024	\$ -	\$ -	\$ -	\$ -	\$ -		
		Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2025-2026	2025	\$ -	\$ -	\$ -	\$ -	\$ -
				12	2026-2027	2026	\$ -	\$ -	\$ -	\$ -	\$ -
				13	2027-2028	2027	\$ -	\$ -	\$ -	\$ -	\$ -
		Post-Settle-Up Period		14	2028-2029	2028	\$ -	\$ -	\$ -	\$ -	\$ -
		Post-Settle-Up Period		15	2029-2030	2029	\$ -	\$ -	\$ -	\$ -	\$ -

Qualifying Time Period usually begins with the final board approval of the application and extends generally for the following two complete tax years.

Column A: This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment - as defined in Tax Code §313.02(1)(A)-(D). For the purposes of investment, please list amount invested each year, not cumulative totals. [For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property.]

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings that the applicant considers qualified investment under Tax Code §313.02(1)(E). For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonremovable components of buildings.

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

Notes: For advanced clean energy projects, nuclear projects, projects with deferred qualifying time periods and projects with lengthy application review periods, insert additional rows as needed.

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

  
 SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

11-18-13  
 DATE

**Schedule B (Rev. May 2010): Estimated Market And Taxable Value**

Form 50-296

Applicant Name: Fiber Winds Energy, LLC  
 ISD Name: Lorenzo ISD

Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Reductions from Market Value	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 building or "in or on the new Improvement"		Final taxable value for M&O--after all reductions	Final taxable value for I&S - after all reductions
pre-year 1	2014-2015	2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Complete tax years of qualifying time period	1	2015-2016	\$ -	\$ -	\$ 2,500,000	\$ -	\$ 2,500,000	\$ 2,500,000
	2	2016-2017	\$ -	\$ 300,000	\$ 79,548,000	\$ -	\$ 79,848,000	\$ 79,848,000
	3	2017-2018	\$ -	\$ 285,000	\$ 75,570,600	\$ -	\$ 75,855,600	\$ 10,000,000
	4	2018-2019	\$ -	\$ 270,750	\$ 71,792,070	\$ -	\$ 72,062,820	\$ 10,000,000
	5	2019-2020	\$ -	\$ 257,213	\$ 68,202,467	\$ -	\$ 68,459,679	\$ 10,000,000
Value Limitation Period	6	2020-2021	\$ -	\$ 244,352	\$ 64,792,343	\$ -	\$ 65,036,695	\$ 10,000,000
	7	2021-2022	\$ -	\$ 232,134	\$ 61,552,726	\$ -	\$ 61,784,860	\$ 10,000,000
	8	2022-2023	\$ -	\$ 220,528	\$ 58,475,090	\$ -	\$ 58,695,617	\$ 10,000,000
	9	2023-2024	\$ -	\$ 209,501	\$ 55,551,335	\$ -	\$ 55,760,836	\$ 10,000,000
	10	2024-2025	\$ -	\$ 199,026	\$ 52,773,768	\$ -	\$ 52,972,795	\$ 10,000,000
Credit Settle-Up Period	11	2025-2026	\$ -	\$ 189,075	\$ 50,135,080	\$ -	\$ 50,324,155	\$ 50,324,155
	12	2026-2027	\$ -	\$ 179,621	\$ 47,628,326	\$ -	\$ 47,807,947	\$ 47,807,947
	13	2027-2028	\$ -	\$ 170,640	\$ 45,246,910	\$ -	\$ 45,417,550	\$ 45,417,550
Post-Settle-Up Period	14	2028-2029	\$ -	\$ 162,108	\$ 42,984,564	\$ -	\$ 43,146,672	\$ 43,146,672
	15	2029-2030	\$ -	\$ 154,003	\$ 40,835,336	\$ -	\$ 40,989,339	\$ 40,989,339

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation. This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

*[Signature]*

11-18-13

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE DATE

**Schedule C- Application: Employment Information**

Applicant Name Fiber Winds Energy, LLC  
 ISD Name Lorenzo ISD

Form 50-296

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Construction		New 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 new jobs applicant commits to create (cumulative)	Column D: Average annual wage rate for all new jobs.	Column E: Number of qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Column F: Average annual wage of qualifying jobs
	pre-year 1	2014-2015	2014	5 FTE	\$ 45,250	0	\$ -	0	\$ -
	1	2015-2016	2015	65 FTE	\$ 45,250	0	\$ -	0	\$ -
	2	2016-2017	2016	0	N/A	3	\$ 45,250	3	\$ 45,250
	3	2017-2018	2017	0	N/A	3	\$ 45,250	3	\$ 45,250
	4	2018-2019	2018	0	N/A	3	\$ 45,250	3	\$ 45,250
	5	2019-2020	2019	0	N/A	3	\$ 45,250	3	\$ 45,250
	6	2020-2021	2020	0	N/A	3	\$ 45,250	3	\$ 45,250
	7	2021-2022	2021	0	N/A	3	\$ 45,250	3	\$ 45,250
	8	2022-2023	2022	0	N/A	3	\$ 45,250	3	\$ 45,250
	9	2023-2024	2023	0	N/A	3	\$ 45,250	3	\$ 45,250
	10	2024-2025	2024	0	N/A	3	\$ 45,250	3	\$ 45,250
	11	2025-2026	2025	0	N/A	3	\$ 45,250	3	\$ 45,250
	12	2026-2027	2026	0	N/A	3	\$ 45,250	3	\$ 45,250
	13	2027-2028	2027	0	N/A	3	\$ 45,250	3	\$ 45,250
	14	2028-2029	2028	0	N/A	3	\$ 45,250	3	\$ 45,250
	15	2029-2030	2029	0	N/A	3	\$ 45,250	3	\$ 45,250
Tax Credit Period (with 50% cap on credit)									
Credit Settle-Up Period									
Post- Settle-Up Period									
Post- Settle-Up Period									

Notes: For job definitions see TAC §9.1051(14) and Tax Code §313.021(3).

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

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

11-18-13  
 DATE

Schedule D: (Rev. May 2010): Other Tax Information

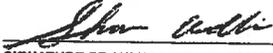
Applicant Name: FiberWinds Energy, LLC

ISD Name: Lorenzo ISD

Form 50-296

					Sales Tax Information		Franchise Tax	Other Property Tax Abatements Sought			
					Sales Taxable Expenditures		Franchise Tax	County	City	Hospital	Water District
		Year	School Year (YYYY-YYYY)	Tax Calendar Year YYYY	Column F: Estimate of total annual expenditures* subject to state sales tax	Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax	Column H: Estimate of Franchise tax due from (or attributable to) the applicant	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)			2014-2015	2014	\$ 312,500	\$ 2,187,500	\$ -	0%	N/A	0%	0%
Complete tax years of qualifying time period	1		2015-2016	2015	\$ 11,875,000	\$ 83,125,000	\$ 12,000.00	0%	N/A	0%	0%
	2		2016-2017	2016	\$ -	\$ -	\$ 12,000.00	100%	N/A	0%	0%
Tax Credit Period (with 50% cap on credit)	Value Limitation Period	3	2017-2018	2017	\$ -	\$ -	\$ 12,000.00	100%	N/A	0%	0%
		4	2018-2019	2018	\$ -	\$ -	\$ 12,000.00	100%	N/A	0%	0%
		5	2019-2020	2019	\$ -	\$ -	\$ 12,000.00	100%	N/A	0%	0%
		6	2020-2021	2020	\$ -	\$ -	\$ 12,000.00	100%	N/A	0%	0%
		7	2021-2022	2021	\$ -	\$ -	\$ 12,000.00	100%	N/A	0%	0%
		8	2022-2023	2022	\$ -	\$ -	\$ 12,000.00	100%	N/A	0%	0%
		9	2023-2024	2023	\$ -	\$ -	\$ 12,000.00	100%	N/A	0%	0%
		10	2024-2025	2024	\$ -	\$ -	\$ 12,000.00	100%	N/A	0%	0%
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2025-2026	2025	\$ 640,000	\$ 960,000	\$ 12,000.00	100%	N/A	0%	0%
		12	2026-2027	2026	\$ 652,800	\$ 979,200	\$ 12,000.00	0%	N/A	0%	0%
		13	2027-2028	2027	\$ 665,856	\$ 998,784	\$ 12,000.00	0%	N/A	0%	0%
Post-Settle-Up Period		14	2028-2029	2028	\$ 679,173	\$ 1,018,760	\$ 12,000.00	0%	N/A	0%	0%
Post-Settle-Up Period		15	2029-2030	2029	\$ 692,757	\$ 1,039,135	\$ 12,000.00	0%	N/A	0%	0%

\*For planning, construction and operation of the facility.

  
SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

11-18-13  
DATE

# Attachment 2



1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • [www.tea.state.tx.us](http://www.tea.state.tx.us)

Michael Williams  
Commissioner

March 12, 2014

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

Dear Mr. Wood:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed Fiber Winds Energy LLC project on the number and size of school facilities in Lorenzo Independent School District (LISD). Based on the analysis prepared by Randy McDowell and Neal Brown for the school district and a conversation with the LISD superintendent, Jerrod Pickering, the TEA has found that the Fiber Winds Energy LLC project would not have a significant impact on the number or size of school facilities in LISD.

Please feel free to contact me by phone at (512) 463-9186 or by email at [al.mckenzie@tea.state.tx.us](mailto:al.mckenzie@tea.state.tx.us) if you need further information about this issue.

Sincerely,

A handwritten signature in blue ink, appearing to read "Al McKenzie", with a long horizontal flourish extending to the right.

Al McKenzie, Manager  
Foundation School Program Support

AM/rk



1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • [www.tea.state.tx.us](http://www.tea.state.tx.us)

Michael Williams  
Commissioner

March 12, 2014

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

Dear Mr. Wood:

The Texas Education Agency (TEA) has analyzed the revenue gains that would be realized by the proposed Fiber Winds Energy LLC project for the Lorenzo Independent School District (LISD). Projections prepared by the TEA State Funding Division confirm the analysis that was prepared by Randy McDowell and Neal Brown and provided to us by your division. We believe their assumptions regarding the potential revenue gain are valid, and their estimates of the impact of the Fiber Winds Energy LLC project on LISD are correct.

Please feel free to contact me by phone at (512) 463-9186 or by email at [al.mckenzie@tea.state.tx.us](mailto:al.mckenzie@tea.state.tx.us) if you need further information about this issue.

Sincerely,

A handwritten signature in blue ink, appearing to read "Al McKenzie", with a long horizontal flourish extending to the right.

Al McKenzie, Manager  
Foundation School Program Support

AM/rk

**Summary of the District's Financial Impact  
of Chapter 313 Agreement  
with Fiber Winds Energy, LLC**

**Prepared by**

**Randy McDowell, RTSBA**

**&**

**Neal Brown**

**School Finance Consultants**

# **Lorenzo ISD Financial Impact of Chapter 313 Agreement**

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## **Summary of Lorenzo ISD Financial Impact of the Limited Appraised Value Application from Fiber Winds Energy, LLC**

### **Introduction**

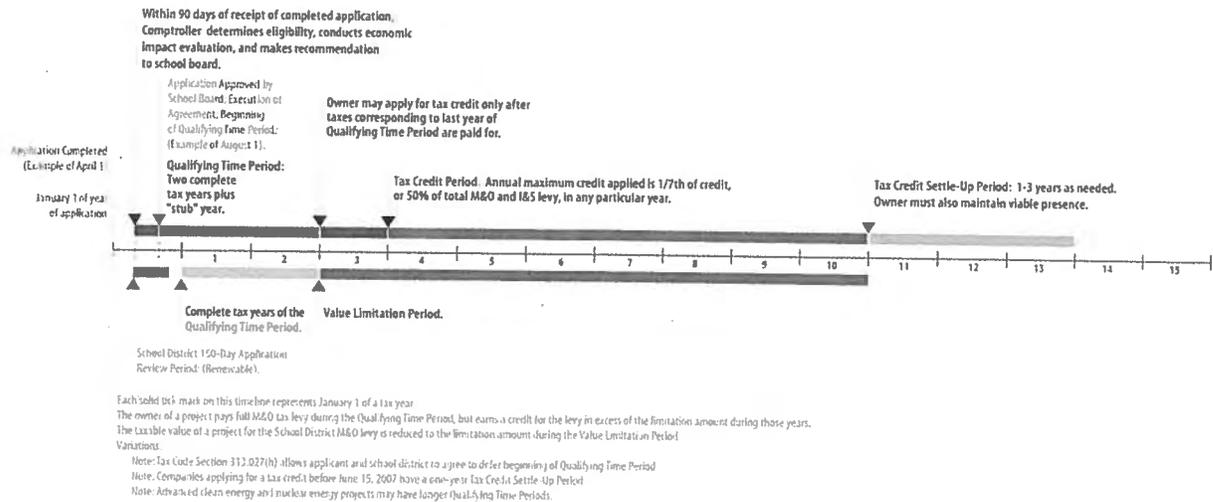
Fiber Winds Energy, LLC applied for a property value limitation from Lorenzo Independent School District under Chapter 313 of the Tax Code. The application was submitted on November 18, 2013 and subsequently approved for consideration by the Lorenzo ISD Board of Trustees. Fiber Winds Energy, LLC ("Fiber Winds"), 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 77<sup>th</sup> Texas Legislature in 2001. Further amendments were made to Chapter 313 as a result of House Bill 1470 from the 80<sup>th</sup> 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.

# Lorenzo ISD Financial Impact of Chapter 313 Agreement

## Appraised Value Limitation and Credit under Tax Code Chapter 313 for School District Maintenance & Operations (M&O) Tax



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. The first two years of the agreement are considered the qualifying time period and the company's school district taxes will be levied at one-hundred percent of the appraised value. The applicant may then file a separate application with the school district to request tax credits (for taxes paid during the qualifying time period) to be applied during years four through ten of the LAVA, but not to exceed 50% of their tax levy for those years. Any tax credit balance remaining after this period can then be applied during years eleven through thirteen of the agreement, but cannot exceed the actual amount of taxes paid to the school district during the Settle-Up Period. After year thirteen, any leftover credits will not be applied and will expire.

During years three through ten of the LAVA, 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. Lorenzo ISD is considered a Rural category 3 District as categorized with total taxable value of industrial property of at least \$1 million but less than \$90 million, thus Lorenzo ISD has a minimum qualified investment amount of \$10 million. A qualifying entity's taxable value would be

## Lorenzo ISD Financial Impact of Chapter 313 Agreement

reduced to \$10 million during years three through ten of the agreement for the purposes of computing the tax levy for the maintenance and operations (M&O) tax of Lorenzo ISD. The entire appraised value will be used for computing the interest and sinking (I&S) tax levy.

### Taxable Value Impact from LAVA

The “Additional Value from Fiber Winds” represents the values that the company estimated as their taxable values in the application that was filed with the district. During years three through ten, the company’s taxable value will be limited to the \$10,000,000 minimum qualified investment of Lorenzo ISD.

**TABLE I- Calculation of Taxable Value:**

Tax Year	Additional Value From Fiber Winds	Minimum Qualified Investment	Abated Value	Taxable Value
Jan. 1, 2015	2,500,000	n/a	0	2,500,000
Jan. 1, 2016	79,848,000	n/a	0	79,848,000
Jan. 1, 2017	75,855,600	(10,000,000)	65,855,600	10,000,000
Jan. 1, 2018	72,062,820	(10,000,000)	62,062,820	10,000,000
Jan. 1, 2019	68,459,679	(10,000,000)	58,459,679	10,000,000
Jan. 1, 2020	65,036,695	(10,000,000)	55,036,695	10,000,000
Jan. 1, 2021	61,784,860	(10,000,000)	51,784,860	10,000,000
Jan. 1, 2022	58,695,617	(10,000,000)	48,695,617	10,000,000
Jan. 1, 2023	55,760,836	(10,000,000)	45,760,836	10,000,000
Jan. 1, 2024	52,972,795	(10,000,000)	42,972,795	10,000,000
Jan. 1, 2025	50,324,155	n/a	0	50,324,155
Jan. 1, 2026	47,807,947	n/a	0	47,807,947
Jan. 1, 2027	45,417,550	n/a	0	45,417,550

# Lorenzo ISD Financial Impact of Chapter 313 Agreement

## Fiber Wind's Tax Benefit from Agreement

The projected amount of the net tax savings for Fiber Wind is \$4.499 million over the life of the Agreement. This net savings is after all tax credits have been applied 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. Tax credits during years four through ten are limited to the lesser of 1/7 of the total tax credit or 50% of the total taxes paid for that tax year. Any tax credits not refunded to the company during those years will be refunded up to 100% of the taxes paid in years eleven through thirteen.

Lorenzo 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 that would approve a M&O tax rate in excess of \$1.0271; therefore, the study assumes that they will maintain a M&O tax rate of \$1.0271. The M&O rate for 2016-2017 & 2025-2026 is projected to drop to \$1.0171 due to the rollback tax rate calculations.
- The district currently has no outstanding bonded indebtedness and therefore no I&S tax rate was projected in the study. The district could pursue a bond election and issue 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	Tax Credits	Payment of District's Revenue Losses	Net Tax Savings
2015-2016	1.0271	0.000	25,678	0	n/a	0	0
2016-2017	1.0171	0.000	812,134	0	n/a	0	0
2017-2018	1.0271	0.000	779,113	676,403	n/a	(634,112)	42,291
2018-2019	1.0271	0.000	740,157	637,447	51,355	0	688,802
2019-2020	1.0271	0.000	703,149	600,439	51,355	0	651,794
2020-2021	1.0271	0.000	667,992	565,282	51,355	0	616,637
2021-2022	1.0271	0.000	634,592	531,882	51,355	0	583,237
2022-2023	1.0271	0.000	602,863	500,153	51,355	0	551,508
2023-2024	1.0271	0.000	572,720	470,010	51,355	0	521,365
2024-2025	1.0271	0.000	544,084	441,374	51,355	0	492,729
2025-2026	1.0171	0.000	511,847	0	350,939	0	350,939
2026-2027	1.0271	0.000	491,035	0	0	0	0
2027-2028	1.0271	0.000	466,484	0	0	0	0
<b>Totals</b>			<b>7,551,847</b>	<b>4,422,989</b>	<b>710,424</b>	<b>(634,112)</b>	<b>4,499,302</b>

# Lorenzo ISD Financial Impact of Chapter 313 Agreement

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## Financial Impact Study

This Financial Impact Study was performed to determine the financial impact of the Limited Appraised Value Agreement on Lorenzo ISD. First, a thirteen year financial forecast was prepared to establish a baseline without the added values of the renewable energy electric generation company. Second, a thirteen year financial forecast was prepared that incorporated the additional taxable value of the company without a LAVA in effect. Third, a thirteen 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 2013-2014 fiscal year) were used for state aid and recapture calculation purposes
  - Level 2 of Tier II yield - \$61.86 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 2013.
- A tax collection rate of 100% on current year tax levy with no projected delinquent taxes
- An annual taxable value increased by 1.0% was used to project the district's taxable value, except as it related to the requested LAVA. The district's 2013 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 2013-2014 was decreased by .5% 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.

# Lorenzo 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 Fiber Winds (Table III), the addition of Fiber Wind's taxable values without a Chapter 313 Agreement (Table IV), and the addition of Fiber Wind's taxable values with a Chapter 313 Agreement (Table V).

**TABLE III – District Revenues *without* Fiber Winds Energy, LLC:**

Fiscal Year	Total Taxable Value	M&O Taxes		Recapture Amount	Hold	M&O	Total District Revenue
		Compressed Rate	State Revenue		Harmless Revenue	Taxes > Comp Rate	
2015-2016	195,201,857	1,887,797	785,944	0	2,673,741	172,097	2,845,837
2016-2017	197,053,876	1,905,708	792,447	0	2,698,155	191,625	2,889,780
2017-2018	198,924,415	1,923,798	759,020	0	2,682,818	192,505	2,875,324
2018-2019	200,813,659	1,942,069	730,398	0	2,672,467	191,526	2,863,993
2019-2020	202,721,795	1,960,522	696,597	0	2,657,120	190,551	2,847,671
2020-2021	204,649,013	1,979,161	667,601	0	2,646,761	189,582	2,836,343
2021-2022	206,595,503	1,997,985	630,816	0	2,628,801	188,618	2,817,419
2022-2023	208,561,458	2,016,998	599,050	0	2,616,048	187,658	2,803,706
2023-2024	219,047,073	2,118,404	567,011	0	2,685,415	194,170	2,879,585
2024-2025	219,202,544	2,119,908	450,583	0	2,570,491	184,081	2,754,571
2025-2026	219,378,069	2,121,605	439,044	0	2,560,649	181,408	2,742,057
2026-2027	220,535,850	2,132,802	422,038	0	2,554,840	183,066	2,737,906
2027-2028	221,767,368	2,144,712	400,026	0	2,544,738	182,197	2,726,935

## Lorenzo ISD Financial Impact of Chapter 313 Agreement

**TABLE IV- District Revenues with Fiber Winds Energy without Chapter 313 Agreement:**

Fiscal Year	Total Taxable Value	M&O Taxes		Recapture Amount	Hold Harmless Revenue	M&O Taxes > Comp Rate	Total District Revenue
		Compressed Rate	State Revenue				
2015-2016	197,701,857	1,911,975	761,766	0	2,673,741	174,278	2,848,019
2016-2017	276,901,876	2,677,918	745,289	0	3,423,207	223,078	3,646,286
2017-2018	274,780,015	2,657,398	60,633	121,059	2,596,972	188,712	2,785,684
2018-2019	272,876,479	2,638,988	63,019	113,461	2,588,546	187,917	2,776,463
2019-2020	271,181,474	2,622,596	61,091	107,885	2,575,802	187,121	2,762,922
2020-2021	269,685,708	2,608,130	63,775	104,241	2,567,664	186,323	2,753,988
2021-2022	268,380,363	2,595,506	65,340	102,444	2,558,402	185,524	2,743,927
2022-2023	267,257,075	2,584,643	59,324	102,414	2,541,553	184,724	2,726,277
2023-2024	274,807,909	2,657,667	59,541	107,395	2,609,813	189,749	2,799,562
2024-2025	272,175,339	2,632,208	60,651	188,051	2,504,808	181,866	2,686,674
2025-2026	269,702,224	2,608,290	62,936	175,143	2,496,084	181,059	2,677,143
2026-2027	268,343,797	2,595,153	60,274	164,277	2,491,150	180,897	2,672,046
2027-2028	267,184,918	2,583,945	64,852	163,478	2,485,319	180,128	2,665,447

**TABLE V – District Revenues with Fiber Winds Energy with Chapter 313 Agreement:**

Fiscal Year	Total Taxable Value	M&O Taxes		Recapture Amount	Hold Harmless Revenue	M&O Taxes > Comp Rate	Payment for District Losses	Total District Revenue
		Comp Rate	State Revenue					
2015-2016	197,701,857	1,911,975	761,766	0	2,673,741	174,278	0	2,848,019
2016-2017	276,901,876	2,677,918	745,289	0	3,423,207	223,078	0	3,646,286
2017-2018	208,924,415	2,020,508	79,297	92,045	2,007,760	143,812	634,112	2,785,684
2018-2019	210,813,659	2,038,779	630,787	0	2,669,566	191,350	0	2,860,915
2019-2020	212,721,795	2,057,232	596,986	0	2,654,219	190,378	0	2,844,597
2020-2021	214,649,013	2,075,871	567,989	0	2,643,859	189,412	0	2,833,271
2021-2022	216,595,503	2,094,695	531,205	0	2,625,900	188,451	0	2,814,351
2022-2023	218,561,458	2,113,708	499,438	0	2,613,146	187,495	0	2,800,641
2023-2024	229,047,073	2,215,114	467,399	0	2,682,513	193,668	0	2,876,181
2024-2025	229,202,544	2,216,618	350,972	0	2,567,590	184,002	0	2,751,592
2025-2026	269,702,224	2,608,290	327,919	0	2,936,209	179,184	0	3,115,393
2026-2027	268,343,797	2,595,153	60,274	164,277	2,491,150	180,897	0	2,672,046
2027-2028	267,184,918	2,583,945	64,852	163,478	2,485,319	180,128	0	2,665,447

# Lorenzo ISD Financial Impact of Chapter 313 Agreement

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## Current School Finance Law

A major overhaul of the school finance formulas was implemented as a result of House Bill 1 of the 79<sup>th</sup> 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 in year three of the LAVA 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 82<sup>nd</sup> 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.

# Lorenzo ISD Financial Impact of Chapter 313 Agreement

## Payments in Lieu of Taxes

Assuming that the District and Fiber Winds Energy, LLC mutually agree in the LAVA that \$100 per student in average daily attendance (ADA) will be paid to Lorenzo ISD by Fiber Winds, the projected amount of these payments over the life of the agreement is \$338,062 of the \$4.499 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	Lorenzo ISD \$100/ADA	Fiber Wind's Share
2015-2016	0	26,794	(26,794)
2016-2017	0	26,660	(26,660)
2017-2018	42,291	26,527	15,764
2018-2019	688,802	26,394	662,408
2019-2020	651,794	26,262	625,532
2020-2021	616,637	26,131	590,506
2021-2022	583,237	26,000	557,237
2022-2023	551,508	25,870	525,637
2023-2024	521,365	25,741	495,624
2024-2025	492,729	25,612	467,116
2025-2026	350,939	25,484	325,455
2026-2027	0	25,357	(25,357)
2027-2028	0	25,230	(25,230)
<b>Totals</b>	<b>4,499,302</b>	<b>338,062</b>	<b>4,161,240</b>

# Lorenzo ISD Financial Impact of Chapter 313 Agreement

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## Impact of Projected Student Growth On District Facilities

**TABLE VII – Campus Capacity and Available Growth**

Grade Level	# of Regular Classrooms	Building Capacity	Current Enrollment	Enrollment Growth Available
Pre-K thru 6	16	352	189	163
7 thru 12	12	240	116	124
<b>Total</b>	<b>28</b>	<b>592</b>	<b>305</b>	<b>287</b>

The building capacities are based on 22 students per classroom for the elementary campuses, 20 students for the Jr. High and high school. Lorenzo ISD is a pre-kindergarten through 12<sup>th</sup> grade district.

Fiber Winds Energy, 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 three full-time employees are expected. It is not known whether these would be new employees to the Lorenzo 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 three positions equates to 2 new students.

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

# Lorenzo ISD Financial Impact of Chapter 313 Agreement

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## Conclusion

This Financial Impact Study displays that entering into a Limited Appraised Value Agreement with Fiber Winds Energy, LLC, would be beneficial to both Fiber Winds and Lorenzo ISD under the current school finance system.

Fiber Winds Energy, LLC would benefit from reduced property taxes during years three through ten of the LAVA. Although some of the tax savings would be used to offset district's revenue losses and payments in lieu of taxes to the District, Fiber Winds is projected to benefit from a 78% tax savings over the first eleven year period of this agreement. Fiber Winds 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.

Lorenzo ISD would also have no inherent risk under the current school finance system and with the provisions in the LAVA that require Fiber Winds 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.

# Attachment 3

# Crosby County

## Population

- Total county population in 2010 for Crosby County: 6,069 , up 0.1 percent from 2009. State population increased 1.8 percent in the same time period.
- Crosby County was the state's 193th largest county in population in 2010 and the 190 th fastest growing county from 2009 to 2010.
- Crosby County's population in 2009 was 42.1 percent Anglo (below the state average of 46.7 percent), 4.2 percent African-American (below the state average of 11.3 percent) and 52.7 percent Hispanic (above the state average of 36.9 percent).
- 2009 population of the largest cities and places in Crosby County:

<b>Ralls:</b>	1,940	<b>Crosbyton:</b>	1,591
<b>Lorenzo:</b>	1,171		

## Economy and Income

### *Employment*

- September 2011 total employment in Crosby County: 2,454 , up 1.4 percent from September 2010. State total employment increased 0.9 percent during the same period.  
*(October 2011 employment data will be available November 18, 2011).*
- September 2011 Crosby County unemployment rate: 10.3 percent, up from 7.8 percent in September 2010. The statewide unemployment rate for September 2011 was 8.5 percent, up from 8.2 percent in September 2010.
- September 2011 unemployment rate in the city of:

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

### *Income*

- Crosby County's ranking in per capita personal income in 2009: 101st with an average per capita income of \$34,095, up 2.5 percent from 2008. Statewide average per capita personal income was \$38,609 in 2009, down 3.1 percent from 2008.

### *Industry*

- Agricultural cash values in Crosby County averaged \$144.99 million annually from 2007 to 2010. County total agricultural values in 2010 were down 4.9 percent from 2009. Major agriculture related commodities in Crosby County during 2010 included:
  - Hay
  - Wheat
  - Other Beef
  - Cottonseed
  - Cotton
- 2011 oil and gas production in Crosby County: 491,409.0 barrels of oil and 40,450.0 Mcf of gas. In September 2011, there were 442 producing oil wells and 0 producing gas wells.

## Taxes

### *Sales Tax - Taxable Sales*

**(County and city taxable sales data for 1st quarter 2011 is currently targeted for release in mid-September 2011).**

#### *Quarterly (September 2010 through December 2010)*

- Taxable sales in Crosby County during the fourth quarter 2010: \$2.79 million, up 5.6 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

<b>Ralls:</b>	\$1.06 million, up 2.1 percent from the same quarter in 2009.
<b>Crosbyton:</b>	\$961,607.00, up 0.4 percent from the same quarter in 2009.
<b>Lorenzo:</b>	\$372,095.00, up 8.9 percent from the same quarter in 2009.

#### *Taxable Sales through the end of 4th quarter 2010 (January 2010 through December 30, 2010)*

- Taxable sales in Crosby County through the fourth quarter of 2010: \$10.25 million, up 1.1 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

<b>Ralls:</b>	\$3.83 million, up 0.6 percent from the same period in 2009.
<b>Crosbyton:</b>	\$3.42 million, down 6.3 percent from the same period in 2009.
<b>Lorenzo:</b>	\$1.34 million, down 2.2 percent from the same period in 2009.

#### *Annual (2010)*

- Taxable sales in Crosby County during 2010: \$10.25 million, up 1.1 percent from 2009.
- Crosby County sent an estimated \$640,386.63 (or 0.00 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.
- Taxable sales during 2010 in the city of:

<b>Ralls:</b>	\$3.83 million, up 0.6 percent from 2009.
<b>Crosbyton:</b>	\$3.42 million, down 6.3 percent from 2009.

Lorenzo: \$1.34 million, down 2.2 percent from 2009.

### ***Sales Tax – Local Sales Tax Allocations***

*(The release date for sales tax allocations to cities for the sales activity month of September 2011 is currently scheduled for November 9, 2011.)*

#### ***Monthly***

- Statewide payments based on the sales activity month of August 2011: \$505.22 million, up 13.9 percent from August 2010.
- Payments to all cities in Crosby County based on the sales activity month of August 2011: \$17,417.34, up 4.0 percent from August 2010.
- Payment based on the sales activity month of August 2011 to the city of:
 

<b>Ralls:</b>	\$7,975.40, up 7.0 percent from August 2010.
<b>Crosbyton:</b>	\$7,209.34, up 4.8 percent from August 2010.
<b>Lorenzo:</b>	\$2,232.60, down 7.2 percent from August 2010.

#### ***Fiscal Year***

- Statewide payments based on sales activity months from September 2010 through August 2011: \$6.08 billion, up 8.0 percent from the same period in 2010.
- Payments to all cities in Crosby County based on sales activity months from September 2010 through August 2011: \$226,258.47, up 0.9 percent from fiscal 2010.
- Payments based on sales activity months from September 2010 through August 2011 to the city of:
 

<b>Ralls:</b>	\$103,179.19, up 6.7 percent from fiscal 2010.
<b>Crosbyton:</b>	\$92,855.99, down 5.8 percent from fiscal 2010.
<b>Lorenzo:</b>	\$30,223.29, up 4.5 percent from fiscal 2010.

#### ***January 2011 through August 2011 (Sales Activity Year-To-Date)***

- Statewide payments based on sales activity months through August 2011: \$3.99 billion, up 8.3 percent from the same period in 2010.
- Payments to all cities in Crosby County based on sales activity months through August 2011: \$149,922.76, up 0.2 percent from the same period in 2010.
- Payments based on sales activity months through August 2011 to the city of:
 

<b>Ralls:</b>	\$67,121.63, up 5.5 percent from the same period in 2010.
<b>Crosbyton:</b>	\$61,654.58, down 7.0 percent from the same period in 2010.
<b>Lorenzo:</b>	\$21,146.55, up 7.7 percent from the same period in 2010.

#### ***12 months ending in August 2011***

- Statewide payments based on sales activity in the 12 months ending in August 2011: \$6.08 billion, up 8.0 percent from the previous 12-month period.
- Payments to all cities in Crosby County based on sales activity in the 12 months ending in August 2011: \$226,258.47, up 0.9 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in August 2011 to the city of:
 

<b>Ralls:</b>	\$103,179.19, up 6.7 percent from the previous 12-month period.
<b>Crosbyton:</b>	\$92,855.99, down 5.8 percent from the previous 12-month period.
<b>Lorenzo:</b>	\$30,223.29, up 4.5 percent from the previous 12-month period.

#### ■ ***City Calendar Year-To-Date (RJ 2011)***

- Payment to the cities from January 2011 through October 2011:
 

<b>Ralls:</b>	\$84,931.24, up 4.0 percent from the same period in 2010.
<b>Crosbyton:</b>	\$78,924.83, down 4.4 percent from the same period in 2010.
<b>Lorenzo:</b>	\$25,791.46, up 5.8 percent from the same period in 2010.

#### ***Annual (2010)***

- Statewide payments based on sales activity months in 2010: \$5.77 billion, up 3.3 percent from 2009.
- Payments to all cities in Crosby County based on sales activity months in 2010: \$225,943.92, up 2.7 percent from 2009.
- Payment based on sales activity months in 2010 to the city of:
 

<b>Ralls:</b>	\$99,709.05, up 5.6 percent from 2009.
<b>Crosbyton:</b>	\$97,519.75, down 1.0 percent from 2009.
<b>Lorenzo:</b>	\$28,715.12, up 6.0 percent from 2009.

### ***Property Tax***

- As of January 2009, property values in Crosby County: \$655.16 million, up 2.5 percent from January 2008 values. The property tax base per person in Crosby County is \$107,245, above the statewide average of \$85,809. About 24.5 percent of the property tax base is derived from oil, gas and minerals.

### State Expenditures

- Crosby County's ranking in state expenditures by county in fiscal year 2010: 184th. State expenditures in the county for FY2010: \$28.18 million, up 0.1 percent from FY2009.
- In Crosby County, 7 state agencies provide a total of 27 jobs and \$270,638.00 in annualized wages (as of 1st quarter 2011).
- Major state agencies in the county (as of first quarter 2011):
  - Department of Transportation
  - Department of Public Safety
  - AgriLife Extension Service
  - Health & Human Services Commission
  - Department of Aging and Disability Services

### Higher Education

- Community colleges in Crosby County fall 2010 enrollment:
  - None.
- Crosby County is in the service area of the following:
  - South Plains College with a fall 2010 enrollment of 10,153. Counties in the service area include:
    - Bailey County
    - Cochran County
    - Crosby County
    - Floyd County
    - Gaines County
    - Garza County
    - Hale County
    - Hockley County
    - Lamb County
    - Lubbock County
    - Lynn County
    - Motley County
    - Terry County
    - Yoakum County
- Institutions of higher education in Crosby County fall 2010 enrollment:
  - None.

### School Districts

- Crosby County had 3 school districts with 11 schools and 1,273 students in the 2009-10 school year.  
**(Statewide, the average teacher salary in school year 2009-10 was \$48,263. The percentage of students, statewide, meeting the 2010 TAKS passing standard for all 2009-10 TAKS tests was 77 percent.)**
  - Crosbyton ISD had 415 students in the 2009-10 school year. The average teacher salary was \$40,893. The percentage of students meeting the 2010 TAKS passing standard for all tests was 65 percent.
  - Lorenzo ISD had 317 students in the 2009-10 school year. The average teacher salary was \$41,094. The percentage of students meeting the 2010 TAKS passing standard for all tests was 50 percent.
  - Ralls ISD had 541 students in the 2009-10 school year. The average teacher salary was \$37,609. The percentage of students meeting the 2010 TAKS passing standard for all tests was 66 percent.

**Summary of the District's Financial Impact  
of Chapter 313 Agreement  
with Fiber Winds Energy, LLC**

Prepared by

**Randy McDowell, RTSBA**

**&**

**Neal Brown**

**School Finance Consultants**

# Lorenzo ISD Financial Impact of Chapter 313 Agreement

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## **Summary of Lorenzo ISD Financial Impact of the Limited Appraised Value Application from Fiber Winds Energy, LLC**

### **Introduction**

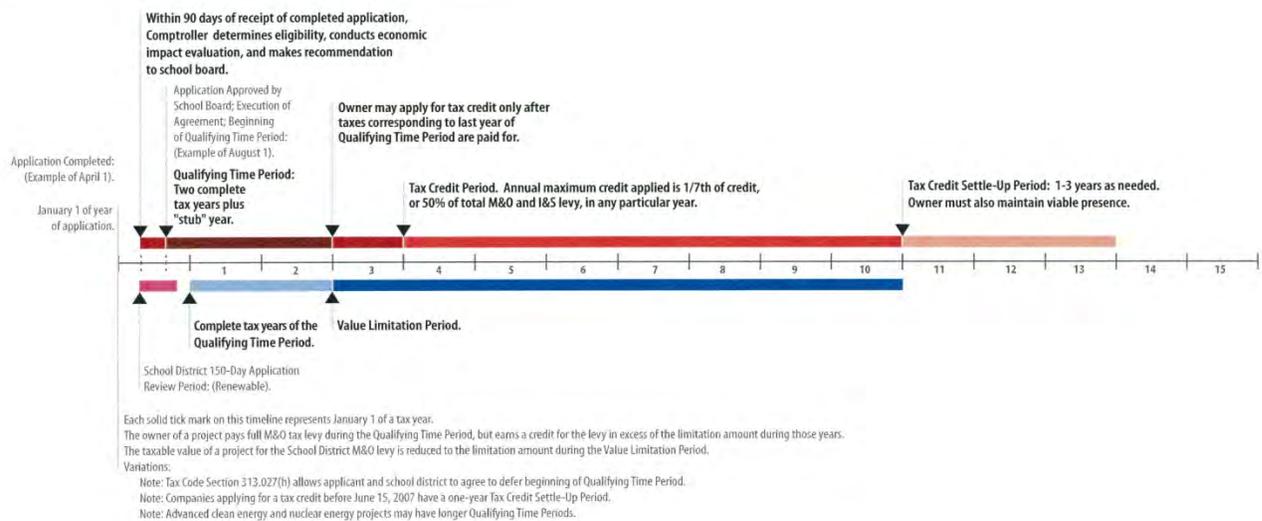
Fiber Winds Energy, LLC applied for a property value limitation from Lorenzo Independent School District under Chapter 313 of the Tax Code. The application was submitted on November 18, 2013 and subsequently approved for consideration by the Lorenzo ISD Board of Trustees. Fiber Winds Energy, LLC (“Fiber Winds”), 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 77<sup>th</sup> Texas Legislature in 2001. Further amendments were made to Chapter 313 as a result of House Bill 1470 from the 80<sup>th</sup> 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.

# Lorenzo ISD Financial Impact of Chapter 313 Agreement

## Appraised Value Limitation and Credit under Tax Code Chapter 313 for School District Maintenance & Operations (M&O) Tax



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. The first two years of the agreement are considered the qualifying time period and the company’s school district taxes will be levied at one-hundred percent of the appraised value. The applicant may then file a separate application with the school district to request tax credits (for taxes paid during the qualifying time period) to be applied during years four through ten of the LAVA, but not to exceed 50% of their tax levy for those years. Any tax credit balance remaining after this period can then be applied during years eleven through thirteen of the agreement, but cannot exceed the actual amount of taxes paid to the school district during the Settle-Up Period. After year thirteen, any leftover credits will not be applied and will expire.

During years three through ten of the LAVA, 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. Lorenzo ISD is considered a Rural category 3 District as categorized with total taxable value of industrial property of at least \$1 million but less than \$90 million, thus Lorenzo ISD has a minimum qualified investment amount of \$10 million. A qualifying entity’s taxable value would be

# Lorenzo ISD Financial Impact of Chapter 313 Agreement

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reduced to \$10 million during years three through ten of the agreement for the purposes of computing the tax levy for the maintenance and operations (M&O) tax of Lorenzo ISD. The entire appraised value will be used for computing the interest and sinking (I&S) tax levy.

## Taxable Value Impact from LAVA

The “Additional Value from Fiber Winds” represents the values that the company estimated as their taxable values in the application that was filed with the district. During years three through ten, the company’s taxable value will be limited to the \$10,000,000 minimum qualified investment of Lorenzo ISD.

**TABLE I- Calculation of Taxable Value:**

Tax Year	Additional Value From Fiber Winds	Minimum Qualified Investment	Abated Value	Taxable Value
Jan. 1, 2015	2,500,000	n/a	0	2,500,000
Jan. 1, 2016	79,848,000	n/a	0	79,848,000
Jan. 1, 2017	75,855,600	(10,000,000)	65,855,600	10,000,000
Jan. 1, 2018	72,062,820	(10,000,000)	62,062,820	10,000,000
Jan. 1, 2019	68,459,679	(10,000,000)	58,459,679	10,000,000
Jan. 1, 2020	65,036,695	(10,000,000)	55,036,695	10,000,000
Jan. 1, 2021	61,784,860	(10,000,000)	51,784,860	10,000,000
Jan. 1, 2022	58,695,617	(10,000,000)	48,695,617	10,000,000
Jan. 1, 2023	55,760,836	(10,000,000)	45,760,836	10,000,000
Jan. 1, 2024	52,972,795	(10,000,000)	42,972,795	10,000,000
Jan. 1, 2025	50,324,155	n/a	0	50,324,155
Jan. 1, 2026	47,807,947	n/a	0	47,807,947
Jan. 1, 2027	45,417,550	n/a	0	45,417,550

# Lorenzo ISD Financial Impact of Chapter 313 Agreement

## Fiber Wind's Tax Benefit from Agreement

The projected amount of the net tax savings for Fiber Wind is \$4.499 million over the life of the Agreement. This net savings is after all tax credits have been applied 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. Tax credits during years four through ten are limited to the lesser of 1/7 of the total tax credit or 50% of the total taxes paid for that tax year. Any tax credits not refunded to the company during those years will be refunded up to 100% of the taxes paid in years eleven through thirteen.

Lorenzo 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 that would approve a M&O tax rate in excess of \$1.0271; therefore, the study assumes that they will maintain a M&O tax rate of \$1.0271. The M&O rate for 2016-2017 & 2025-2026 is projected to drop to \$1.0171 due to the rollback tax rate calculations.
- The district currently has no outstanding bonded indebtedness and therefore no I&S tax rate was projected in the study. The district could pursue a bond election and issue 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	Tax Credits	Payment of District's Revenue Losses	Net Tax Savings
2015-2016	1.0271	0.000	25,678	0	n/a	0	0
2016-2017	1.0171	0.000	812,134	0	n/a	0	0
2017-2018	1.0271	0.000	779,113	676,403	n/a	(634,112)	42,291
2018-2019	1.0271	0.000	740,157	637,447	51,355	0	688,802
2019-2020	1.0271	0.000	703,149	600,439	51,355	0	651,794
2020-2021	1.0271	0.000	667,992	565,282	51,355	0	616,637
2021-2022	1.0271	0.000	634,592	531,882	51,355	0	583,237
2022-2023	1.0271	0.000	602,863	500,153	51,355	0	551,508
2023-2024	1.0271	0.000	572,720	470,010	51,355	0	521,365
2024-2025	1.0271	0.000	544,084	441,374	51,355	0	492,729
2025-2026	1.0171	0.000	511,847	0	350,939	0	350,939
2026-2027	1.0271	0.000	491,035	0	0	0	0
2027-2028	1.0271	0.000	466,484	0	0	0	0
<b>Totals</b>			<b>7,551,847</b>	<b>4,422,989</b>	<b>710,424</b>	<b>(634,112)</b>	<b>4,499,302</b>

# Lorenzo ISD Financial Impact of Chapter 313 Agreement

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## Financial Impact Study

This Financial Impact Study was performed to determine the financial impact of the Limited Appraised Value Agreement on Lorenzo ISD. First, a thirteen year financial forecast was prepared to establish a baseline without the added values of the renewable energy electric generation company. Second, a thirteen year financial forecast was prepared that incorporated the additional taxable value of the company without a LAVA in effect. Third, a thirteen 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 2013-2014 fiscal year) were used for state aid and recapture calculation purposes
  - Level 2 of Tier II yield - \$61.86 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 2013.
- A tax collection rate of 100% on current year tax levy with no projected delinquent taxes
- An annual taxable value increased by 1.0% was used to project the district’s taxable value, except as it related to the requested LAVA. The district’s 2013 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 2013-2014 was decreased by .5% 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.

# Lorenzo 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 Fiber Winds (Table III), the addition of Fiber Wind's taxable values without a Chapter 313 Agreement (Table IV), and the addition of Fiber Wind's taxable values with a Chapter 313 Agreement (Table V).

**TABLE III – District Revenues *without* Fiber Winds Energy, LLC:**

Fiscal Year	Total Taxable Value	M&O Taxes		Recapture Amount	Hold	M&O	Total District Revenue
		Compressed Rate	State Revenue		Harmless Revenue	Taxes > Comp Rate	
2015-2016	195,201,857	1,887,797	785,944	0	2,673,741	172,097	2,845,837
2016-2017	197,053,876	1,905,708	792,447	0	2,698,155	191,625	2,889,780
2017-2018	198,924,415	1,923,798	759,020	0	2,682,818	192,505	2,875,324
2018-2019	200,813,659	1,942,069	730,398	0	2,672,467	191,526	2,863,993
2019-2020	202,721,795	1,960,522	696,597	0	2,657,120	190,551	2,847,671
2020-2021	204,649,013	1,979,161	667,601	0	2,646,761	189,582	2,836,343
2021-2022	206,595,503	1,997,985	630,816	0	2,628,801	188,618	2,817,419
2022-2023	208,561,458	2,016,998	599,050	0	2,616,048	187,658	2,803,706
2023-2024	219,047,073	2,118,404	567,011	0	2,685,415	194,170	2,879,585
2024-2025	219,202,544	2,119,908	450,583	0	2,570,491	184,081	2,754,571
2025-2026	219,378,069	2,121,605	439,044	0	2,560,649	181,408	2,742,057
2026-2027	220,535,850	2,132,802	422,038	0	2,554,840	183,066	2,737,906
2027-2028	221,767,368	2,144,712	400,026	0	2,544,738	182,197	2,726,935

## Lorenzo ISD Financial Impact of Chapter 313 Agreement

**TABLE IV- District Revenues *with* Fiber Winds Energy *without* Chapter 313 Agreement:**

Fiscal Year	Total Taxable Value	M&O Taxes		Recapture Amount	Hold	M&O	Total District Revenue
		Compressed Rate	State Revenue		Harmless Revenue	Taxes > Comp Rate	
2015-2016	197,701,857	1,911,975	761,766	0	2,673,741	174,278	2,848,019
2016-2017	276,901,876	2,677,918	745,289	0	3,423,207	223,078	3,646,286
2017-2018	274,780,015	2,657,398	60,633	121,059	2,596,972	188,712	2,785,684
2018-2019	272,876,479	2,638,988	63,019	113,461	2,588,546	187,917	2,776,463
2019-2020	271,181,474	2,622,596	61,091	107,885	2,575,802	187,121	2,762,922
2020-2021	269,685,708	2,608,130	63,775	104,241	2,567,664	186,323	2,753,988
2021-2022	268,380,363	2,595,506	65,340	102,444	2,558,402	185,524	2,743,927
2022-2023	267,257,075	2,584,643	59,324	102,414	2,541,553	184,724	2,726,277
2023-2024	274,807,909	2,657,667	59,541	107,395	2,609,813	189,749	2,799,562
2024-2025	272,175,339	2,632,208	60,651	188,051	2,504,808	181,866	2,686,674
2025-2026	269,702,224	2,608,290	62,936	175,143	2,496,084	181,059	2,677,143
2026-2027	268,343,797	2,595,153	60,274	164,277	2,491,150	180,897	2,672,046
2027-2028	267,184,918	2,583,945	64,852	163,478	2,485,319	180,128	2,665,447

**TABLE V – District Revenues *with* Fiber Winds Energy *with* Chapter 313 Agreement:**

Fiscal Year	Total Taxable Value	M&O Taxes Comp Rate	State Revenue	Recapture Amount	Hold	M&O	Payment for District Losses	Total District Revenue
					Harmless Revenue	Taxes > Comp Rate		
2015-2016	197,701,857	1,911,975	761,766	0	2,673,741	174,278	0	2,848,019
2016-2017	276,901,876	2,677,918	745,289	0	3,423,207	223,078	0	3,646,286
2017-2018	208,924,415	2,020,508	79,297	92,045	2,007,760	143,812	634,112	2,785,684
2018-2019	210,813,659	2,038,779	630,787	0	2,669,566	191,350	0	2,860,915
2019-2020	212,721,795	2,057,232	596,986	0	2,654,219	190,378	0	2,844,597
2020-2021	214,649,013	2,075,871	567,989	0	2,643,859	189,412	0	2,833,271
2021-2022	216,595,503	2,094,695	531,205	0	2,625,900	188,451	0	2,814,351
2022-2023	218,561,458	2,113,708	499,438	0	2,613,146	187,495	0	2,800,641
2023-2024	229,047,073	2,215,114	467,399	0	2,682,513	193,668	0	2,876,181
2024-2025	229,202,544	2,216,618	350,972	0	2,567,590	184,002	0	2,751,592
2025-2026	269,702,224	2,608,290	327,919	0	2,936,209	179,184	0	3,115,393
2026-2027	268,343,797	2,595,153	60,274	164,277	2,491,150	180,897	0	2,672,046
2027-2028	267,184,918	2,583,945	64,852	163,478	2,485,319	180,128	0	2,665,447

# Lorenzo ISD Financial Impact of Chapter 313 Agreement

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## Current School Finance Law

A major overhaul of the school finance formulas was implemented as a result of House Bill 1 of the 79<sup>th</sup> 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 in year three of the LAVA 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 82<sup>nd</sup> 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.

# Lorenzo ISD Financial Impact of Chapter 313 Agreement

## Payments in Lieu of Taxes

Assuming that the District and Fiber Winds Energy, LLC mutually agree in the LAVA that \$100 per student in average daily attendance (ADA) will be paid to Lorenzo ISD by Fiber Winds, the projected amount of these payments over the life of the agreement is \$338,062 of the \$4.499 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	Lorenzo ISD \$100/ADA	Fiber Wind's Share
2015-2016	0	26,794	(26,794)
2016-2017	0	26,660	(26,660)
2017-2018	42,291	26,527	15,764
2018-2019	688,802	26,394	662,408
2019-2020	651,794	26,262	625,532
2020-2021	616,637	26,131	590,506
2021-2022	583,237	26,000	557,237
2022-2023	551,508	25,870	525,637
2023-2024	521,365	25,741	495,624
2024-2025	492,729	25,612	467,116
2025-2026	350,939	25,484	325,455
2026-2027	0	25,357	(25,357)
2027-2028	0	25,230	(25,230)
<b>Totals</b>	<b>4,499,302</b>	<b>338,062</b>	<b>4,161,240</b>

# Lorenzo ISD Financial Impact of Chapter 313 Agreement

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## Impact of Projected Student Growth On District Facilities

**TABLE VII – Campus Capacity and Available Growth**

Grade Level	# of Regular Classrooms	Building Capacity	Current Enrollment	Enrollment Growth Available
Pre-K thru 6	16	352	189	163
7 thru 12	12	240	116	124
<b>Total</b>	<b>28</b>	<b>592</b>	<b>305</b>	<b>287</b>

The building capacities are based on 22 students per classroom for the elementary campuses, 20 students for the Jr. High and high school. Lorenzo ISD is a pre-kindergarten through 12<sup>th</sup> grade district.

Fiber Winds Energy, 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 three full-time employees are expected. It is not known whether these would be new employees to the Lorenzo 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 three positions equates to 2 new students.

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

# Lorenzo ISD Financial Impact of Chapter 313 Agreement

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## Conclusion

This Financial Impact Study displays that entering into a Limited Appraised Value Agreement with Fiber Winds Energy, LLC, would be beneficial to both Fiber Winds and Lorenzo ISD under the current school finance system.

Fiber Winds Energy, LLC would benefit from reduced property taxes during years three through ten of the LAVA. Although some of the tax savings would be used to offset district's revenue losses and payments in lieu of taxes to the District, Fiber Winds is projected to benefit from a 78% tax savings over the first eleven year period of this agreement. Fiber Winds 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.

Lorenzo ISD would also have no inherent risk under the current school finance system and with the provisions in the LAVA that require Fiber Winds 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.



# Window on State Government

Susan Combs Texas Comptroller of Public Accounts

## 2013 ISD Summary Worksheet

### 054/Crosby

### 054-902/Lorenzo ISD

Category	Local Tax Roll Value	2013 WTD Mean Ratio	2013 PTAD Value Estimate	2013 Value Assigned
A. Single-Family Residences	22,788,409	N/A	22,788,409	22,788,409
B. Multi-Family Residences	288,067	N/A	288,067	288,067
C1. Vacant Lots	221,751	N/A	221,751	221,751
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real(Taxable)	25,805,442	N/A	25,805,442	25,805,442
D2. Real Prop Farm & Ranch	1,341,341	N/A	1,341,341	1,341,341
E. Real Prop NonQual Acres	3,438,823	N/A	3,438,823	3,438,823
F1. Commercial Real	1,997,976	N/A	1,997,976	1,997,976
F2. Industrial Real	636,878	N/A	636,878	636,878
G. Oil, Gas, Minerals	96,147,861	N/A	96,147,861	96,147,861
J. Utilities	4,134,189	N/A	4,134,189	4,134,189
L1. Commercial Personal	2,592,878	N/A	2,592,878	2,592,878
L2. Industrial Personal	10,122,074	N/A	10,122,074	10,122,074
M. Other Personal	0	N/A	0	0

Category	Local Tax Roll Value	2013 WTD Mean Ratio	2013 PTAD Value Estimate	2013 Value Assigned
N. Intangible Pers/Uncert	0	N/A	0	0
O. Residential Inventory	0	N/A	0	0
S. Special Inventory	2,446,611	N/A	2,446,611	2,446,611
Subtotal	171,962,300		171,962,300	171,962,300
Less Total Deductions	6,830,178		6,830,178	6,830,178
Total Taxable Value	165,132,122		165,132,122	165,132,122 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 T6 will be the same as T7 through T12.

### Value Taxable For M&O Purposes

T1	T2	T3	T4	T5	T6
167,769,821	165,132,122	167,769,821	165,132,122	165,132,122	165,132,122

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
2,637,699	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

T5 = T2 before the loss to the tax ceiling reduction

T6 = T5 minus 50% of the loss to the local optional percentage homestead exemption

### Value Taxable For I&S Purposes

T7	T8	T9	T10	T11	T12
167,769,821	165,132,122	167,769,821	165,132,122	165,132,122	165,132,122

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

T11 = T8 before the loss to the tax ceiling reduction

T12 = T11 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

## 152/Lubbock

### 054-902/Lorenzo ISD

Category	Local Tax Roll Value	2013 WTD Mean Ratio	2013 PTAD Value Estimate	2013 Value Assigned
A. Single-Family Residences	1,219,973	N/A	1,219,973	1,219,973
B. Multi-Family Residences	0	N/A	0	0
C1. Vacant Lots	146,611	N/A	146,611	146,611
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real(Taxable)	7,016,180	N/A	7,016,180	7,016,180

Category	Local Tax Roll Value	2013 WTD Mean Ratio	2013 PTAD Value Estimate	2013 Value Assigned
D2. Real Prop Farm & Ranch	859,961	N/A	859,961	859,961
E. Real Prop NonQual Acres	2,142,449	N/A	2,142,449	2,142,449
F1. Commercial Real	691,883	N/A	691,883	691,883
F2. Industrial Real	0	N/A	0	0
G. Oil, Gas, Minerals	0	N/A	0	0
J. Utilities	904,160	N/A	904,160	904,160
L1. Commercial Personal	39,929	N/A	39,929	39,929
L2. Industrial Personal	3,279,006	N/A	3,279,006	3,279,006
M. Other Personal	0	N/A	0	0
N. Intangible Pers/Uncert	0	N/A	0	0
O. Residential Inventory	0	N/A	0	0
S. Special Inventory	0	N/A	0	0
Subtotal	16,300,152		16,300,152	16,300,152
Less Total Deductions	410,603		410,603	410,603
Total Taxable Value	15,889,549		15,889,549	15,889,549 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 T6 will be the same as T7 through T12.

### Value Taxable For M&O Purposes

T1	T2	T3	T4	T5	T6
16,069,549	15,889,549	16,069,549	15,889,549	15,889,549	15,889,549

<b>Loss To the Additional \$10,000 Homestead Exemption</b>	<b>50% of the loss to the Local Optional Percentage Homestead Exemption</b>
180,000	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

T5 = T2 before the loss to the tax ceiling reduction

T6 = T5 minus 50% of the loss to the local optional percentage homestead exemption

### **Value Taxable For I&S Purposes**

<b>T7</b>	<b>T8</b>	<b>T9</b>	<b>T10</b>	<b>T11</b>	<b>T12</b>
16,069,549	15,889,549	16,069,549	15,889,549	15,889,549	15,889,549

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

T11 = T8 before the loss to the tax ceiling reduction

T12 = T11 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

### **054-902/Lorenzo ISD**

<b>Category</b>	<b>Local Tax Roll Value</b>	<b>2013 WTD Mean Ratio</b>	<b>2013 PTAD Value Estimate</b>	<b>2013 Value Assigned</b>
A. Single-Family Residences	24,008,382	N/A	24,008,382	24,008,382
B. Multi-Family Residences	288,067	N/A	288,067	288,067
C1. Vacant Lots	368,362	N/A	368,362	368,362
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real(Taxable)	32,821,622	N/A	32,821,622	32,821,622
D2. Real Prop Farm & Ranch	2,201,302	N/A	2,201,302	2,201,302
E. Real Prop NonQual Acres	5,581,272	N/A	5,581,272	5,581,272
F1. Commercial Real	2,689,859	N/A	2,689,859	2,689,859
F2. Industrial Real	636,878	N/A	636,878	636,878
G. Oil, Gas, Minerals	96,147,861	N/A	96,147,861	96,147,861
J. Utilities	5,038,349	N/A	5,038,349	5,038,349
L1. Commercial Personal	2,632,807	N/A	2,632,807	2,632,807
L2. Industrial Personal	13,401,080	N/A	13,401,080	13,401,080
M. Other Personal	0	N/A	0	0
N. Intangible Pers/Uncert	0	N/A	0	0
O. Residential Inventory	0	N/A	0	0
S. Special Inventory	2,446,611	N/A	2,446,611	2,446,611
Subtotal	188,262,452		188,262,452	188,262,452
Less Total Deductions	7,240,781		7,240,781	7,240,781
Total Taxable Value	181,021,671		181,021,671	181,021,671 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

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

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by and between

**LORENZO INDEPENDENT SCHOOL DISTRICT**

and

**FIBER WINDS ENERGY, LLC**

*(Texas Taxpayer ID # 32052504217)*

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TEXAS COMPTROLLER'S APPLICATION NO. 369

Dated

June 16, 2014

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

*STATE OF TEXAS* §

*COUNTY OF CROSBY* §

THIS LIMITATION ON APPRAISED VALUE AGREEMENT, (“Agreement”) is executed and delivered by and between **LORENZO INDEPENDENT SCHOOL DISTRICT** (the “District”), with its central administrative office located in Crosby County, Texas (“County”), a lawfully created independent school district of the State of Texas operating under and subject to the TEXAS EDUCATION CODE (“TEC”), and **FIBER WINDS ENERGY, LLC**, a Texas limited liability company, Taxpayer Identification Number 32052504217 (“Applicant”), and relates to a limitation of the Appraised Value of property for the District’s maintenance and operation taxes pursuant to Chapter 313 of the Texas Tax Code (the “Code”). The District and Applicant are collectively referred to herein as the “Parties” and each individually as a “Party.”

**RECITALS**

**WHEREAS**, the Superintendent of Schools of the District, acting as agent for the District’s Board of Trustees (“Board of Trustees”), timely received from Applicant an Application for an Appraised Value Limitation on Qualified Property pursuant to 34 Texas Administrative Code §9.1053 (“Application”), on or about November 18, 2013; and,

**WHEREAS**, the District received the application fee as required by §313.025(a)(1) of the Code and the District Policy CCG (LOCAL), and agreed to consider the Application on or about November 19, 2013, the date it was determined to be complete by the District (the “Completed Application Date”); and,

**WHEREAS**, the District timely submitted the requisite number of copies of the Application to the Texas Comptroller of Public Accounts (“Comptroller”) on or about November 19, 2013, for its review pursuant to §313.025(a-1) and (b) of the Code. The District, on behalf of the Applicant, submitted Amendment No. 001 on or about November 22, 2013, Amendment No. 002 on or about December 18, 2013, and the Comptroller deemed the Application complete and thereafter began its analysis of the Application on December 19, 2013 (the “Application Review Start Date”). Thereafter, the District, on behalf of Applicant, submitted Amendment No. 003 on or about April 2, 2014; and,

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

**WHEREAS**, the Comptroller conducted an economic impact evaluation of the Application pursuant to Section 313.025(b) of the TEXAS TAX CODE; and,

**WHEREAS**, pursuant to Section 313.025(d) of the TEXAS TAX CODE, the Board of Trustees timely received the March 19, 2014 recommendation of the Comptroller and a report indicating that the Application was in compliance with the provisions of the Texas Economic Development Act, Code Sections 313.001, *et seq.*, and that the Application be approved (the "Recommendation"); and,

**WHEREAS**, District's Board of Trustees, by resolution dated April 21, 2014, granted Applicant's request to extend the statutory deadline by which the District must consider its Application until July 18, 2014, and the Comptroller was provided notice of such extension as set out under 34 Texas Administrative Code §9.1054(d); and,

**WHEREAS**, on June 16, 2014, 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 June 16, 2014, 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) Applicant is eligible for the Limitation on Appraised Value of Applicant's Qualified Property; (iii) the limitation on appraised value is a determining factor in Applicant's decision to invest capital and construct the project in this state; and (iv) this Agreement is in the best interest of District and the State of Texas;

**WHEREAS**, on June 16, 2014, pursuant to the provisions of Section 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) of the TEXAS TAX CODE based on a factual finding that if the number of jobs required by law was applied in this project, given its size and scope as described in the Application and **EXHIBIT 4**, the number of jobs will exceed the industry standard of the number of employees reasonably necessary for the operation of the project;

**WHEREAS**, on May 28, 2014, 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; and

**WHEREAS**, on June 16, 2014, 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 Trustees whose signatures appear below to execute and deliver such Agreement to the Applicant; and

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

## **ARTICLE I** **DEFINITIONS**

**Section 1.1 DEFINITIONS.** Wherever used herein, 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 §9.1051 and not defined in this Agreement shall have the meanings provided by 34 TEXAS ADMIN. CODE §9.1051.

“Act” means the Texas Economic Development Act set forth in Chapter 313 of the TEXAS TAX CODE, as amended, and as applicable to Applicant’s Application, which was filed before January 1, 2014.

“Agreement” means this Agreement, as the same may be modified, amended, restated, or supplemented as approved pursuant to Section 11.2 of this Agreement.

“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, or that could impact or alter any calculation of payment from Applicant to the District under Articles IV, V or VI of this Agreement.

“Applicant” means Fiber Winds Energy, LLC (*Texas Taxpayer ID #32052504217*), the company 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 Applicant’s permitted assigns and successors-in-interest as approved according to Section 11.2 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 Section 3.3 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 District by Applicant on November 18, 2013. The term includes all forms required by Comptroller, the schedules attached thereto, and all other documentation submitted by Applicant for the purpose of obtaining an Agreement with District. The term also includes all amendments and supplements thereto submitted by Applicant.

“Application Approval Date” means the date that the Application is approved by the

Board of Trustees of 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 District issues its written notice that Applicant has submitted a completed application or the date on which Comptroller issues its written notice that 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 Crosby County Appraisal District.

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

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

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

“County” means Crosby County, Texas.

“District” or “School District” means the Lorenzo 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. 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 Applicant’s Qualified Property or the Applicant’s Qualified Investment.

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

“Land” means the real property described on **EXHIBIT 3**, which is attached hereto and incorporated herein by reference for all purposes.

“Maintain Viable Presence” means the operation over the life of this Agreement of the facility, facilities, or property for which the tax limitation agreement is granted and the retention over the applicable term of this Agreement, as defined in Section 2.3 below, of not fewer than the number of Qualifying Jobs required by the Code, or as found by the District’s Board of Trustees if the number of such jobs required by the Texas Tax Code exceeds the industry standard for number of jobs. Applicant shall be deemed to have maintained a viable presence

following an event of force majeure that halts facility operations so long as Applicant commences repairs and/or reconstruction of the damage within one hundred eighty (180) days after the event of force majeure. In the event of a closure due to environmental reasons, Applicant will be deemed to have maintained a viable presence so long as it commences remediation or otherwise acts in accordance with the order of the court or environmental agency.

“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 payments received by the District under other agreements similar to this Agreement to the extent that such payments are designed to replace District M&O Revenue lost as a result of such similar agreements, less (iv) any amounts necessary to reimburse the State of Texas or another school district for the education of additional students pursuant to Chapter 41 of the TEXAS EDUCATION CODE.

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

“Net Tax Savings” means an amount equal to (but not less than zero): (i) the sum of (A) 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; plus (B) any Tax Credits received by Applicant under this Agreement; 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 (A) 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; plus (B) any Tax Credits received by Applicant under this Agreement for such year; 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.

“New Jobs” means the jobs defined by 34 TEX. ADMIN. CODE §9.1051 and which Applicant will create by and through the project which is the subject of its Application. Under the applicable provisions of TEXAS TAX CODE, Chapter 313, effective as of the Application Review Start Date, Eighty Percent (80%), of all New Jobs created by Applicant on the project

shall also be Qualifying Jobs, as defined below.

“New Qualifying Jobs” means the total number of jobs to be created and maintained by Applicant after the Application Approval Date in connection with the project which is the subject of its Application that meet the criteria of a Qualifying Job as defined in the applicable provisions of Chapter 313 of the TEXAS TAX CODE, and as interpreted by the Comptroller’s rules effective as of the Application Review Start Date.

“Qualified Investment” has the meaning set forth in Chapter 313 of the TEXAS TAX CODE, as interpreted by Comptroller’s Rules, applicable as of the Application Review Start Date.

“Qualified Property” has the meaning set forth in Chapter 313 of the Texas Tax Code and as interpreted by Comptroller’s Rules and the Texas Attorney General, as these provisions existed as of the Application Review Start Date.

“Qualifying Time Period” means the period that begins on the date of approval of this Agreement by District’s Board of Trustees and ends on December 31st of the second Full Tax Year that begins after such date of approval as is defined in Section 313.021(4)(A) of the Texas Tax Code and during which Applicant shall make investment on the land where the Qualified Property is to be located in the amount required by the Act, the Comptroller’s rules, and this Agreement and as further identified in Section 2.3.C of this Agreement.

“Reinvestment Zone” means the District’s Reinvestment Zone created pursuant to Section 312.0025 of the TEXAS TAX CODE by action of the Board of Trustees or by the County and as further described by the description and/or depiction of said Reinvestment Zone attached hereto as **EXHIBIT 2**, which is incorporated herein by reference for all purposes.

“Revenue Protection Amount” means the amount calculated pursuant to Section 4.2 of this Agreement.

“State” means the State of Texas.

“Substantive Document” means a document or other information or data in electronic media determined by the District or the Comptroller to substantially involve or include information or data significant to an application, the evaluation or consideration of an application, or the agreement or implementation of an agreement for limitation of appraised value pursuant to Chapter 313 of the TEXAS TAX CODE. The term includes, but is not limited to, any application requesting a limitation on appraised value and any amendments or supplements, any economic impact evaluation made in connection with an application, any agreement between applicant and the school district and any subsequent amendments or assignments, and any school district written finding or report filed with the comptroller as required under Chapter 313 of the TEXAS TAX CODE.

“Supplemental Payment” has the meaning as set forth in Article VI of this Agreement.

“Tax Credit” means the credit to be received by the Applicant as computed under the provisions of Subchapter D of the Texas Economic Development Act and 34 TEX. ADMIN. CODE §9.1056 applicable as of the Application Review Start Date, provided that the Applicant timely complies with the requirements under such provisions, including the filing of a completed application under §313.103 of the TEXAS TAX CODE and 34 TEX. ADMIN. CODE §9.1054.

“Tax Limitation Amount” means the maximum amount which may be placed as the Appraised Value on Applicant’s Qualified Property for each tax year of the Tax Limitation Period of this Agreement pursuant to Section 313.054 of the TEXAS TAX CODE, applicable as of the Application Review Start Date.

“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), and as set out in **EXHIBIT 1** attached hereto.

“Taxable Value” shall have the meaning assigned to such term in Section 1.04(10) of the TEXAS TAX CODE.

## **ARTICLE II**

### **AUTHORITY, PURPOSE AND LIMITATION AMOUNTS**

**Section 2.1. AUTHORITY.** This Agreement is executed by District as its written agreement with Applicant pursuant to the provisions and authority granted to District under the TEXAS TAX CODE.

**Section 2.2. PURPOSE.** In consideration of the execution of and subsequent performance of the terms and obligations by Applicant pursuant to this Agreement, identified in Section 2.5 and 2.6 and as more fully specified throughout this Agreement, the value of Applicant’s Qualified Property listed and assessed by the County Appraiser(s) for District’s operation and maintenance 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 December 19, 2013, which will determine Applicant’s Qualified Property, the applicable wage standard and the applicable provisions of the Texas Tax Code.

B. The Application Approval Date for this Agreement is June 16, 2014, which will determine the start of Applicant’s Qualifying Time Period.

- C. The Qualifying Time Period for this Agreement:
1. Starts on June 16, 2014, the Application Approval Date; and,
  2. Ends on December 31, 2016.
- D. The Tax Limitation Period for this Agreement:
1. Starts on January 1, 2017; and,
  2. Ends on December 31, 2024, the tenth full calendar year of this Agreement, as set out in **Exhibit 1** attached hereto.
- E. The Final Termination Date for this Agreement is December 31, 2027.

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

**Section 2.4. TAX LIMITATION.** So long as Applicant makes the Qualified Investment as defined by Section 2.5 below, 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. Ten Million Dollars (\$10,000,000).

This Tax Limitation Amount is based on the limitation amount for the category that applies to the District, set out in Chapter 313 of the TEXAS TAX CODE, as of the Application Review Start Date.

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

- A. Have completed the Qualified Investment in the amount of \$10,000,000 by the end of the Qualifying Time Period;
- B. Have created and maintained the number of Qualifying Jobs specified in, and in the time period specified on Schedule C of the Application; and
- C. Be paying the applicable weekly wage for such Qualifying Jobs, as required by Chapter 313 of the TEXAS TAX CODE effective as of the Application Review Start Date.

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

A. Provide payments to District sufficient to protect the future District M&O Revenues through payment of revenue offsets and other mechanisms as set out in Article IV;

B. Provide payments to the District that protect District from the payment of extraordinary education related expenses related to the project, as set out in Article V;

C. Provide such supplemental payments as set out in Article VI; and

D. Create and Maintain Viable Presence and perform additional obligations as set out in Article VII of this Agreement.

### **ARTICLE III QUALIFIED PROPERTY**

**Section 3.1. LOCATION WITHIN ENTERPRISE OR REINVESTMENT ZONE.** At the time of making the Qualified Investment and during the period starting with the Application Approval Date and ending on the Final Termination Date, the Land is and shall be within an area designated at the time of this Agreement 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 of such zone is attached to this Agreement as **EXHIBIT 2** 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 on **EXHIBIT 3**, 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 3** unless amended pursuant to the provisions of Section 11.2 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 and the Comptroller's rules (applicable as of the Application Review Start Date), and Section 11.2 of this Agreement.

**Section 3.4. CURRENT INVENTORY OF QUALIFIED PROPERTY.** If at any time after the

Application Approval Date there is a material change in the Qualified Property described in **EXHIBIT 4** and located on the Land described in **EXHIBIT 3**, or, upon a reasonable request of District, Comptroller, the Appraisal District, or the State Auditor's Office, Applicant shall provide to District, Comptroller, the Appraisal District or the State Auditor's Office a specific and detailed description of the tangible personal property, buildings, 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.** Applicant's Qualified Property described above in Section 2.3 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. 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 hold harmless payment 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 Sections 7.1 and 7.2, 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 during the term of his Agreement (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 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 and operations tax without any limitation on value.
  - ii. "New M&O Revenue" means the 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 reimbursement 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, on an annual basis, shall also pay to the District all non-reimbursed costs incurred in paying or otherwise crediting amounts for the benefit of Applicant, including, but not limited to (a) any Maintenance and Operations Revenue or Tax Credit to which the Applicant may be entitled

pursuant to Chapter 313 of the TEXAS TAX CODE for which the District does not receive reimbursement from the State, whether pursuant to Section 42.2515 of the TEXAS EDUCATION CODE or otherwise; (b) any loss incurred by the District resulting from successful judicial challenge to this Agreement; (c) 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 (e) any non-reimbursed costs incurred by the District and related to this Agreement, either directly or indirectly, including any costs paid to the Appraisal District caused by increased appraised values arising solely from the Qualified Property, 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 up to Six Thousand Five Hundred Dollars, (\$6,500.00) 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 Section 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 Crosby County 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 (subject to final settle up), 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 under the Texas Public Information Act (GOVERNMENT CODE Section 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 days of its receipt, pursuant to District Policy GK (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 due to the District's participation in this Agreement because of changes to 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 limit on the revenue protection amount set forth in Article VII 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, 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;

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; and,

C. 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. SEPARATE AND INDEPENDENT INDEMNITY AMOUNTS.** In addition to payment of the amounts set forth under Articles IV and V of this Agreement, and as consideration for the execution of this Agreement by the District, Applicant shall be responsible to the District for supplemental payments, as set forth in this Article VI. Any and all obligations for any supplemental payments shall be separate and independent of Applicant's obligations under Articles IV and V of this Agreement.

**Section 6.2. CALCULATION OF SUPPLEMENTAL PAYMENTS.**

A. Notwithstanding the foregoing, the total annual supplemental payment made pursuant to this Article shall:

- i. be in an amount equal to the greater of One Hundred Dollars (\$100.00) per Student in Average Daily Attendance (ADA), as determined for that particular school year in average daily attendance, as defined by Section 42.005 of the TEXAS EDUCATION CODE, or such other higher amount as permitted by applicable provisions of Texas Tax Code Sec. 313.027(i); and
- ii. only be made during the period starting with the first year of the Qualifying Time Period and ending December 31 of the third year following the end of the Tax Limitation Period.

B. This limitation 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.

C. 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 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.i above, as determined for that school year. This Section 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.A.i. above; otherwise, Section 6.2.A.i shall apply.

D. 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 years four (4) through ten (10) of this Agreement, in no event shall (i) the sum of the maintenance and operations ad valorem taxes paid by Applicant to District for such Tax Year, plus the sum of all payments otherwise due from Applicant to 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 Applicant would have paid to District for such Tax Year (determined by using District's actual maintenance and operations tax rate for such Tax Year) if the Parties had not entered into this Agreement. The calculation and comparison of the amounts described in clauses (i) and (ii) of the preceding sentence shall be included in all calculations made pursuant to Section 6.2 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 Applicant to 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 Applicant to District during years four through ten under Articles IV, V, and VI of this Agreement with respect to a Tax Year is subject to reduction in accordance with the provisions of Section 7.1 above, then the Applicant shall have the option to terminate this Agreement. Applicant may exercise such option to terminate this Agreement by notifying District of its election in writing not later than the July 31 of the year next following the Tax Year with respect to which a reduction under Section 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 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, records and dispute resolution shall survive the termination or expiration of this Agreement.

## **ARTICLE VIII** **TAX CREDITS**

### **Section 8.1. TAX CREDIT DESCRIPTION AND ELIGIBILITY.**

A. Upon the Applicant's compliance with all requirements of Chapter 313 of the TEXAS TAX CODE and the Comptroller's rules applicable as of the Application Review Start Date, and in addition to the limitation on the Appraised Value of the Qualified Property as described in Section 2.4 above, the Applicant shall be entitled to pursue a Tax Credit from the District in an amount equal to the amount of ad valorem taxes paid to the District on that portion of the Appraised Value of the Qualified Property that exceeds the amount of the limitation agreed to by the Parties in each year of the Qualifying Time Period, subject to any limitation or reduction required by law.

B. The application for a Tax Credit as described in this Article VIII shall be made in accordance with Section 313.103 of the TEXAS TAX CODE effective as of the Application Review Start Date, and is solely the Applicant's responsibility.

### **Section 8.2. DISTRICT OBLIGATIONS REGARDING TAX CREDITS.**

A. The District shall timely comply with and, to the extent possible, cause the timely compliance by the Appraisal District of all District obligations regarding Tax Credits under the Code and Comptroller Rules.

B. The Board of Trustees shall grant Applicant's application for the tax credit as provided in Section 313.104 of the TEXAS TAX CODE effective as of the Application Review Start Date, as well as Comptroller and/or TEA rules.

**Section 8.3. TAX CREDIT PROTECTION REVENUE LOSS.** If the District does not receive aid pursuant to §42.2515 of the Texas Education Code (or similar or successor statute) after Applicant receives a Tax Credit as described under this Article VIII, and such failure is not the result of District's failure to comply with the requirements of obtaining such aid, then the District shall so notify the Applicant in writing. The Applicant shall, within thirty (30) days after notice,

pay to the District the amount of such aid the District did not receive. Conversely, the District shall refund to the Applicant the amount of state aid the District received that was solely attributable to any portion of such state aid paid by Applicant to the District.

**ARTICLE IX**  
**ADDITIONAL OBLIGATIONS OF APPLICANT**

**Section 9.1. 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, Applicant shall Maintain Viable Presence in 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, 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 Applicant makes commercially reasonable efforts to preserve and maintain a viable presence at the conclusion of such force majeure.

**Section 9.2. REPORTS.** In order to receive and maintain the limitation authorized by Section 2.4, and in addition to the other obligations required by this Agreement, Applicant shall submit the following reports completed by Applicant to the satisfaction of Comptroller on the dates indicated on the form and starting on the first such due date after the Application Approval Date:

A. The Annual Eligibility Report, Form 50-772 located at Comptroller website <http://www.window.state.tx.us/taxinfo/taxforms/50-772.pdf>;

B. The Biennial Progress Report, Form 50-773, located at Comptroller website <http://www.window.state.tx.us/taxinfo/taxforms/50-773.pdf>; and

C. The Job Creation Compliance Report, Form 50-825, located at the Comptroller website [http://www.texasahead.org/tax\\_programs/chapter313/forms.php](http://www.texasahead.org/tax_programs/chapter313/forms.php).

**Section 9.3. COMPTROLLER'S ANNUAL REPORT ON CHAPTER 313 AGREEMENTS.** During the term of this Agreement, both Parties shall provide Comptroller with all information reasonably necessary for Comptroller to assess performance under this Agreement for the purpose of issuing Comptroller's report, as required by Section 313.032 of the TEXAS TAX CODE.

**Section 9.4. DATA REQUESTS.** During the term of this Agreement, and upon the written request of District, the State Auditor's Office, or Comptroller, the Applicant shall provide the requesting party with all information reasonably necessary for the requesting party 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.

**Section 9.5. SITE VISITS AND RECORD REVIEW.** Applicant shall allow authorized

employees of District, the Comptroller, the Appraisal District, and/or the State Auditor's Office to have access to Applicant's Qualified Property and/or business records, in accordance with Section 22.07 of the TEXAS TAX CODE, 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 Applicant's Qualified Property.

A. All inspections will be made at a mutually agreeable time after giving not less than forty-eight (48) hours prior written notice, and will be conducted in a manner not to unreasonably interfere with either the construction or operation of Applicant's Qualified Property.

B. All inspections may be accompanied by one or more representatives of Applicant, and shall be conducted in accordance with Applicant's safety, security, and operational standards. Notwithstanding the foregoing, nothing contained in this Agreement shall require the Applicant to provide District, Comptroller, or the Appraisal District with any technical or business information that is proprietary, a trade secret, or subject to a confidentiality agreement with any third party.

**Section 9.6. RIGHT TO AUDIT; SUPPORTING DOCUMENTS; INDEPENDENT AUDITS.**

This Agreement is subject to review and audit by the State Auditor pursuant to Section 2262.003 of the TEXAS GOVERNMENT CODE and Section 331.010(a) of the TEXAS TAX CODE, and the following requirements:

A. District and 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. Applicant and 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 later of:

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

B. District and Applicant shall make available at reasonable times and upon reasonable notice, and for reasonable periods, all information related to the Applicant's Qualified Property, Qualified Investment, Qualifying Jobs, and wages paid for 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 Comptroller, State Auditor's Office, State of Texas or their authorized representatives. Applicant and 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 information as requested by Comptroller or the State of Texas. By example and not as an exclusion to other breaches or failures, Applicant's failure to comply with this Section shall constitute a material breach of this Agreement.

**Section 9.7. 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 (which are incorporated by reference in this Agreement, the same as if fully set forth herein), without which Comptroller would not have approved this Agreement and District would not have executed this Agreement. By signature to this Agreement, Applicant:

A. represents and warrants that all information, facts, and representations contained in the Application are true and correct; and

B. acknowledges that if 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 Applicant has violated any of the representations, warranties, guarantees, certifications or affirmations included in the Application or this Agreement, Applicant shall have materially breached this Agreement and the Agreement shall be invalid and void except for the enforcement of the provisions required by 34 TEX. ADMIN. CODE § 9.1053(f)(2)(L), provided that changes to Applicant's development plans made subsequent to filing the Application to which the District has been informed and agreed to in writing shall not be governed by this provision.

## **ARTICLE X**

### **MATERIAL BREACH OR EARLY TERMINATION**

**Section 10.1. EVENTS CONSTITUTING MATERIAL BREACH OF AGREEMENT.** Applicant shall be in Material Breach of this Agreement if it commits one or more of the following acts or omissions:

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. Applicant failed to complete its Qualified Investment as required by Section 2.5 of this Agreement;

C. Applicant failed to create the number of Qualifying Jobs specified in Schedule C of its Application;

D. Applicant failed to make payments to District sufficient to protect the future District revenues through payment of revenue offsets and other mechanisms as set out in Article IV of this Agreement;

E. Applicant failed to make payments to the District that protect District from the payment of extraordinary education related expenses related to the project, as set out in Article V

of this Agreement;

F. Applicant failed to make such supplemental payments as set out in Article VI of this Agreement;

G. Applicant failed to create and Maintain Viable Presence on and/or with the qualified property as set out in Article VIII of this Agreement;

H. Applicant failed to submit the reports required to be submitted by Section 9.2 to the satisfaction of Comptroller on the dates indicated on the form;

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

J. Applicant failed to allow authorized employees of District, Comptroller, the Appraisal District, and/or the State Auditor's Office to have access to Applicant's Qualified Property and/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 Applicant's Qualified Property;

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

L. 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. Voluntary donations made by Applicant to the District after the date of the execution of this Agreement, and not required by this Agreement, are not barred by this provision;

M. Applicant fails to comply in any material respect with any other term of this Agreement, or,

N. Applicant fails to meet its obligations under the applicable Comptroller's Rules or Chapter 313 of the Code.

**Section 10.2. CONSEQUENCES OF EARLY TERMINATION OR OTHER BREACH BY APPLICANT.**

A. In the event that Applicant terminates this Agreement without the consent of District, except as provided in Section 7.2 of this Agreement, or in the event that Applicant fails to

comply in any material way with the terms of this Agreement or to meet any material obligation under this Agreement, after the notice and cure period provided by Section 10.3, then District, as payment of damages for breach, shall be entitled to the recapture of all ad valorem tax revenue lost as a result of this Agreement together with the payment of penalty and interest, as calculated in accordance with Section 10.2.C on such recaptured ad valorem tax revenue. For purposes of this recapture calculation, Applicant shall be entitled to a credit for all payments made to District pursuant to Articles IV, V, and VI of this Agreement.

B. Notwithstanding Section 10.2.A, in the event that District determines that Applicant has failed to Maintain Viable Presence and provides written notice of termination of the Agreement, then Applicant shall pay to District liquidated damages for such failure within thirty (30) days after receipt of such termination notice. The sum of liquidated damages due and payable shall be the sum total of 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 Applicant to District without the benefit of this Agreement, including penalty and interest, as calculated in accordance with Section 10.2.C. For purposes of this liquidated damages calculation, Applicant shall be entitled to a credit for all payments made to District pursuant to Articles IV, V, and VI. Upon payment of such liquidated damages, Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy.

C. In determining the amount of penalty or interest, or both, due in the event of a breach of this Agreement, District shall first determine the base amount of recaptured taxes less all credits under Section 10.2.A owed for each Tax Year during the Tax Limitation Period. 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 10.2.A 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 10.3. LIMITED STATUTORY CURE OF MATERIAL BREACH.** In accordance with the provisions of Section 313.0275 of the TEXAS TAX CODE, for any full tax year which commences after the project has become operational, Applicant may cure the Material Breaches of this Agreement defined in Sections 10.1.C. or 10.1.D, above, without the termination of the remaining term of this Agreement. In order to cure its non-compliance with Sections 10.1.C. or 10.1.D for the particular Tax Year of non-compliance only, Applicant may make the liquidated damages payment required by Section 313.0275(b) of the TEXAS TAX CODE, in accordance with the provisions of Section 313.0275(c) of the TEXAS TAX CODE.

**Section 10.4. DETERMINATION OF MATERIAL BREACH AND TERMINATION OF AGREEMENT.**

A. Prior to making a determination that the Applicant has committed a material breach of this Agreement, such as making a misrepresentation in the Application, failing to Maintain Viable Presence in District as required by Section 9.1 of this Agreement, failing to make any payment required under this Agreement when due, or has otherwise committing a material breach of this Agreement, District shall provide Applicant with a written notice of the facts which it believes have caused the material breach of this Agreement, and if cure is possible, the cure proposed by District. After receipt of the notice, Applicant shall be given thirty (30) days to present any facts or arguments to the Board of Trustees showing that it is not in material breach of its obligations under the Agreement, or that it has cured or undertaken to cure any such material breach.

B. If the Board of Trustees is not satisfied with such response and/or determines that such breach has not been cured, then the Board of Trustees shall, after reasonable notice to 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, Applicant shall have the opportunity, together with its counsel, to be heard before the Board of Trustees in accordance with District Policy GF (LOCAL). At the hearing, the Board of Trustees shall make findings as to whether or not a material breach of this Agreement has occurred, the date such breach occurred, if any, and whether or not any such breach has been cured. In the event that the Board of Trustees determines that such a breach has occurred and has not been cured, it shall also terminate the Agreement and determine the amount of recaptured taxes under Section 10.2.A and B (net of all credits under Section 10.2.A and B), and the amount of any penalty and/or interest under Section 10.2.C that are owed to District.

C. After making its determination regarding any alleged breach, the Board of Trustees shall cause Applicant to be notified in writing of its determination (a "Determination of Breach and Notice of Contract Termination.").

**Section 10.5. DISPUTE RESOLUTION.**

A. After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 10.4, Applicant shall have thirty (30) 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 District, in which case the District and the Applicant shall be required to make a good faith effort to resolve, without resort to litigation and within sixty (60) days after the Applicant's receipt of notice of the Board of Trustee's determination of breach under Section 10.4, such dispute through mediation with a mutually agreeable mediator and at a mutually convenient time and place for the mediation. If the Parties are unable to agree on a mediator, a mediator shall be selected by the senior state district court judge then residing in the county where the District's central administrative office is located. 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) District shall bear one-half of such mediator's fees and expenses and 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 mediation is not successful in resolving the dispute or that payment is not received before the expiration of such sixty (60) days, District shall have the remedies for the collection of the amounts determined under Section 10.2 and 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 District successfully prosecutes legal proceedings under this Section, the Applicant shall also be responsible for the payment of attorney's fees and a tax lien on Applicant's Qualified Property and Applicant's Qualified Investment pursuant to Section 33.07 of the TEXAS TAX CODE to the attorneys representing District pursuant to Section 6.30 of the TEXAS TAX CODE.

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

**Section 10.6. 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, District's damages for such a default or breach shall under no circumstances exceed the greater of either any amounts calculated under Sections 10.2 above, or the monetary sum of the difference between the payments and credits due and owing to Applicant at the time of such default and District taxes that would have been lawfully payable to District had this Agreement not been executed. In addition, 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 10.6 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

**Section 10.7. BINDING ON SUCCESSORS.** In the event of a merger or consolidation of District with another school district or other governmental authority, this Agreement shall be binding on the successor school district or other governmental authority.

## **ARTICLE XI.**

### **MISCELLANEOUS PROVISIONS**

#### **Section 11.1. 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 overnight courier (e.g., by Federal Express) or by registered or certified United States Mail to the Party to be notified, with receipt obtained, or (ii) sent by facsimile transmission, with “answer back” or other “advice of receipt” obtained, in each case to the appropriate address or number as set forth below. Each notice shall be deemed effective on receipt by the addressee as aforesaid; provided that, notice received by facsimile transmission after 5:00 p.m. at the location of the addressee of such notice shall be deemed received on the first business day of the Party addressed following the date of such electronic receipt.

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

To the District:

Lorenzo Independent School District  
Attn: Jerrod Pickering, Superintendent  
(or the successor Superintendent)  
PO Box 520  
Lorenzo, TX 79343  
Phone #: (806) 634-5591  
Fax #: (806) 634-5928  
Email: jpickering@lorenzoisd.net

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 Applicant shall be addressed to its Authorized Representative as follows:

To Applicant

Fiber Winds Energy, LLC  
c/o Stephen Johns, Chief Legal Officer  
Tri Global Energy, LLC  
17300 North Dallas Parkway, Suite 2020  
Dallas, TX 75248  
Phone #: (972)290-0824  
Email: sjohns@triglobalenergy.com

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

**Section 11.2. AMENDMENTS TO 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 subsection B hereof. 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, this Agreement may only be amended according to the following:

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

C. Any Amendment of the Agreement to add or replace Qualified Property pursuant to this Section 11.2 of this Agreement shall:

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

D. This Agreement may not be amended to extend the value limitation time period beyond its statutory term.

**Section 11.3. ASSIGNMENT.** Any assignment of the interests of Applicant in this Agreement is considered an Amendment to the Agreement and Applicant may only assign this Agreement, or a portion of this Agreement, after complying with the provisions of Section 11.2 regarding Amendments to the Agreement.

**Section 11.4. 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 11.5. MAINTENANCE OF COUNTY APPRAISAL DISTRICT RECORDS.** When appraising the Applicant's Qualified Property and the Applicant's Qualified Investment subject to a limitation on Appraised Value under this Agreement, the Chief Appraiser of the Appraisal District where such Qualified Property is located shall determine the Market Value thereof and include both such Market Value and the appropriate limitation valuation under this Agreement in its appraisal records.

**Section 11.6. 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 state district court in the judicial district where the District's central administrative office is located.

**Section 11.7. 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 11.8. SEVERABILITY.** If any term, provision or condition of this Agreement, or any application thereof, is held invalid, illegal or unenforceable in any respect under any Law (as hereinafter defined), this Agreement shall be reformed to the extent necessary to conform, in each case consistent with the intention of the Parties, to such Law, and to the extent such term, provision or condition cannot be so reformed, then such term, provision or condition (or such invalid, illegal or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this Agreement, as the case may be, and the validity, legality and enforceability of the remaining terms, provisions and conditions contained herein (and any other application such term, provision or condition) shall not in any way be affected or impaired thereby. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement in an acceptable manner so as to effect the original intent of the Parties as closely as possible to effectuate the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 11.8, 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 11.9. 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 11.10. INTERPRETATION.** When a reference is made in this Agreement to a Section, Article, or Exhibit, such reference shall be to a Section or Article of, or Exhibit to, this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The words "include," "includes" and "including" when used in this Agreement shall be deemed in such case to be followed by the phrase " , but not limited to, ". Words used in this Agreement, regardless of the number or gender specifically used, shall be deemed and construed to include any other number, singular, or plural, and any other gender, masculine, feminine, or neuter, as the context shall require. This Agreement is the joint product of the Parties and each provision of this Agreement has been subject to the mutual consultation, negotiation, and agreement of each Party and shall not be construed for or against any Party.

**Section 11.11. 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 11.12. PUBLICATION OF DOCUMENTS.** The Parties acknowledge that District is required to publish the Application and its required schedules, or any Amendment thereto; all economic analyses of the proposed project submitted to District; and the approved and executed copy of this Agreement or any Amendment thereto, as follows:

A. Within seven (7) days of such document, the school district shall submit a copy to Comptroller for Publication on Comptroller's Internet website;

B. District shall provide on its website a link to the location of those documents posted on 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 11.13. CONTROL; OWNERSHIP; LEGAL PROCEEDINGS.** Applicant shall immediately notify District in writing of any actual or anticipated change in the control or ownership of Applicant and of any legal or administrative investigations or proceedings initiated against Applicant regardless of the jurisdiction from which such proceedings originate.

**Section 11.14. DUTY TO DISCLOSE.** If circumstances change or additional information is obtained regarding any of the representations and warranties made by Applicant in the Application or this Agreement, or any other disclosure requirements, subsequent to the date of this Agreement, Applicant's duty to disclose continues throughout the term of this Agreement.

*[the remainder of this page is intentionally left blank]*

*IN WITNESS WHEREOF*, this Agreement has been executed by the Parties in multiple originals on this 16<sup>th</sup> day of June, 2014.

**FIBER WINDS ENERGY, LLC**

**LORENZO INDEPENDENT SCHOOL DISTRICT**

BY: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

BY: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

**ATTEST:**

BY: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

**EXHIBIT 1**

<b><u>Year of Agreement</u></b>	<b><u>Date of Appraisal</u></b>	<b><u>School Year</u></b>	<b><u>Tax Year</u></b>	<b><u>Summary Description</u></b>
0	January 1, 2014	2014-15	2014	No appraisal limitation.
1	January 1, 2015	2015-16	2015	No appraisal limitation.
2	January 1, 2016	2016-17	2016	No appraisal limitation.
3	January 1, 2017	2017-18	2017	\$10 million appraisal limitation.
4	January 1, 2018	2018-19	2018	\$10 million appraisal limitation. Possible tax credit for Applicant.
5	January 1, 2019	2019-20	2019	\$10 million appraisal limitation. Possible tax credit for Applicant.
6	January 1, 2020	2020-21	2020	\$10 million appraisal limitation. Possible tax credit for Applicant.
7	January 1, 2021	2021-22	2021	\$10 million appraisal limitation. Possible tax credit for Applicant.
8	January 1, 2022	2022-23	2022	\$10 million appraisal limitation. Possible tax credit for Applicant.
9	January 1, 2023	2023-24	2023	\$10 million appraisal limitation. Possible tax credit for Applicant.
10	January 1, 2024	2024-25	2024	\$10 million appraisal limitation. Possible tax credit for Applicant.
11	January 1, 2025	2025-26	2025	No appraisal limitation. Possible tax credit for Applicant. Applicant must Maintain a Viable Presence.
12	January 1, 2026	2026-27	2026	No appraisal limitation. Possible tax credit for Applicant. Applicant must Maintain a Viable Presence.
13	January 1, 2027	2027-28	2027	No appraisal limitation. Possible tax credit for Applicant. Applicant must Maintain a Viable Presence.

## EXHIBIT 2

### DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE

The Crosby County Commissioners Court created Crosby County Reinvestment Zone 2-B on March 10, 2014, which is described as follows:

DESCRIPTION OF 11,813 ACRES (MORE OR LESS) OF LAND LOCATED IN CROSBY COUNTY, TEXAS, SAID LAND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THE FOLLOWING LANDS IN E.L. & R.R. RAILROAD COMPANY SURVEY, BLOCK "C":

ALL OF SECTIONS 2, 3, 4, 8, 9, 10, 11, 14, 15, AND 16;

THE WEST ONE-HALF OF SECTION 5, BEING ALL OF ABSTRACT 340;

THE EAST HALF AND THE SOUTHWEST QUARTER OF SECTION 17, BEING ALL OF ABSTRACT 341;

THE EAST ONE-HALF OF THAT CERTAIN SECTION 18, BEING ALL OF ABSTRACT 1146; AND

THAT CERTAIN SECTION 18, BEING ALL OF ABSTRACT 1188;

THE FOLLOWING LANDS IN E.L. & R.R. RAILROAD COMPANY SURVEY, BLOCK "Z2":

ALL OF SECTION 908; AND

THE WEST ONE-HALF AND 120 ACRES, MORE OR LESS, OUT OF THE NORTHEAST ONE-QUARTER OF SECTION 910, BEING ALL OF ABSTRACT 1072;

THE FOLLOWING LANDS IN A.B. & M. SURVEY, BLOCK "Z2":

ALL OF SECTIONS 887, 893, AND 894;

THAT PORTION OF SECTION 888, ABSTRACT 1089, LYING WEST OF COUNTY ROAD 125, BEING APPROXIMATELY 50 ACRES;

ALL OF THE M. PHILLIPS SURVEY, ABSTRACT 1222;

ALL OF THE J.C. MURPHY SURVEY, SECTION 1, ABSTRACT 657;

ALL OF THE W. COONS SURVEY, ABSTRACT 785;

ALL OF THE B.M. WOODY SURVEY, ABSTRACT 1235;

THE R.G. COOK SURVEY, ABSTRACT 784, LESS AND EXCEPT 1 ACRE MORE OR LESS OUT OF THE NORTHEAST QUARTER;

ALL THAT PORTION OF THE G.L. WHITE SURVEY, ABSTRACT 1408, BEING NORTH OF COUNTY ROAD 134;

THE W.T. RAILROAD COMPANY SURVEY, SECTION 1, ABSTRACT 19, LESS AND EXCEPT 3 ACRES;

IN ALL CONTAINING 11,813 ACRES OF LAND (MORE OR LESS).

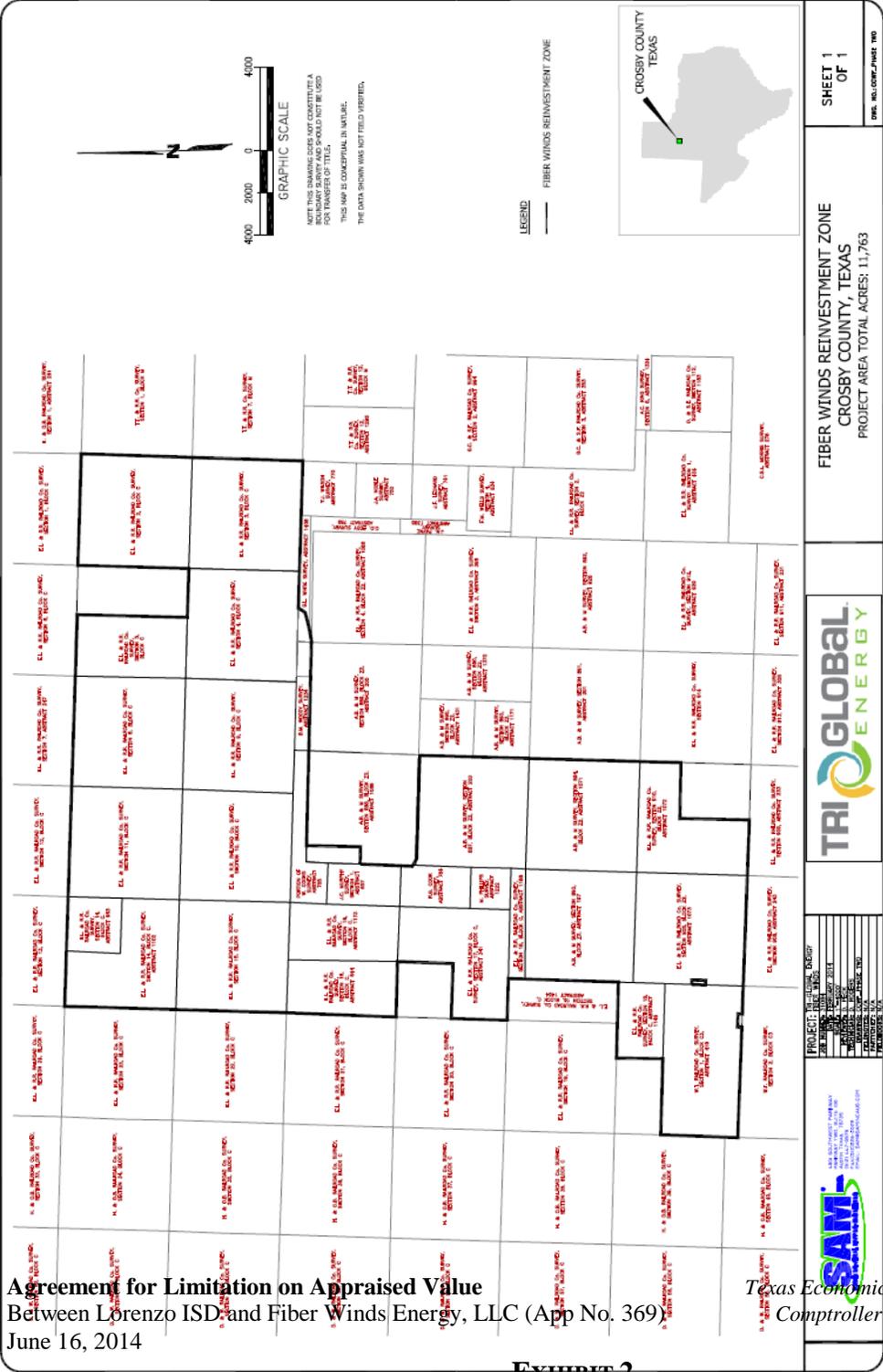
**Map of Crosby County Reinvestment Zone B-2**

Draft

**Agreement for Limitation on Appraised Value**  
Between Lorenzo ISD and Fiber Winds Energy, LLC (App No. 369)  
June 16, 2014

*Texas Economic Development Act Agreement*  
*Comptroller Form 50-286 (January 2014)*

**EXHIBIT 2**



Agreement for Limitation on Appraised Value  
 Between Lorenzo ISD and Fiber Winds Energy, LLC (App No. 369)  
 June 16, 2014

Texas Economic Development Act Agreement  
 Comptroller Form 50-286 (January 2014)

### **EXHIBIT 3**

#### **DESCRIPTION AND LOCATION OF THE APPLICANT'S QUALIFIED INVESTMENT**

The Fiber Winds Energy Farm is located on approximately 11,813 acres of leased land in the northeastern area of Lorenzo ISD and within the boundaries of Crosby County Reinvestment Zone 2-B. The legal description of the Land within the Crosby County Reinvestment Zone 2-B can be found in Exhibit 2.

Draft

## EXHIBIT 4

### DESCRIPTION AND LOCATION OF QUALIFIED PROPERTY

Fiber Winds Energy, LLC plans to construct an 80 MW wind farm in Crosby County, located in Lorenzo ISD. The Project plans to install 27-50 wind turbines in Lorenzo ISD that will have a rated capacity of 1.7-3.0 megawatts each depending on the final turbine model selected. The site layout has not been finalized, so the locations of the turbines and associated infrastructure is subject to change. Should Fiber Winds Energy Farm elect to install additional turbines, use larger nameplate capacity turbines, or greater off take demand develop in the marketplace, the Project's potential operation capacity could increase. The black line around the Project indicates the footprint boundary of the Project. Fiber Winds Energy Farm intends to connect at a new point of interconnection to an existing 115kV line within the Project, as indicated on the map.

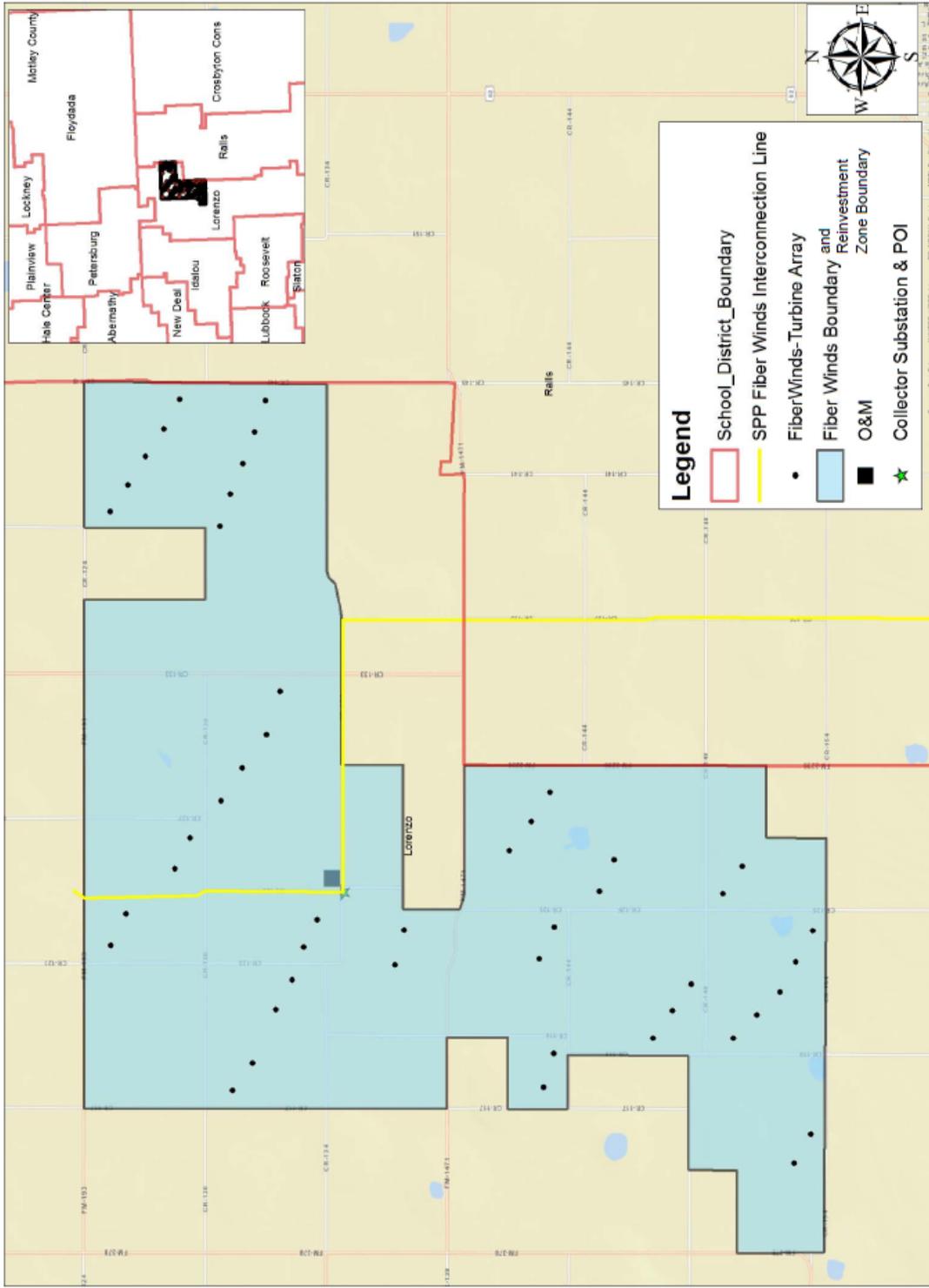
This application covers all qualified property necessary for the commercial operations of the wind farm.

Qualified Investment and Qualified Property includes, but is not limited to, turbines, towers, foundations, underground collection systems, SPP interconnection and electrical substation(s) or any reactive power facilities, transmission lines, electrical interconnections, met towers, roads, operations and maintenance buildings, spare parts, and control systems necessary for commercial generation of electricity.

The map below shows the proposed project area with the proposed improvement locations. The exact placement of turbines is subject to ongoing planning, wind studies, engineering, and discussions with landowners and turbine manufacturers.

The final number and location of turbines and supporting structures will be determined before construction begins.

Fiber Winds Energy Farm - Confidential



Note: locations of turbines and infrastructure may change but all will remain within Lorenzo ISD and within Fiber Winds Project Boundary as shown on the map.

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



May 28, 2014

Jarrod Pickering  
Superintendent  
Lorenzo Independent School District  
1003 3<sup>rd</sup> St.  
Lorenzo, Texas 79416

Re: Agreement for Limitation on Appraised Value of Property for School District  
Maintenance and Operations Taxes by and between Lorenzo Independent School District  
and Fiber Winds Energy, LLC

Dear Superintendent Pickering:

This office has been provided the "Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Lorenzo Independent School District and Fiber Winds Energy, 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.

If you need additional information or have questions, please contact me at (512) 463-3973.

Sincerely,

A handwritten signature in blue ink, appearing to read "R. B. Wood", is written over a horizontal line.

Robert B. Wood  
Director  
Economic Development & Analysis

cc: Audie Sciumbato, Underwood Law Firm, P.C  
Shannon Adkins, Fiber Winds Energy, LLC  
Stephen Johns, Chief Legal Officer & General Counsel  
Melissa Miller, Miller Wind Consulting LLC

November 18, 2013

Mr. Jarrod Pickering  
Lorenzo Independent School District  
3<sup>rd</sup> and Polk, P.O. Box 520  
Lorenzo, TX 79343

**Re: Chapter 313 Job Waiver Request for Fiber Winds Energy, LLC**

Dear Mr. Pickering,

Fiber Winds Energy, LLC, requests that the Lorenzo Independent School District's Board of Trustees waive the job requirement provision as allowed by Section 313.025(f-1) of the tax code. This waiver would be based on the school district's board findings that the jobs creation requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility of the property owner that is described in the application.

Fiber Winds Energy, LLC, requests that the Lorenzo Independent School District makes such a finding and waive the job creation requirement for 10 permanent jobs. In line with industry standards for job requirements, Fiber Winds Energy, LLC, has committed to create 3 total jobs for the project, all of which will be in Lorenzo ISD.

Wind projects create a large number of full and part-time, but temporary jobs during the construction phase of the project, but require a relatively small number of highly skilled technicians to operate and maintain the project after commercial operation commences.

The industry standard for employment is typically one full-time employee for approximately every 15 turbines. This number may vary depending on the operations and maintenance requirements of the turbines selected as well as the support and technical assistance offered by the turbine manufacturer. The permanent employees of a wind project maintain and service wind turbines, underground electrical connections, substations and other infrastructure associated with the safe and reliable operation of the project. In addition to the onsite employees, there may be managers or technicians who support the project from offsite locations.

Sincerely,



Shannon Adkins, President

**RESOLUTION OF THE BOARD OF TRUSTEES  
OF  
LORENZO INDEPENDENT SCHOOL DISTRICT**

The Board of Trustees of Lorenzo Independent School District (“the District”) does hereby make the following resolution regarding a pending application by Fiber Winds Energy, LLC (“Fiber Winds”) for a limitation on appraised value agreement under Texas Tax Code, Chapter 313:

WHEREAS, on or about November 18, 2013, Fiber Winds submitted to the District an application under Texas Code, Chapter 313 (the “Application”) for a limitation on appraised value agreement (“Agreement”), which was deemed complete by the District on November 19, 2013; and

WHEREAS, on or about November 19, 2013, the Application was submitted to the Texas Comptroller; and,

WHEREAS, on or about December 19, 2013, the Texas Comptroller issued a letter deeming the Application complete, advising that it would move forward with its economic impact evaluation, and triggering the effective filing date of the Application; and

WHEREAS, Texas Tax Code § 313.025(b) requires the Board approve or disapprove an application before the 151st day after the date the application is deemed complete by the Comptroller (the “Deadline”), unless the Comptroller’s economic impact evaluation has not been received or an extension is agreed to by the Board and the applicant; and,

WHEREAS, due to ongoing negotiations with Fiber Winds, it is likely the Agreement will not be approved by the Comptroller in time for the Board to issue its Findings of Fact, and approve and execute such an Agreement before the Deadline; and,

WHEREAS, on April 3, 2014, Fiber Winds submitted a request to the District to extend the Deadline, a copy of which is attached here to as Exhibit “A.”

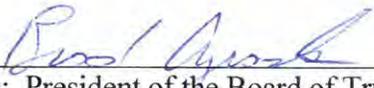
NOW BE IT THEREFORE RESOLVED, that the statements contained in the preamble of this Resolution are true and correct and adopted as findings of fact and operative provisions hereof, and that it is in the District’s best interest to extend the Deadline as requested, and

BE IT FURTHER RESOLVED, that Board of Trustees finds that it is in the best interest of the District to grant Fiber Winds’ request, and extend the Deadline for an additional sixty (60) days in order to complete negotiations and allow the Comptroller sufficient time to review and approve the Agreement of the parties; and,

BE IT FURTHER RESOLVED, the superintendent is directed to provide notice to Fiber Winds of the Board's decision to grant its request.

Passed and approved by the Lorenzo Independent School District Board of Trustees on this 21<sup>st</sup> day of April, 2014.

Lorenzo Independent School District

  
\_\_\_\_\_  
By: President of the Board of Trustees

  
\_\_\_\_\_  
By: Secretary of the Board of Trustees

**EXHIBIT A**



April 3<sup>rd</sup>, 2014

Jerrod Pickering, Superintendent  
Lorenzo ISD  
P.O. Box 520  
Lorenzo, TX 79343

[via email: jepickering@lorenzoisd.net](mailto:jepickering@lorenzoisd.net)

Re: Request for Extension to consider 313 Application

Dear Mr. Pickering,

Due to ongoing negotiations regarding the terms of the Limitation on Appraised Value Agreement (the "LAVA"), we do not believe that the LAVA with Fiber Winds Energy, LLC will be approved by the Comptroller in time for the parties to execute the LAVA within the 151 day deadline imposed by Texas Tax Code Chapter 313, Section 313.025(b). Accordingly, we ask that Petersburg ISD extend that deadline by no less than 60 days.

Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read "Stephen M. Johns", written over a horizontal line.

Stephen M. Johns  
General Counsel

Tri Global Energy, LLC