

**FINDINGS OF THE RAYMONDVILLE  
INDEPENDENT SCHOOL DISTRICT  
BOARD OF TRUSTEES  
UNDER THE  
TEXAS ECONOMIC DEVELOPMENT ACT  
ON THE  
APPLICATION SUBMITTED  
BY  
MAGIC VALLEY WIND FARM III, LLC**



July 31, 2014

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OF THE  
RAYMONDVILLE INDEPENDENT  
SCHOOL DISTRICT BOARD OF TRUSTEES  
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**JULY 31, 2014**

Board Findings of the Raymondville Independent School District

FINDINGS OF THE RAYMONDVILLE INDEPENDENT  
SCHOOL DISTRICT BOARD OF TRUSTEES UNDER THE  
TEXAS ECONOMIC DEVELOPMENT ACT  
ON THE APPLICATION SUBMITTED BY  
MAGIC VALLEY WIND FARM III, LLC

*STATE OF TEXAS* §

*COUNTY OF WILLACY* §

On the 31<sup>st</sup> day of July, 2014, a public meeting of the Board of Trustees of the Raymondville Independent School District was held. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board of Trustees took up and considered the application of Magic Valley Wind Farm III, LLC (Magic Valley Wind) for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations on the Application from interested parties within the District. After hearing presentations from the District's administrative staff, and from consultants retained by the District to advise the Board in this matter, the Board of Trustees of the Raymondville Independent School District makes the following findings with respect to the application of Magic Valley Wind, and the economic impact of that application:

On November 11, 2013, the Texas Comptroller of Public Accounts received an Application from Magic Valley Wind for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. A copy of the revised Application is attached as **Attachment A**.

The Applicant, Magic Valley Wind (Texas Taxpayer Id. 32052353987), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be in good standing with the Texas Comptroller of Public Accounts. See **Attachment B**.

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

Board Findings of the Raymondville Independent School District

The Application was delivered to the Texas Comptroller's Office for review pursuant to Texas Tax Code § 313.025(d). A copy of the Application was delivered to the Willacy County Appraisal District for review pursuant to 34 Tex. Admin. Code § 9.1054.

The Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code § 313.026, and a favorable recommendation was issued on March 11, 2014. A copy of the Comptroller's letter is attached to the findings as **Attachment C**.

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

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

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

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

Board Findings of the Raymondville Independent School District

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

**Board Finding Number 1.**

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

In support of Finding, 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 Magic Valley Wind Farm III, 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.

**Board Finding Number 2.**

**The economic condition of Raymondville, Texas is in need of long-term improvement, based on the state's analysis of Willacy County data.**

Based on information provided by the Comptroller's Office that focused on the county level, Willacy County is the 115<sup>th</sup> largest county in the state in terms of population. Population growth in Willacy is up, based on these data, although at a rate slower than the state average. The population of Willacy increased by 1.0 percent between 2009 and 2010, whereas the state population increased 1.8 percent during the same period.

September 2011 employment for Willacy County was up 3.8 percent from September 2010, above the state's 0.9 percent increase in total employment during the same period. The unemployment rate in Willacy County was 15.2 percent in September 2011, higher than the state average of 8.5 percent.

Board Findings of the Raymondville Independent School District

Willacy County continues to have a lower per capita personal income than the state as a whole. In terms of per capita income, Willacy County's \$23,584 in 2009 ranked 243<sup>rd</sup> among the 254 counties in Texas, while the Texas average was \$38,609 for the same period.

The local economy in Willacy County will benefit from economic activity like that associated with the Magic Valley Wind project. Major capital investments like this project are beneficial to the community on a number of fronts, including direct and indirect employment, expanded opportunities for existing businesses and increased local tax bases.

**Board Finding Number 3.**

**The average salary level of qualifying jobs is expected to be at least \$37,363 per year. The review of the application by the State Comptroller's Office indicated that this amount—based on Texas Workforce Commission data—complies with the requirement that qualifying jobs must pay 110 percent of the regional average manufacturing wage. Magic Valley Wind indicates that total employment will be approximately two (2) new jobs, which will be qualifying jobs.**

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

After construction, the project will create two new jobs when fully operational. Both 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 renewable energy wage for the Lower Rio Grande Area Council of Governments Region, where Willacy County is located was \$33,961 in 2013. The annual manufacturing wage for 2012-13 for Willacy County is \$42,263. That same year, the county annual average wage for all industries was \$30,706. In addition to an annual average salary of \$37,363 each qualifying position will receive benefits such as health insurance, 401(k), paid leave, tuition reimbursement, adoption assistance, commuter benefits as well as many other benefits.

**Board Finding Number 4.**

**The level of the applicant's average investment per qualifying job over the term of the Agreement is estimated to be approximately \$19.5 million on the basis of the goal of 2 new qualifying positions for the entire Magic Valley Wind project.**

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

The project's total investment is \$39 million, resulting in a relative level of investment per qualifying job of \$19.5 million.

**Board Finding Number 5.**

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

**Board Finding Number 6.**

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

Table 1 depicts Magic Valley Wind Farm III, 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 15 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.

Board Findings of the Raymondville Independent School District

**Table 1: Estimated Statewide Economic Impact of Investment and Employment in Magic Valley Wind Farm III, LLC**

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2015	15	13	28	\$560,445	\$1,026,555	\$1,587,000
2016	2	2	4	\$74,726	\$169,274	\$244,000
2017	2	2	4	\$74,726	\$413,274	\$488,000
2018	2	0	2	\$74,726	\$169,274	\$244,000
2019	2	2	4	\$74,726	\$47,274	\$122,000
2020	2	2	4	\$74,726	\$169,274	\$244,000
2021	2	2	4	\$74,726	\$169,274	\$244,000
2022	2	2	4	\$74,726	\$169,274	\$244,000
2023	2	4	6	\$74,726	\$291,274	\$366,000
2024	2	0	2	\$74,726	\$291,274	\$366,000
2025	2	4	6	\$74,726	\$169,274	\$244,000
2026	2	2	4	\$74,726	\$169,274	\$244,000
2027	2	6	8	\$74,726	\$413,274	\$488,000
2028	2	4	6	\$74,726	\$169,274	\$244,000
2029	2	(2)	0	\$74,726	\$413,274	\$488,000

Source: CPA, REMI, Magic Valley Wind Farm III, LLC

The statewide average ad valorem tax base for school districts in Texas was \$1.65 billion in 2012-2013. Raymondville ISD's ad valorem tax base in 2012-2013 was \$320 million. The statewide average wealth per WADA was estimated at \$343,155 for fiscal 2012-2013. During that same year, Raymondville ISD's estimated wealth per WADA was \$110,314. 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, Willacy County, the County Hospital District, Drainage District #2 & #3, the County Navigation District and The County Emergency Services Districts with all property tax incentives sought being granted using estimated market value from Magic Valley Wind Farm III, LLC's application. Magic Valley Wind Farm III, 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 Magic Valley Wind Farm III, LLC project on the region if all taxes are assessed.

Board Findings of the Raymondville Independent School District

**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>	Raymondville ISD I&S Levy	Raymondville ISD M&O Levy	Raymondville ISD M&O and I&S Tax Levies (Before Credit Credited)	Raymondville ISD M&O and I&S Tax Levies (After Credit Credited)	Willacy County Tax Levy	Willacy County Hospital District Tax Levy	Willacy Drainage District #2 Tax Levy (65%)	Willacy Drainage District #3 Tax Levy (35%)	Willacy Co. Navigation District Tax Levy	Willacy Co. Emergency Service District Tax Levy	Estimated Total Property Taxes	
2015	\$0	\$0		0.3400	1.0400	\$0	\$0	0.608440	0.038430	0.073670	0.250000	0.079630	0.035310	\$0	
2016	\$39,100,000	\$39,100,000		\$132,940	\$406,640	\$539,580	\$539,580	\$71,370	\$15,026	\$18,723	\$34,213	\$31,135	\$13,806	\$723,853	
2017	\$37,536,000	\$10,000,000		\$127,622	\$104,000	\$231,622	\$231,622	\$68,515	\$14,425	\$17,974	\$32,844	\$29,890	\$13,254	\$408,525	
2018	\$35,972,000	\$10,000,000		\$122,305	\$104,000	\$226,305	\$183,071	\$65,660	\$13,824	\$17,225	\$31,476	\$28,645	\$12,702	\$352,602	
2019	\$34,408,000	\$10,000,000		\$116,987	\$104,000	\$220,987	\$177,753	\$62,806	\$13,223	\$16,476	\$30,107	\$27,399	\$12,149	\$339,914	
2020	\$32,844,000	\$10,000,000		\$111,670	\$104,000	\$215,670	\$172,436	\$59,951	\$12,622	\$15,728	\$28,739	\$26,154	\$11,597	\$327,225	
2021	\$31,280,000	\$10,000,000		\$106,352	\$104,000	\$210,352	\$167,118	\$133,224	\$12,021	\$14,979	\$27,370	\$24,908	\$11,045	\$390,665	
2022	\$29,716,000	\$10,000,000		\$101,034	\$104,000	\$205,034	\$161,800	\$126,563	\$11,420	\$14,230	\$26,002	\$23,663	\$10,493	\$374,170	
2023	\$28,152,000	\$10,000,000		\$95,717	\$104,000	\$199,717	\$156,483	\$119,902	\$10,819	\$13,481	\$24,633	\$22,417	\$9,940	\$357,675	
2024	\$26,588,000	\$10,000,000		\$90,399	\$104,000	\$194,399	\$151,165	\$113,240	\$10,218	\$12,732	\$23,265	\$21,172	\$9,388	\$341,180	
2025	\$25,024,000	\$25,024,000		\$85,082	\$260,250	\$345,331	\$345,331	\$106,579	\$9,617	\$11,983	\$21,896	\$19,927	\$8,836	\$524,169	
2026	\$23,460,000	\$23,460,000		\$79,764	\$243,984	\$323,748	\$323,748	\$142,740	\$9,016	\$11,234	\$20,528	\$18,681	\$8,284	\$534,230	
2027	\$21,896,000	\$21,896,000		\$74,446	\$227,718	\$302,165	\$302,165	\$133,224	\$8,415	\$10,485	\$19,159	\$17,436	\$7,731	\$498,615	
2028	\$20,332,000	\$20,332,000		\$69,129	\$211,453	\$280,582	\$280,582	\$123,708	\$7,814	\$9,736	\$17,791	\$16,190	\$7,179	\$462,999	
2029	\$18,768,000	\$18,768,000		\$63,811	\$195,187	\$258,998	\$258,998	\$114,192	\$7,213	\$8,987	\$16,422	\$14,945	\$6,627	\$427,384	
							<b>Total</b>	<b>\$3,451,852</b>	<b>\$1,441,674</b>	<b>\$155,671</b>	<b>\$193,973</b>	<b>\$354,442</b>	<b>\$322,562</b>	<b>\$143,032</b>	<b>\$6,063,206</b>

Assumes School Value Limitation with the County, Hospital District, Drainage District #1 & 2 and the Emergency Service District and a Tax Abatement with the County.

Source: CPA, Magic Valley Wind Farm III, 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>	Raymondville ISD I&S Levy	Raymondville ISD M&O Levy	Raymondville ISD M&O and I&S Tax Levies	Willacy County Tax Levy	Willacy County Hospital District Tax Levy	Willacy Drainage District #2 Tax Levy	Willacy Drainage District #3 Tax Levy	Willacy Co. Navigation District Tax Levy	Willacy Co. Emergency Service District Tax Levy	Estimated Total Property Taxes	
2015	\$0	\$0		0.3400	1.0400	\$0	0.608440	0.038430	0.073670	0.250000	0.079630	0.035310	\$0	
2016	\$39,100,000	\$39,100,000		\$132,940	\$406,640	\$539,580	\$237,900	\$15,026	\$15,267	\$97,750	\$31,135	\$13,806	\$950,464	
2017	\$37,536,000	\$37,536,000		\$127,622	\$390,374	\$517,997	\$228,384	\$14,425	\$14,656	\$93,840	\$29,890	\$13,254	\$912,446	
2018	\$35,972,000	\$35,972,000		\$122,305	\$374,109	\$496,414	\$218,868	\$13,824	\$14,045	\$89,930	\$28,645	\$12,702	\$874,427	
2019	\$34,408,000	\$34,408,000		\$116,987	\$357,843	\$474,830	\$209,352	\$13,223	\$13,435	\$86,020	\$27,399	\$12,149	\$836,409	
2020	\$32,844,000	\$32,844,000		\$111,670	\$341,578	\$453,247	\$199,836	\$12,622	\$12,824	\$82,110	\$26,154	\$11,597	\$798,390	
2021	\$31,280,000	\$31,280,000		\$106,352	\$325,312	\$431,664	\$190,320	\$12,021	\$12,213	\$78,200	\$24,908	\$11,045	\$760,371	
2022	\$29,716,000	\$29,716,000		\$101,034	\$309,046	\$410,081	\$180,804	\$11,420	\$11,603	\$74,290	\$23,663	\$10,493	\$722,353	
2023	\$28,152,000	\$28,152,000		\$95,717	\$292,781	\$388,498	\$171,288	\$10,819	\$10,992	\$70,380	\$22,417	\$9,940	\$684,334	
2024	\$26,588,000	\$26,588,000		\$90,399	\$276,515	\$366,914	\$161,772	\$10,218	\$10,381	\$66,470	\$21,172	\$9,388	\$646,316	
2025	\$25,024,000	\$25,024,000		\$85,082	\$260,250	\$345,331	\$152,256	\$9,617	\$9,771	\$62,560	\$19,927	\$8,836	\$608,297	
2026	\$23,460,000	\$23,460,000		\$79,764	\$243,984	\$323,748	\$142,740	\$9,016	\$9,160	\$58,650	\$18,681	\$8,284	\$570,279	
2027	\$21,896,000	\$21,896,000		\$74,446	\$227,718	\$302,165	\$133,224	\$8,415	\$8,549	\$54,740	\$17,436	\$7,731	\$532,260	
2028	\$20,332,000	\$20,332,000		\$69,129	\$211,453	\$280,582	\$123,708	\$7,814	\$7,939	\$50,830	\$16,190	\$7,179	\$494,241	
2029	\$18,768,000	\$18,768,000		\$63,811	\$195,187	\$258,998	\$114,192	\$7,213	\$7,328	\$46,920	\$14,945	\$6,627	\$456,223	
						<b>Total</b>	<b>\$5,590,049</b>	<b>\$2,464,644</b>	<b>\$155,671</b>	<b>\$158,162</b>	<b>\$1,012,690</b>	<b>\$322,562</b>	<b>\$143,032</b>	<b>\$9,846,811</b>

Source: CPA, Magic Valley Wind Farm III, LLC  
<sup>1</sup>Tax Rate per \$100 Valuation

**Board Finding Number 7.**

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

In support of this finding, the analysis prepared by Moak, Casey & Associates projects that the project would initially add \$39 million to the tax base for debt service purposes at the peak investment level for the 2016-17 school year. The Magic Valley Wind project remains fully taxable for debt services taxes, with Raymondville ISD levying a \$0.340 per \$100 I&S rate. While the value of the Magic Valley Wind project is expected to depreciate over the life of the agreement and beyond, full access to the additional value will add to the District's I&S tax base, although this benefit is limited to the first year the full project appears on the local tax roll. Even with the addition of the Magic Valley Wind project, the District's wealth per ADA will remain well below the guaranteed revenue level provided by the Instructional Facility Allotment (IFA) and Existing Debt Allotment (EDA) programs.

**Board Finding Number 8.**

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

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

**Board Finding Number 9.**

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

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

Board Findings of the Raymondville Independent School District

According to Magic Valley Wind Farm III, LLC's application, "E.ON Climate & Renewables is an international company that develops, constructs, and operates wind energy projects. E.ON Climate & Renewables has a proven history of success across the United States evidenced by the development, construction and operation of over 2,700 MWs of wind farms. We have the ability to locate projects of this type across several regions within the United States, Canada, and Europe."

**Board Finding Number 10.**

**During the past two years, seven projects in the Lower Rio Grande Area Council of Governments Region applied for value limitation agreements under Tax Code, Chapter 313.**

**Board Finding Number 11.**

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

**Board Finding Number 12.**

**The Board of Trustees has determined that the Tax Limitation Amount requested by Applicant is currently Ten Million Dollars, which is consistent with the minimum values currently set out by Tax Code, § 313.054(a).**

According to the Texas Comptroller of Public Accounts' School and Appraisal Districts' Property Value Study 2013 Final Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year, Attachment F, the total 2013 industrial value for Raymondville ISD is \$6.76 million. Raymondville ISD is categorized as Subchapter C, which applies only to a school district that has territory in a strategic investment area, as defined under Subchapter O, Chapter 171, Tax Code or in a county: (1) that has a population of less than 50,000 and (2) in which, from 1990 to 2000, according to the federal decennial census, the population: (A) remained the same; (B) decreased; or (C) increased, but at a rate of not more than three percent per annum. Raymondville ISD is classified as a "rural" district due to its population characteristics. Given that the value of industrial property in

Board Findings of the Raymondville Independent School District

Raymondville ISD is more than \$1 million but less than \$90 million, it is classified as a Category II district which can offer a minimum value limitation of \$10 million.

**Board Finding Number 13.**

**The Applicant (Taxpayer Id. 32052353987) is eligible for the limitation on appraised value of qualified property as specified in the Agreement based on its “good standing” certification as a franchise-tax paying entity.**

**Board Finding Number 14.**

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

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

**Board Finding Number 15.**

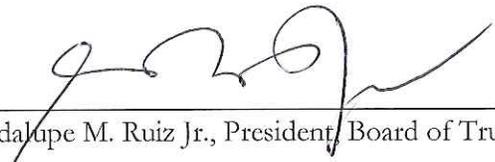
**Considering the purpose and effect of the law and the terms of the Agreement, that it is in the best interest of the District and the State to enter into the attached Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.**

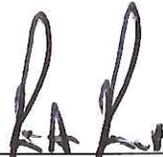
It is therefore ORDERED that the Agreement attached hereto as **Attachment G** is approved and hereby authorized to be executed and delivered by and on behalf of the Raymondville Independent School District. It is further ORDERED that these findings and the Attachments referred to herein be attached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

Board Findings of the Raymondville Independent School District

Dated the 31<sup>st</sup> day of July 2014.

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT

By:   
Guadalupe M. Ruiz Jr., President, Board of Trustees

ATTEST:  
By:   
Ramiro A. Ramirez Jr., Secretary, Board of Trustees



LYNN M. MOAK, PARTNER

DANIEL T. CASEY, PARTNER

July 31, 2014

President and Members  
Board of Trustees  
Raymondville Independent School District  
693 Monroe Avenue  
Raymondville, Texas 78580

*Re: Recommendations and Findings of the firm Concerning Application of Magic Valley Wind Farm III, LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes*

Dear President Ruiz Jr. and Members of the Board of Trustees:

Please accept this letter as formal notification of the completion of due diligence research on behalf of the Raymondville Independent School District, with respect to the pending Application of Magic Valley Wind Farm III, LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes. Since our engagement on behalf of the District, we have been actively engaged in reviewing the pending Application and verifying its contents. Based upon our review we have drawn the following conclusions:

1. All statements of current fact contained in the Application are true and correct.
2. The project proposed in the Application meets all applicable eligibility criteria of Chapter 313 of the Texas Tax Code.
3. The Applicant has the current means and ability to complete the proposed project.
4. All applicable school finance implications arising from the contemplated Agreement have been explored.
5. The proposed Agreement contains adequate revenue protection provisions to protect the interests of the District.

As a result of the foregoing it is our recommendation that the Board of Trustees approve the Application of Magic Valley Wind Farm III, LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Sincerely,

A handwritten signature in blue ink that reads "Daniel T. Casey". The signature is written in a cursive style.

Daniel T. Casey

[www.moakcasey.com](http://www.moakcasey.com)

Phone 512-485-7878

400 W. 15<sup>th</sup> Street★Suite 1410★Austin, TX 78701-1648

Fax 512-485-7888

# O'HANLON, MCCOLLOM & DEMERATH

ATTORNEYS AND COUNSELORS AT LAW

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**KEVIN O'HANLON**  
CERTIFIED, CIVIL APPELLATE  
CERTIFIED, CIVIL TRIAL

**LESLIE MCCOLLOM**  
CERTIFIED, CIVIL APPELLATE  
CERTIFIED, LABOR AND EMPLOYMENT  
TEXAS BOARD OF LEGAL SPECIALIZATION

**JUSTIN DEMERATH**

July 31, 2014

President and Members  
Of the Board of Trustees  
Raymondville Independent School District  
693 Monroe Avenue  
Raymondville, Texas 78580

*Re: Recommendations and Findings of the Firm Concerning Application of Magic Valley Wind Farm III, LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, first qualifying year 2015*

Dear President Ruiz Jr. and Members of the Board of Trustees:

Please accept this letter as formal notification of the completion of due diligence research on behalf of the Raymondville Independent School District, with respect to the pending Application of Magic Valley Wind Farm III, LLC for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, to be effected by an agreement with a first qualifying time year of 2015. Since our engagement on behalf of the District, we have been actively engaged in reviewing the pending Application and verifying its contents. We have also negotiated an Agreement between the District and Magic Valley Wind Farm III, LLC Based upon our review we have drawn the following conclusions:

1. All statements of current fact contained in the Application are true and correct.
2. The project proposed in the Application meets all applicable eligibility criteria of Chapter 313 of the Texas Tax Code.
3. The Applicant has the current means and ability to complete the proposed project.

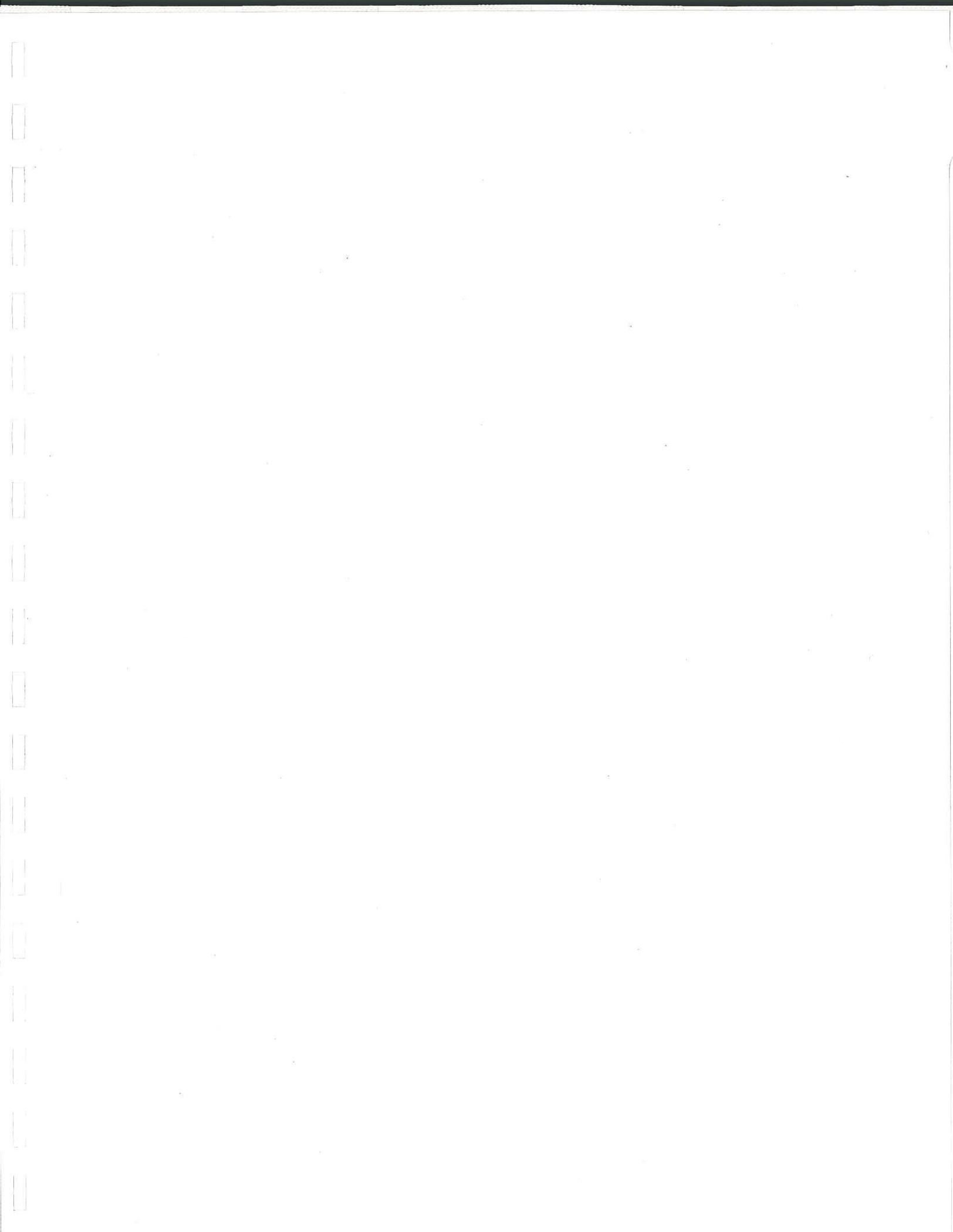
4. All applicable school finance implications arising from the contemplated Agreement have been explored.
5. The proposed Agreement contains adequate legal provisions so as to protect the interests of the District.

As a result of the foregoing conclusions it is our recommendation that the Board of Trustees approve the Application of Magic Valley Wind Farm III, LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin O'Hanlon", written in a cursive style.

Kevin O'Hanlon  
For the Firm



Attachment A

Application

# O'HANLON, McCOLLOM & DEMERATH

ATTORNEYS AND COUNSELORS AT LAW

808 WEST AVENUE  
AUSTIN, TEXAS 78701  
TELEPHONE: (512) 494-9949  
FACSIMILE: (512) 494-9919

**KEVIN O'HANLON**  
CERTIFIED, CIVIL APPELLATE  
CERTIFIED, CIVIL TRIAL

**LESLIE McCOLLOM**  
CERTIFIED, CIVIL APPELLATE  
CERTIFIED, LABOR AND EMPLOYMENT  
TEXAS BOARD OF LEGAL SPECIALIZATION

**JUSTIN DEMERATH**

November 20, 2013

Local Government Assistance & Economic Analysis  
Texas Comptroller of Public Accounts  
P.O. Box 13528  
Austin, Texas 78711-3528

RE: Application to the Raymondville Independent School District from Magic Valley  
Wind Farm, LLC

**(First Qualifying Year 2015)**

To the Local Government Assistance & Economic Analysis Division:

By copy of this letter transmitting the application for review to the Comptroller's Office, the Raymondville Independent School District is notifying Magic Valley Wind Farm, LLC of its intent to consider the application for appraised value limitation on qualified property. The Applicant submitted an Application to the school district on November 11, 2013. The Board voted to accept the application on November 11, 2013. The application has been determined complete as of November 20, 2013. Please prepare the economic impact report.

Please note, there are no existing improvements related to this project. The Applicant is aware that the determination of a completed application by the Comptroller determines what property may be eligible for a value limitation agreement.

The school district has determined that the wage information included in the application represents the most recent wage data available at the time of the application.

The applicant has requested the school district create the reinvestment zone. The order creating the zone will be provided upon adoption by the Board.

In accordance with 34 Tex. Admin Code §9.1054, a copy of the application will be submitted to the Willacy County Appraisal District.

Letter to Local Government Assistance & Economic Analysis Division  
November 20, 2013  
Page 2 of 2

A hard copy and an electronic copy of the application will be hand delivered to your office today.  
Please feel free to contact me with questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin O'Hanlon", written in a cursive style.

Kevin O'Hanlon  
School District Consultant

Cc: Willacy County Appraisal District  
Magic Valley Wind Farm, LLC



# 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 11.11.13	
First Name Johnny	Last Name Pineda		
Title Superintendent			
School District Name Raymondville Independent School District			
Street Address One Bearkat Boulevard			
Mailing Address same			
City Raymondville	State TX	ZIP 78580	
Phone Number 956-689-8176	Fax Number 956-689-0201		
Mobile Number (optional)	Email Address jpineda@raymondvilleisd.org		

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

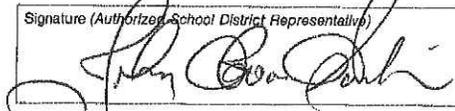
Will consultant be primary contact?  Yes  No

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

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

First Name <b>Kevin</b>		Last Name <b>O'Hanlon</b>	
Title <b>Consultant</b>			
Firm Name <b>O'Hanlon, McCollom &amp; Demerath</b>			
Street Address <b>808 West Avenue</b>			
Mailing Address <b>808 West Avenue</b>			
City <b>Austin</b>		State <b>TX</b>	ZIP <b>78701</b>
Phone Number <b>512-494-9949</b>		Fax Number <b>512-494-9919</b>	
Mobile Number (Optional)		Email Address <b>kohanlon@808west.com; mhanley@808west.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 <b>11-12-13</b>
---	-------------------------

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

If yes, date determined complete. .... **11-20-13** .....

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

will supplement

**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 supplement

**APPLICANT INFORMATION – CERTIFICATION OF APPLICATION**

**Authorized Business Representative (Applicant)**

First Name <b>Paul</b>		Last Name <b>Bowman</b>	
Title <b>Senior Vice President</b>			
Organization <b>EC&amp; R Development, LLC</b>			
Street Address <b>701 Brazos Street, Suite 1400</b>			
Mailing Address			
City <b>Austin</b>	State <b>TX</b>	ZIP <b>78701</b>	
Phone Number <b>512-477-7024</b>		Fax Number <b>512-494-9581</b>	
Mobile Number (optional)		Business Email Address <b>paul.bowman@eon.com</b>	

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 <b>Rich</b>		Last Name <b>Saunders</b>	
Title <b>Development Manager</b>			
Organization <b>EC&amp;R Development, LLC</b>			
Street Address <b>701 Brazos Street, Suite 1400</b>			
Mailing Address			
City <b>Austin</b>	State <b>TX</b>	ZIP <b>78701</b>	
Phone Number <b>512-482-4006</b>		Fax Number <b>512-494-9581</b>	
Mobile Number (optional) <b>512-461-9747</b>		Email Address <b>richard.saunders@eon.com</b>	

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

Will consultant be primary contact?  Yes  No



Form 50-296

Application for Appraised Value Limitation on Qualified Property

APPLICANT INFORMATION – CERTIFICATION OF APPLICATION (CONTINUED)

Authorized Company Consultant (If Applicable)

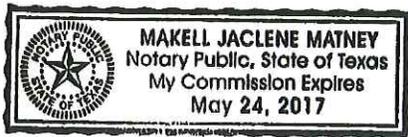
First Name		Last Name	
Title			
Firm Name			
Street Address			
Mailing Address			
City		State	ZIP
Phone Number		Fax Number	
Business Email Address			

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))	Date
	11-15-13

GIVEN under my hand and seal of office this 15<sup>th</sup> day of November, 2013



(Notary Seal)

Makell J. Matney  
Notary Public, State of Texas

My commission expires \_\_\_\_\_

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)?

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)?

BUSINESS APPLICANT INFORMATION

Legal Name Under Which Application is Made: Magic Valley Wind Farm III, LLC
Texas Taxpayer I.D. Number of Entity Subject to Tax Code, Chapter 171 (11 digits): 32052353987
NAICS Code: 221119 (1997 NAICS code)
Is the applicant a party to any other Chapter 313 agreements?
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?
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)?

2. Is the applicant current on all tax payments due to the State of Texas?

3. Are all applicant members of the combined group current on all tax payments due to the State of Texas?
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 for question 3.



ELIGIBILITY UNDER TAX CODE CHAPTER 313.024

Are you an entity to which Tax Code, Chapter 171 applies? [X] 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 [X] No
(2) research and development [ ] Yes [X] No
(3) a clean coal project, as defined by Section 5.001, Water Code [ ] Yes [X] No
(4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code [ ] Yes [X] No
(5) renewable energy electric generation [X] Yes [ ] No
(6) electric power generation using integrated gasification combined cycle technology [ ] Yes [X] No
(7) nuclear electric power generation [ ] Yes [X] No
(8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) [ ] Yes [X] No

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

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

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

Are you including property that is owned by a person other than the applicant? [ ] Yes [X] 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 [X] 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. (Use attachments as necessary)

See Attachment 4

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

See Attachment 4

PROJECT CHARACTERISTICS (CHECK ALL THAT APPLY)

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

PROJECTED TIMELINE

Begin Construction Fourth Quarter 2013 Begin Hiring New Employees 3 Quarter 2015

Construction Complete Fourth Quarter 2015 Fully Operational Fourth Quarter 2015

Purchase Machinery & Equipment Second Quarter 2015

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)? [X] 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? Fourth Quarter 2015



**ECONOMIC INCENTIVES**

Identify state programs the project will apply for:

State Source	Amount
NA	
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.)

Please see Schedule D for details

**THE PROPERTY**

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

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

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: Willacy (100%) City:   
(Name and percent of project) (Name and percent of project)

Hospital District: Willacy County Hospital District (100%) Water District: Drainage District #1 (35%) and #2 (65%)  
(Name and percent of project) (Name and percent of project)

Other (describe): Willacy County Navigation District (100%) Other (describe): Emergency Services District (100%)  
(Name and percent of project) (Name and percent of project)

Is the project located entirely within this ISD? Willacy County Road and Bridge (100%)  Yes  No

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

Please see attachment 5.



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 million

What is the amount of appraised value limitation for which you are applying? 10 million

What is your total estimated qualified investment? 39 million

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? June 2014

What is the anticipated date of the beginning of the qualifying time period? June 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? 39 million

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? 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? 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? Yes No

(3) on the same parcel of land as the building for which you are applying for an appraised value limitation? 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? Yes No

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

If the proposed investment includes a building or a permanent, non-removable component of a building, does it house tangible personal property? 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 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? June 2014

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

Will the project be on leased land? 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 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. 0 2013

Is any of the existing property subject to a value limitation agreement under Tax Code 313? ... Yes 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? ... 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 Third Quarter Fourth Quarter of 2013

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? ... 0

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 ... 2

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 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)? ... 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? ... 2

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 county average weekly wage for all jobs (649.55), county average weekly wage for manufacturing jobs in the county (894.03), and county average weekly wage for manufacturing jobs in the region (718.52).

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

- §313.021(5)(A) or §313.021(5)(B) or §313.021(3)(E)(ii), or §313.051(b)?

What is the estimated minimum required annual wage for each qualifying job based on the qualified property? 37,363.04

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? 37,363.04

- Will 80% of all new jobs created by the owner be qualifying jobs as defined by 313.021(3)? Yes No
Will each qualifying job require at least 1,600 of work a year? Yes No
Will any of the qualifying jobs be jobs transferred from one area of the state to another? Yes No
Will any of the qualifying jobs be retained jobs? Yes No
Will any of the qualifying jobs be created to replace a previous employee? Yes No
Will any required qualifying jobs be filled by employees of contractors? Yes No
If yes, what percent? 100%
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? Yes No

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

See Attachment 15

ECONOMIC IMPACT

- Is an Economic Impact Analysis attached (If supplied by other than the Comptroller's office)? Yes No
Is Schedule A completed and signed for all years and attached? Yes No
Is Schedule B completed and signed for all years and attached? Yes No
Is Schedule C (Application) completed and signed for all years and attached? Yes No
Is Schedule D completed and signed for all years and attached? 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			
	Checklist	Page X of 16	Check Completed
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	✓
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	n/a
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	n/a
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 *map or proposed zone
22	Order, Resolution, or Ordinance Establishing the Zone (Attachment)*	9 of 16	included will supplement
23	Legal Description of Reinvestment Zone (Attachment)*	9 of 16	will supplement *proposed
24	Guidelines and Criteria for Reinvestment Zone(Attachment)*	9 of 16	n/a included

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

ATTACHMENT 2

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

E.ON Climate & Renewables N.A., Inc.  
Existing Chapter 313 Agreements

Taxing Entity	Agreement Date
Brackett ISD	12/21/2009
Forsan ISD	10/27/2008
Glasscock ISD	10/13/2008
Gregory-Portland ISD	12/15/2009
Hermleigh ISD	11/11/2008
Highland ISD	8/6/2007
Howard College	12/17/2007
Loraine ISD	9/10/2007
Lyford CISD	11/14/2011
Odem-Edroy ISD	12/19/2008
Raymondville ISD	12/13/2011
Roscoe ISD	9/10/2007
San Perlita ISD	12/12/2011
Sinton ISD	12/15/2008
Sterling City ISD	4/5/2006
Sterling City ISD	12/17/2008
Taft ISD	12/15/2009
West Texas College	12/22/2007

Form 7004 - Affiliated Group Members for E.ON US Corporation

Name and Address	Employer ID
E.ON Climate & Renewables North America, LLC 353 N. Clark St., 30th Floor Chicago, IL 60654	20-0075168
EC&R Services, LLC 353 N. Clark St., 30th Floor Chicago, IL 60654	27-1769505
EC&R Energy Marketing, LLC 353 N. Clark St., 30th Floor Chicago, IL 60654	27-1769318
EC&R Development, LLC 353 N. Clark St., 30th Floor Chicago, IL 60654	27-1769631
E.ON NA Capital, LLC 2751 CENTERVILLE ROAD, SUITE 231 WILMINGTON, DE 19808	74-3209069
Minnville Investco, LLC 353 N. Clark St., 30th Floor Chicago, IL 60654	90-0543471
Forest Creek Investco, Inc. 353 N. Clark St., 30th Floor Chicago, IL 60654	71-0992472
EC&R Investco Mgmt II, LLC 353 N. Clark St., 30th Floor Chicago, IL 60654	90-0544248
EC&R NA Solar PV, LLC 353 N. Clark St., 30th Floor Chicago, IL 60654	90-0641860
Fidelia Communications, Inc. 2751 CENTERVILLE ROAD, SUITE 231 WILMINGTON, DE 19808	20-4348030
E.ON North America Inc. 2751 CENTERVILLE ROAD, SUITE 231 WILMINGTON, DE 19808	74-2189834
E.ON NA Investments, LLC 2751 CENTERVILLE ROAD, SUITE 231 WILMINGTON, DE 19808	37-1691099
E.ON RE Investments, LLC 2751 CENTERVILLE ROAD, SUITE 231 WILMINGTON, DE 19808	32-0381848
E.ON US Energy, LLC 2751 CENTERVILLE ROAD, SUITE 231 WILMINGTON, DE 19808	38-3876352
EKY Corp 2751 CENTERVILLE ROAD, SUITE 231 WILMINGTON, DE 19808	16-1643813



Magic Valley Wind Farm III, LLC, Texas tax payer identification number 32052353987, is a limited liability corporation first organized and registered with the Secretary of State on July 18, 2013. As of the date of this letter, the Magic Valley Wind Farm III, LLC has not been required to file a franchise tax report. As of the first applicable filing period, Magic Valley Wind Farm III, LLC will be a member of a combined group as defined by Texas Tax Code 171.0001 (7). The reporting entity taxpayer name is E.ON Climate & Renewables North America, LLC, Texas tax payer identification number 12000751680.

With kind regards,

A handwritten signature in black ink, appearing to read "Paul Bowman", with a horizontal line extending to the right.

Paul Bowman  
Senior Vice President

ATTACHMENT 4

## 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.

The proposed project will consist of a facility designed to use wind power to generate electricity (commonly referred to as a wind farm). The applicant expects to build the proposed project to be operational fourth quarter 2015, with approximately 30% of the construction to be in the Raymondville Independent School District. EC&R is planning for seventeen 2.0 megawatt wind turbine generators within RISD boundaries. The applicant will commence on or before December 31, 2013. The applicant intends to complete construction within two (2) years and expects to meet the minimum qualified investment threshold by the expiration of the qualified period. All of the property for which the applicant is seeking a limitation on appraised value will be owned by the applicant.

EC&R Development, L I C is developing the Magic Valley Wind Farm III. The Magic Valley Wind Farm III is a 115 MW wind generation facility located in entirely within Willacy County, Texas. The project will be spread across two (w) different school districts: Raymondville Independent School District (RISD) with approximately 30% of the qualified investment and property, and San Perlita Independent School District (SPISD) with approximately 70% of the qualified investment and property. The Magic Valley Wind Farm III includes approximately 57 2.0 MW turbines, towers, transformers, transmission lines, and associated ancillary equipment necessary to safely operate, maintain and transmit power to the ERCOT grid, and meteorological equipment to measure and test wind speed and direction; with an estimated value of \$203,280.00.

The facility will require a relatively insubstantial amount of personal property, which will be placed within the "Magic Valley Reinvestment Zone No. 2" (the "Reinvestment Zone") which will be created by the Willacy County Commissioners' Court. The entire project boundaries are wholly contained within the reinvestment zone boundaries. Current land use for the private property within the Reinvestment Zone consists of farming, ranching, and oil and gas production.

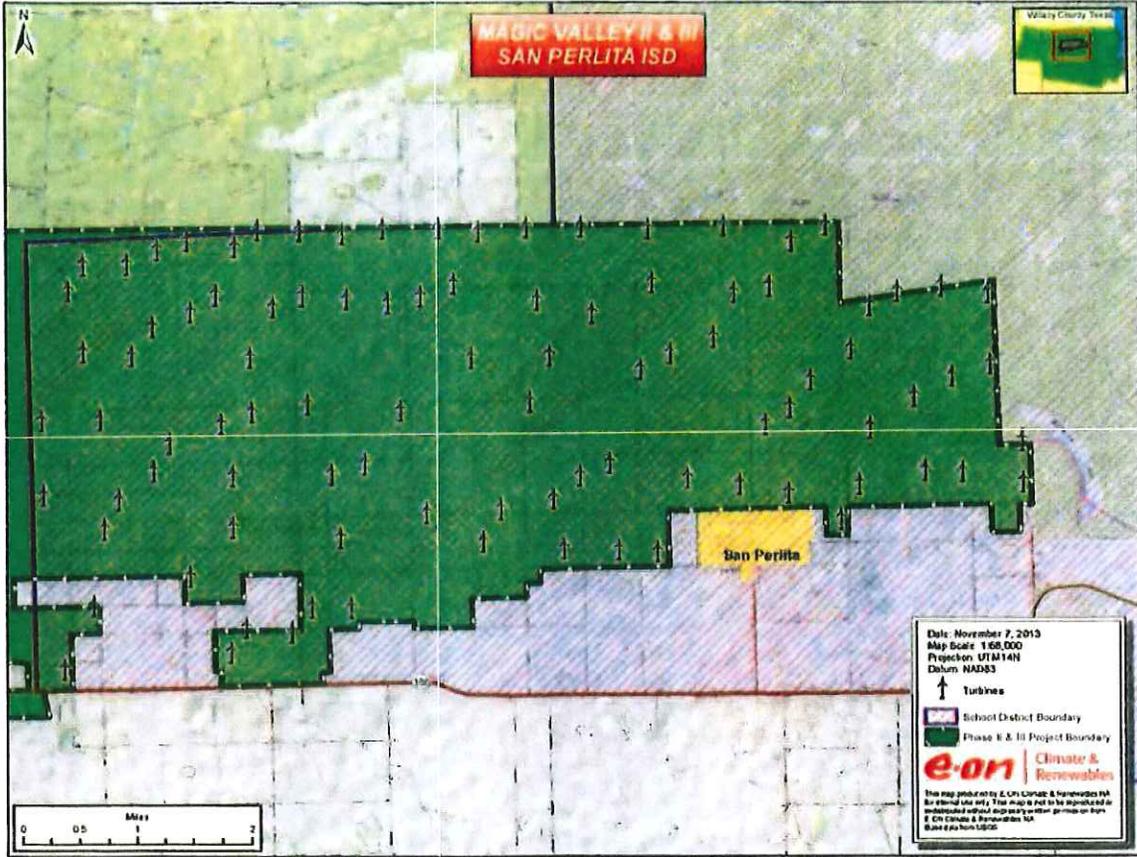
E.ON Climate & Renewables is an international company that develops, constructs, and operates wind energy projects. E.ON Climate & Renewables has a proven history of success across the United States evidenced by the development, construction and operation of over 2,700 MWs of wind farms. We have the ability to locate projects of this type across several regions within the United States, Canada, and Europe.

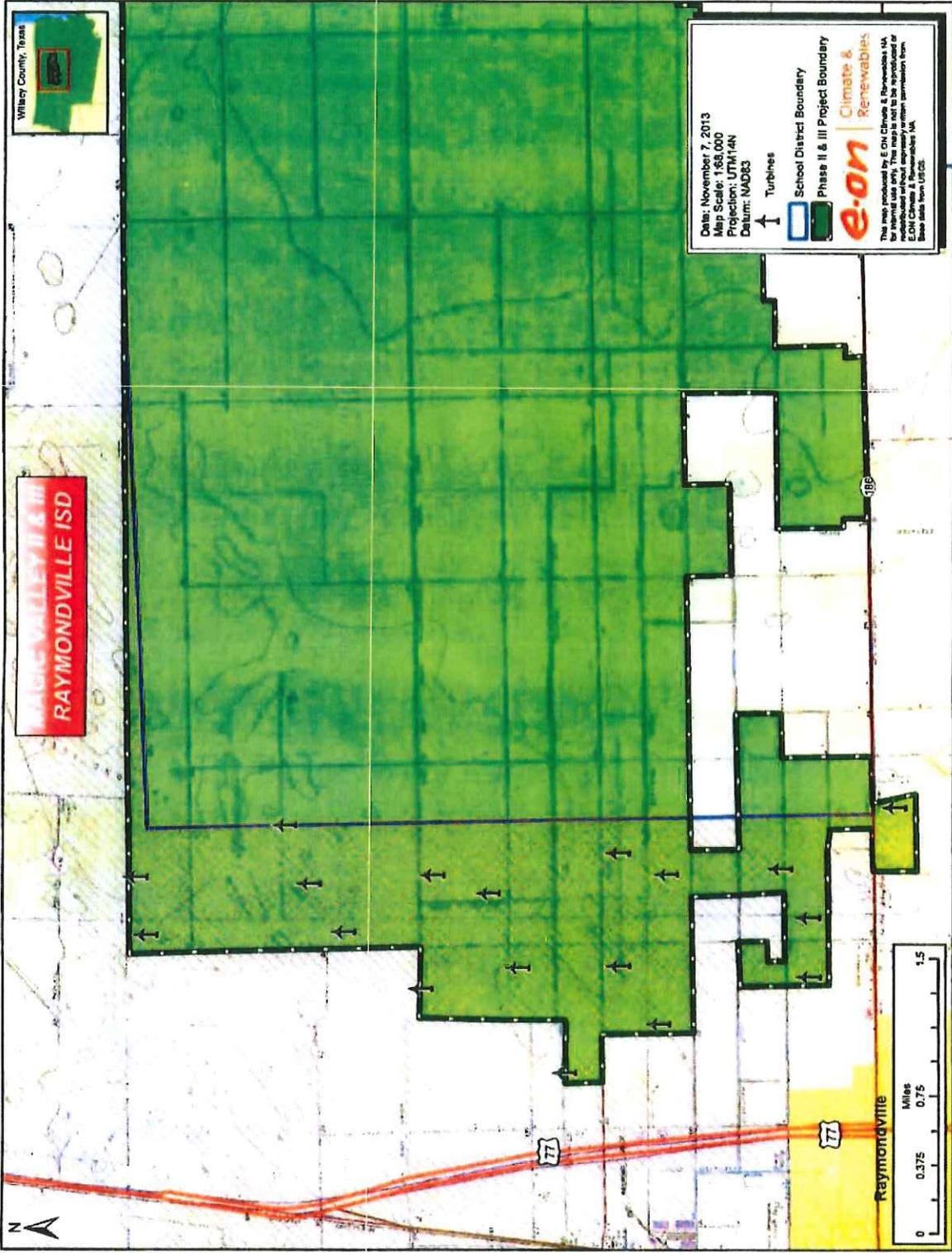
## ATTACHMENT 5

EC&R Development, LLC is developing the Magic Valley Wind Farm III. The project will spread across two (2) different school districts:

Raymondville Independent School District (RISD)-  
approximately 30% of the qualified investment and  
property; and

San Perlita Independent School District (SPISD)-  
approximately 70% of the qualified investment and  
property.





**MAGIC VALLEY II & III  
RAYMONDVILLE ISD**

Date: November 7, 2013  
Map Scale: 1:66,000  
Projection: UTM14N  
Datum: NAD83

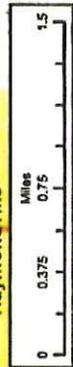
Turbines  
↑

School District Boundary  
[Black Outline]

Phase II & III Project Boundary  
[Red Outline]

**e-on** Climate & Renewables

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Base data from USGS.



ATTACHMENT 6

## DESCRIPTION OF QUALIFIED INVESTMENT

1. Seventeen (17) General Electric 2.0 MW wind turbine generator system with grounding, comprising a three-bladed, horizontal-axis wind turbine, employing active yaw control, active blade pitch control and a variable speed generator, more precisely described as follows:

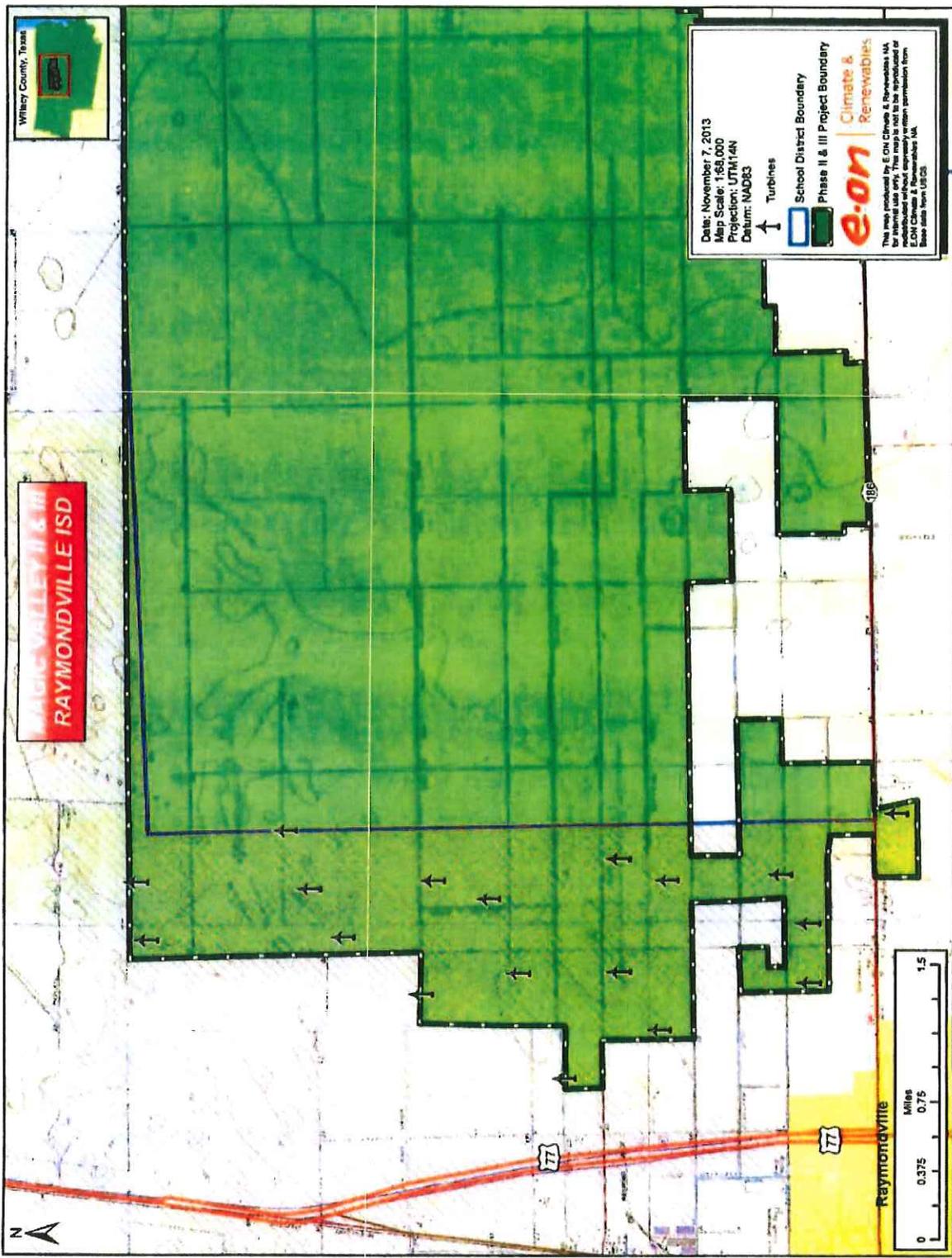
- a. Rotor with a diameter of 90 m, designed to operate in upwind configuration, comprised of three blades mounted to a cast iron hub, designed to operate between 0 and 16 rpm
  - b. Three blades manufactured from carbon fiber, wood, fiberglass, and epoxy.
  - c. Blade pitch control system
  - d. Hub manufactured from cast iron connecting the blades to the turbine main shaft and housing the blade pitch systems
  - e. Gearbox with vibration-damping mountings and a parking brake
  - f. Bearings
  - g. Gearbox lubrication system
  - h. Brake system,
  - i. Variable speed asynchronous generator
  - j. Flexible coupling to protect drive train from excessive torque loads
  - k. Yaw system
  - l. 57 Towers, 80 m ground to hub.
  - m. Nacelle, with sound-insulating foam to reduce acoustic emissions
  - n. Anemometer, wind vane and lightning protection system.
  - o. Control system consisting of on-site (at base of tower) and remote (SCADA) control with local lockout capability
2. Roadwork, sloped for drainage, with turnouts from public roads
3. Fencing to control livestock and to protect substations and other equipment as needed for safety and security.
4. 112 wind turbine generator foundations, with anchor bolt embeds and template rings
5. Wind turbine obstruction lighting per FAA requirements

6. Telephone system
7. Substations, including a 138/34,5 kV utility interconnect substation, Including a control building, two 140 MVA transformers with load tap changers, 138 kV circuit breakers, 34,5 circuit breakers and reactive power compensation equipment.
8. Overhead transmission line, 138 kV between the substation and the utility interconnection
9. Underground power cables from, and various cable accessories, with grounding
10. O&M building with offices and warehouse, with standard utilities
11. Permanent meteorological towers, quantity and location of which to be determined by final turbine layout.
12. Underground communications cables

ATTACHMENT 7



# MAGIC VALLEY II & III RAYMONDVILLE ISD

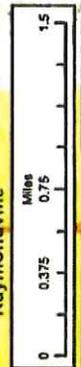


Date: November 7, 2013  
 Map Scale: 1:60,000  
 Projection: UTM14N  
 Datum: NAD83

↑ Turbines  
 School District Boundary  
 Phase II & III Project Boundary

**e-on** Climate & Renewables

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ATTACHMENT 8

## DESCRIPTION OF QUALIFIED PROPERTY

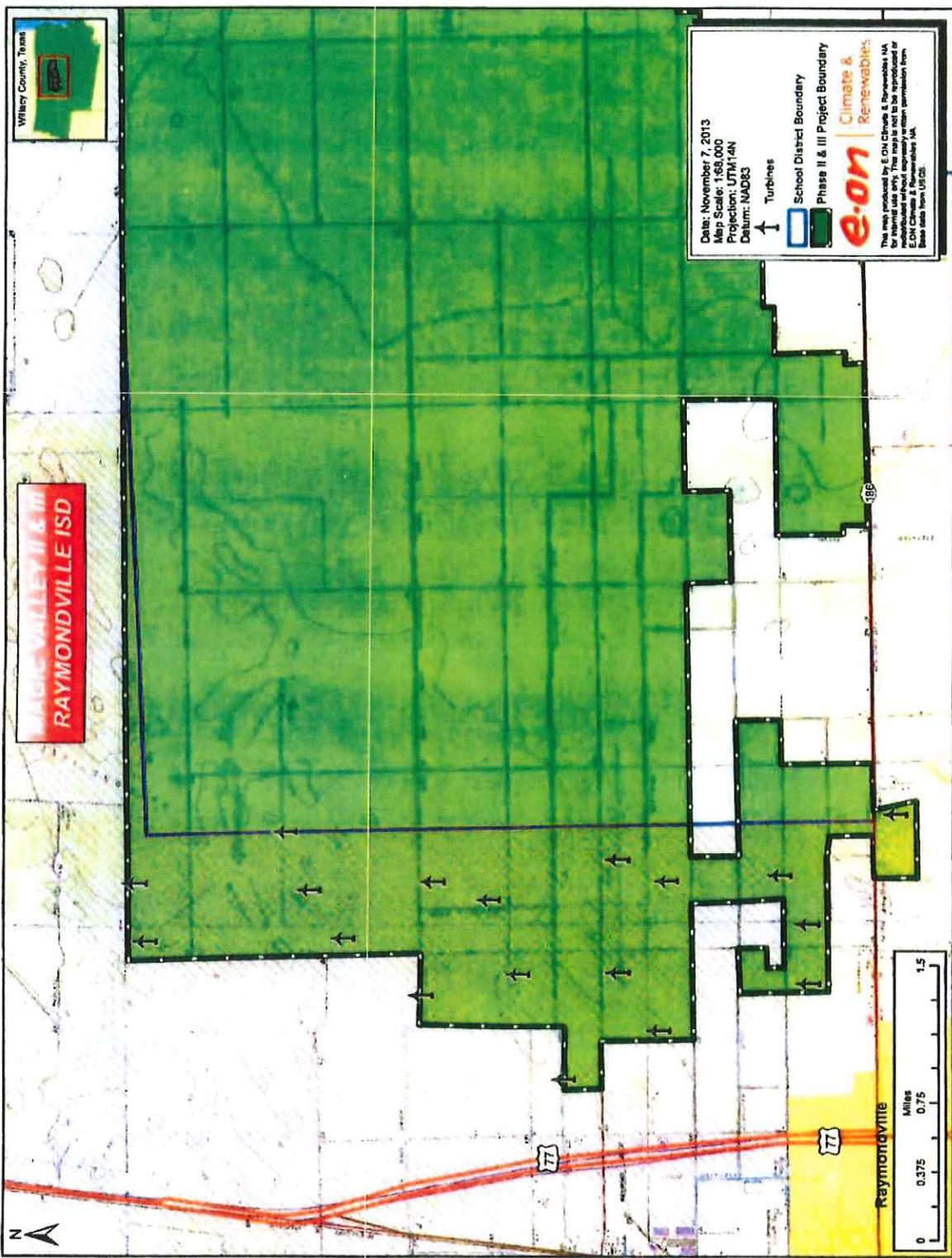
1. Seventeen (17) General Electric 2.0 MW wind turbine generator system with grounding, comprising a three-bladed, horizontal-axis wind turbine, employing active yaw control, active blade pitch control and a variable speed generator, more precisely described as follows:
  - a. Rotor with a diameter of 90 m, designed to operate in upwind configuration, comprised of three blades mounted to a cast iron hub, designed to operate between 0 and 16 rpm
  - b. Three blades manufactured from carbon fiber, wood, fiberglass, and epoxy.
  - c. Blade pitch control system
  - d. Hub manufactured from cast iron connecting the blades to the turbine main shaft and housing the blade pitch systems
  - e. Gearbox with vibration-damping mountings and a parking brake
  - f. Bearings
  - g. Gearbox lubrication system
  - h. Brake system,
  - h. Variable speed asynchronous generator
  - i. Flexible coupling to protect drive train from excessive torque loads
  - j. Yaw system
  - k. 57 Towers, 80 m ground to hub.
  - l. Nacelle, with sound-insulating foam to reduce acoustic emissions
  - m. Anemometer, wind vane and lightning protection system.
  - n. Control system consisting of on-site (at base of tower) and remote (SCADA) control with local lockout capability
2. Roadwork, sloped for drainage, with turnouts from public roads
3. Fencing to control livestock and to protect substations and other equipment as needed for safety and security.
4. 112 wind turbine generator foundations, with anchor bolt embeds and template rings
5. Wind turbine obstruction lighting per FAA requirements

6. Telephone system
7. Substations, including a 138/34.5 kV utility interconnect substation, including a control building, two 140 MVA transformers with load tap changers, 138 kV circuit breakers, 34.5 circuit breakers and reactive power compensation equipment.
8. Overhead transmission line, 138 kV between the substation and the utility interconnection
9. Underground power cables from, and various cable accessories, with grounding
10. O&M building with offices and warehouse, with standard utilities
11. Permanent meteorological towers, quantity and location of which to be determined by final turbine layout.
12. Underground communications cables

ATTACHMENT 9

Willey County, Texas

# MAGIC VALLEY II & III RAYMONDVILLE ISD

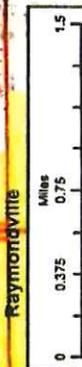


Date: November 7, 2013  
 Map Scale: 1:69,000  
 Projection: UTM/14N  
 Datum: NAD83

- ↑ Turbines
- ▭ School District Boundary
- ▭ Phase II & III Project Boundary



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 Data made from USGS



ATTACHMENT 10

## EXHIBIT A

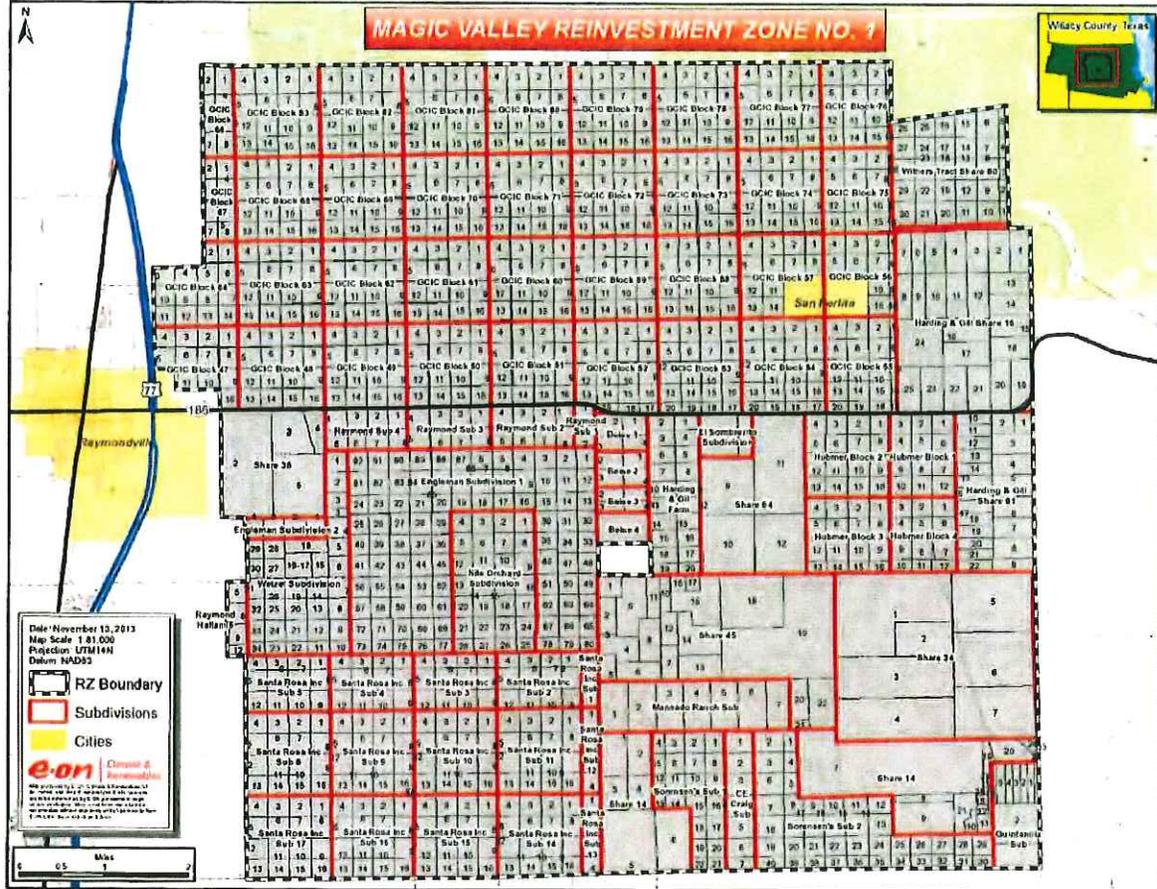
### Legal Description of Re-Investment Zone to be created

Magic Valley Reinvestment Zone No. 1 to include the following real property in Willacy County, Texas, except any such real property currently located within the incorporated city limits of the City of Raymondville, Texas, as seen in the attached Exhibit:

- All of the Lots in the Withers Tract Subdivision out of Share #60, San Juan De Carricitos Grant;
- Lots 1, 2, 7, 8, 9, 10, and 16 of Block 47 of the Gulf Coast Irrigation Company's Subdivision;
- All of the Lots in Blocks 48 through 63 and 68 through 83 (inclusive) of the Gulf Coast Irrigation Company's Subdivision;
- Lots 1, 2, 5, 6, 7, 8, 13, and 14 of Block 64 of the Gulf Coast Irrigation Company's Subdivision;
- Lots 1, 2, 3, 4, 5, 6, 7, and 8 of Block 66 of the Gulf Coast Irrigation Company's Subdivision;
- Lots 1, 2, 3, 4, 5, 6, 7, and 8 of Block 67 of the Gulf Coast Irrigation Company's Subdivision;
- All of the Lots in Harding & Gill Subdivision out of Share #16, San Juan De Carricitos Grant;
- All of Lots in Harding & Gill Subdivision out of Share 1161, San Juan De Carricitos Grant;
- All of Lots in Harding & Gill Hann Subdivision out of Share #64, San Juan De Carricitos Grant;
- All of the Lots in Blocks 1, 2, 3, and 4 of the E. F. Hubmer Subdivision;
- All of the Lots in Share 1/64, San Juan De Carricitos Grant;
- All of the Lots in Share 1136, San Juan De Carricitos Grant;
- All of the Lots in the El Sombrero Subdivision out of Share #64, San Juan De Carricitos Grant;
- All of the Lots in Blocks 1, 2, 3, and 4 of the E. H. Boise Subdivision;
- All of the Lots in Blocks 1, 2, 3, and 4 of the Raymond Subdivision;
- All of the Lots in the Engelman Subdivision Number One;
- All of the Lots in the Engelman Subdivision Number Two;
- All of the Lots in the Nile Orchard Subdivision;
- All of the Lots of the Wetzel Subdivision;
- All of the Lots in Block 5 of the Raymond Hallam Subdivision;
- All of the Lots in Blocks 1, 2, 3, 4, 5, 8, 9, 10, 11, 12, 13, 14, 15, 16, and 17 of the Santa Rosa Subdivision;
- All of the Lots in the Mancadu Ranch Subdivision;
- All of the Lots in the Sorenson's Number 1 Subdivision;
- All of the Lots in the C.E. Craig Subdivision;
- All of the Lots in the Sorenson's Number 2 Subdivision;
- All of the Lots in Share #45, San Juan De Carricitos Grant;
- Lots 1, 2, 3, 4, 5, 6, and 7 of the Garcia Property Subdivision out of Share 1134, San Juan De Carricitos Grant;
- All of the Lots in Share #14, San Juan De Carricitos Grant, North of Farm to Market Road 498; and
- All of the Lots in the Quantanilla Subdivision.

ATTACHMENT 11

# Map of Re-Investment Zone to be created



ATTACHMENT 12

There are no existing improvements

ATTACHMENT 13

## Request for Waiver of Jobs Creation Requirement

Pursuant to Section 313.025 (f-1) of the Texas Tax Code, the governing body of a school district may waive the new Jobs creation requirement in Section 313.021(2)(A)(iv)(b) or 313.051(b) and approve an application if the governing body makes a finding 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 this application.

The table below illustrates the estimated investment, installed in megawatts, and number of qualifying jobs to be created by the wind project. The project will encompass two (2) school districts. The operations and maintenance demands of the project will be sufficient to create a total of six-eight (6-8) full-time jobs. This number of jobs is consistent with the total number of jobs created by other recent E.ON projects in the previous year, and E.ON believes this number to be consistent with (and possibly higher than) the industry standard number of full-time jobs which is 1 job per 20 wind turbine generators. According to econometric projections, and based on E.ON's experience with existing operational wind projects in proximity to the proposed project, E.ON's investments in the District will result in substantially increased local economic activity, which, in addition to creating new jobs, will have a positive effect on existing jobs.

The proposed project cannot sustain the minimum requirement of 10 jobs per each school district in which the project is to be located (i.e., it cannot create 20 full-time jobs). Accordingly, E.ON does hereby request that Raymondville I.S.D. find that the District's jobs creation requirement exceeds industry standard and waive its requirement that E.ON's project create a minimum number of jobs within the District, in accordance with Chapter 313 of the Texas Tax Code.

115 MW Project	San Perlita ISD	Raymondville ISD
Estimated Investment	\$96,000,000	\$38,000,000
Percentage per ISO	70.18%	29.82%
Installed Turbines	40 of 57	17 of 57
Installed MW	80 MW	34 MW
Total Qualifying Jobs	4 of 6*	2 of 6*

*\*E.ON anticipates a total of 6 full-time jobs will be created by the project. These jobs may not be to a specific school district, as the duties associated with the operations and maintenance of the project are likely to keep each employee active in all three school districts.*

ATTACHMENT 14

## County and Regional Wage Calculations

### 110% of County Average Weekly Wage for All Jobs

Year	Period	Wages
2013	2Q	550
2013	1Q	576
2012	4Q	625
2012	3Q	611

Average= \$ 590.50 average weekly salary  
X 1.1 (110%)  
**\$649.55** 110% of County Average Weekly Wage for all Jobs

### 110% of County Average Weekly Wage for Manufacturing Jobs

Year	Period	Wages
2013	2Q	750
2013	1Q	808
2012	4Q	936
2012	3Q	757

Average= \$812.75 average weekly salary  
X 1.1 (110%)  
**\$894.03** 110% of County Average Weekly Wage for all Jobs

### 110 % of County Average Weekly Wage for Manufacturing Jobs in Region (Lower Rio Grande Valley)

\$16.33 per hour

X 40 hr per week

\$ 653.20 average weekly salary

X 1.10 (110%)

**\$ 718.52**

X 52 weeks

**\$ 37,363.04** 110% of County Average Weekly Wage for all Jobs in Region

**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.

### Quarterly Employment and Wages (QCEW)

[Back](#)

I.CODETITLE

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2012	1st Qtr	Wilacy County	Private	00	0	10	Total, All Industries	\$594
2012	2nd Qtr	Wilacy County	Private	00	0	10	Total, All Industries	\$575
2012	3rd Qtr	Wilacy County	Private	00	0	10	Total, All Industries	\$611
2012	4th Qtr	Wilacy County	Private	00	0	10	Total, All Industries	\$625
2013	1st Qtr	Wilacy County	Private	00	0	10	Total, All Industries	\$576
2013	2nd Qtr	Wilacy County	Private	00	0	10	Total, All Industries	\$550
2013	2nd Qtr	Wilacy County	Private	31	2	31-33	Manufacturing	\$750
2013	1st Qtr	Wilacy County	Private	31	2	31-33	Manufacturing	\$808
2012	4th Qtr	Wilacy County	Private	31	2	31-33	Manufacturing	\$936
2012	3rd Qtr	Wilacy County	Private	31	2	31-33	Manufacturing	\$757
2012	2nd Qtr	Wilacy County	Private	31	2	31-33	Manufacturing	\$778
2012	1st Qtr	Wilacy County	Private	31	2	31-33	Manufacturing	\$746

ATTACHMENT 15

## Description of Benefits

The following list is a description of the benefits provided to all full-time employees with E.ON Climate & Renewables, N.A. Inc.:

- Medical Insurance
- Prescription Insurance
- Dental Insurance
- Vision Insurance
- Life & Personal Accident Insurance
- Short- and Long-term Disability Benefits
- Free instructor led and online training
- Tuition reimbursement
- Employee Assistance Program
- Adoption Assistance
- Health Care Flexible Spending Account Plan
- Dependent Care Flexible Spending Account Plan
- Commuter Benefits Program
- Purchasing Advantages through Insperity's MarketPlace
- 401(k) Plan
- Making Friends international exchange program for children of employees
- 15 to 25 days of paid vacation per year
- 12 paid holidays per year
- Paid family and medical leave
- Paid military leave

ATTACHMENT 16

## Economic Impact Report

E.ON will not be including an Economic Impact Report, thus checklist Item 16 is N/A.

ATTACHMENTS 17-20

Schedule A (Rev. May 2010): Investment

Form 50-296

Applicant Name  
ISD Name  
Magic Valley Wind Farm III, LLC  
Raymondville ISD

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 investing 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)								
	Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property)	2013-2014	2013						
	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)	2014-2015	2014						
	Complete tax years of qualifying time period	1	2015-2016	2015	45,900,000		45,900,000		45,900,000
		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					
	Value Limitation Period	11	2025-2026	2025					
		12	2026-2027	2026					
13		2027-2028	2027						
Credit Settle-Up Period	Continue to Maintain Viable Presence								
	Post-Settle-Up Period								
	Post-Settle-Up Period	2028-2029	2028						
		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.  
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).  
Column A:  
For the purposes of investment, please list amount invested each year, not cumulative totals.  
[For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property].  
Include estimates of investment for "replacement" property-property that is part of original agreement but scheduled for probable replacement during limitation period.  
Column B:  
The total dollar amount of planned investment each year in buildings or nonremovable component of buildings that the applicant considers qualified investment under Tax Code §313.021(1)(E).  
Column C:  
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.

11/15/13

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

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

Magic Valley Wind Farm III, LLC  
Raymondville ISD

Applicant Name  
ISD Name

Form 50-296

	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 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	2016-2017	2016						
	3	2017-2018	2017			39,100,000		39,100,000	39,100,000
	4	2018-2019	2018			37,536,000		37,536,000	10,000,000
	5	2019-2020	2019			35,972,000		35,972,000	10,000,000
	6	2020-2021	2020			34,408,000		34,408,000	10,000,000
Tax Credit Period (with 50% cap on credit)	7	2021-2022	2021			32,844,000		32,844,000	10,000,000
	8	2022-2023	2022			31,280,000		31,280,000	10,000,000
	9	2023-2024	2023			29,716,000		29,716,000	10,000,000
	10	2024-2025	2024			28,152,000		28,152,000	10,000,000
	11	2025-2026	2025			26,588,000		26,588,000	10,000,000
	12	2026-2027	2026			25,024,000		25,024,000	25,024,000
Credit Settle-Up Period	13	2027-2028	2027			23,460,000		23,460,000	23,460,000
	14	2028-2029	2028			21,896,000		21,896,000	21,896,000
	15	2029-2030	2029			20,332,000		20,332,000	20,332,000
Post- Settle-Up Period					18,768,000		18,768,000	18,768,000	

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.

*[Handwritten Signature]*

11-45-13

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

**Schedule C- Application: Employment Information**

Magic Valley Wind Farm III, LLC  
Raymondville 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							
Complete tax years of qualifying time period	1	2015-2016	2015	15 FTE	37,363					
	2	2016-2017	2016			2	37,363	2	37,363	
	3	2017-2018	2017			2	37,363	2	37,363	
	4	2018-2019	2018			2	37,363	2	37,363	
	5	2019-2020	2019			2	37,363	2	37,363	
Value Limitation Period	6	2020-2021	2020			2	37,363	2	37,363	
	7	2021-2022	2021			2	37,363	2	37,363	
	8	2022-2023	2022			2	37,363	2	37,363	
	9	2023-2024	2023			2	37,363	2	37,363	
	10	2024-2025	2024			2	37,363	2	37,363	
Credit Settle-Up Period	11	2025-2026	2025			2	37,363	2	37,363	
	12	2026-2027	2026			2	37,363	2	37,363	
	13	2027-2028	2027			2	37,363	2	37,363	
Post- Settle-Up Period	14	2028-2029	2028			2	37,363	2	37,363	
	15	2029-2030	2029			2	37,363	2	37,363	

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.

*M*

11-15-13

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

DATE \_\_\_\_\_

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

Form 50-296

Raymondville ISD

Other Property Tax Abatements Sought

Franchise Tax

Applicant Name	Sales Tax Information				Other Property Tax Abatements Sought						
	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	Franchise Tax	County	City	Hospital	Other	
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)		2014-2015	2014	\$0.00	\$0.00	Column H: Estimate of Franchise tax due from (or attributable to) the applicant					
	Complete tax years of qualifying time period	1	2015-2016	2015	\$0.00	\$0.00	\$0.00	0%	0%	0%	0%
		2	2016-2017	2016	\$2,775,343.00	\$43,124,657.00	\$0.00	70%	0%	0%	0%
		3	2017-2018	2017	\$0.00	\$0.00	\$0.00	70%	0%	0%	0%
		4	2018-2019	2018	\$0.00	\$0.00	\$0.00	70%	0%	0%	0%
		5	2019-2020	2019	\$0.00	\$0.00	\$0.00	70%	0%	0%	0%
	Value Limitation Period	6	2020-2021	2020	\$0.00	\$0.00	\$0.00	70%	0%	0%	0%
		7	2021-2022	2021	\$0.00	\$0.00	\$0.00	30%	0%	0%	0%
		8	2022-2023	2022	\$0.00	\$0.00	\$118,000.00	30%	0%	0%	0%
		9	2023-2024	2023	\$0.00	\$0.00	\$129,000.00	30%	0%	0%	0%
		10	2024-2025	2024	\$0.00	\$0.00	\$149,000.00	30%	0%	0%	0%
	Credit Settle-Up Period	11	2025-2026	2025	\$0.00	\$0.00	\$163,000.00	30%	0%	0%	0%
		12	2026-2027	2026	\$0.00	\$0.00	\$172,000.00	0%	0%	0%	0%
		13	2027-2028	2027	\$0.00	\$0.00	\$177,000.00	0%	0%	0%	0%
	Post-Settle-Up Period	14	2028-2029	2028	\$0.00	\$0.00	\$200,000.00	0%	0%	0%	0%
Post-Settle-Up Period	15	2029-2030	2029	\$0.00	\$0.00	\$216,000.00	0%	0%	0%	0%	

11/15/13

DATE

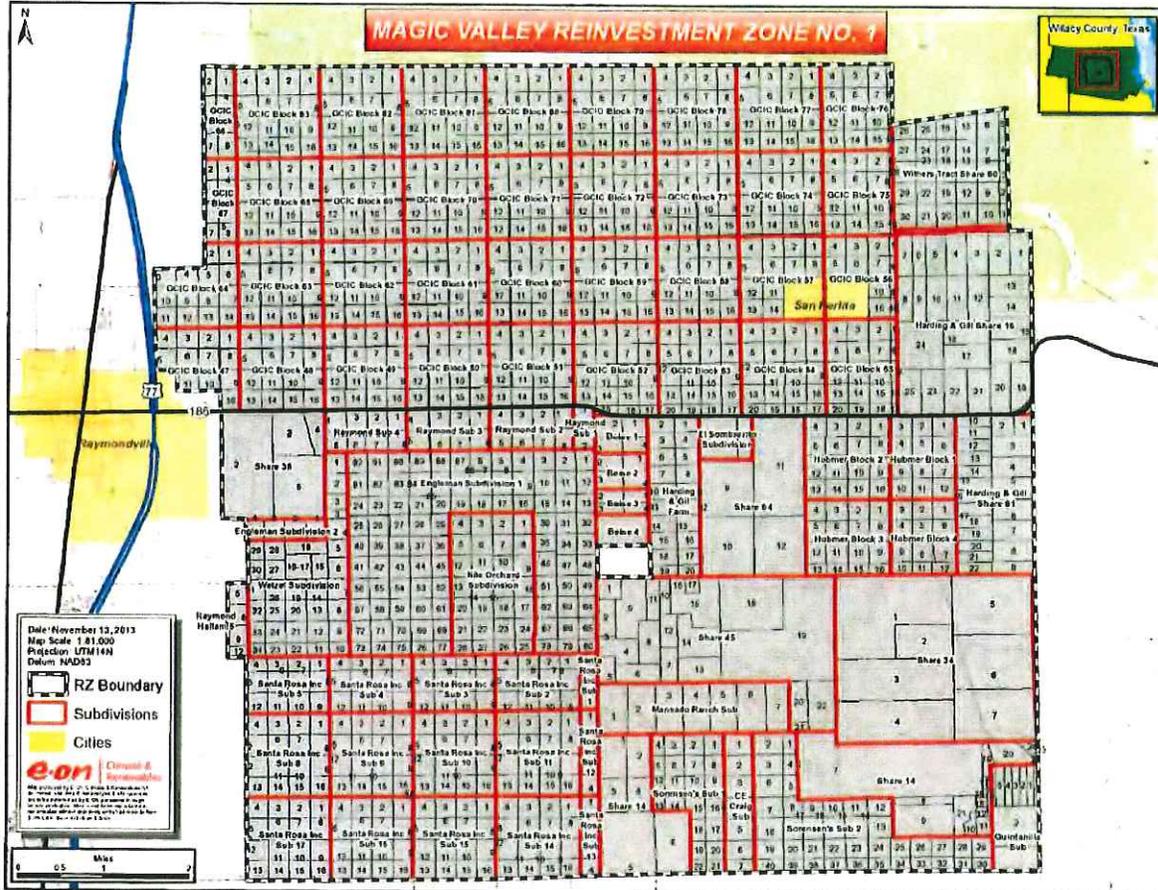
SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

*[Handwritten Signature]*

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

ATTACHMENT 21

# Map of Re-Investment Zone to be created



ATTACHMENT 22

Will Supplement

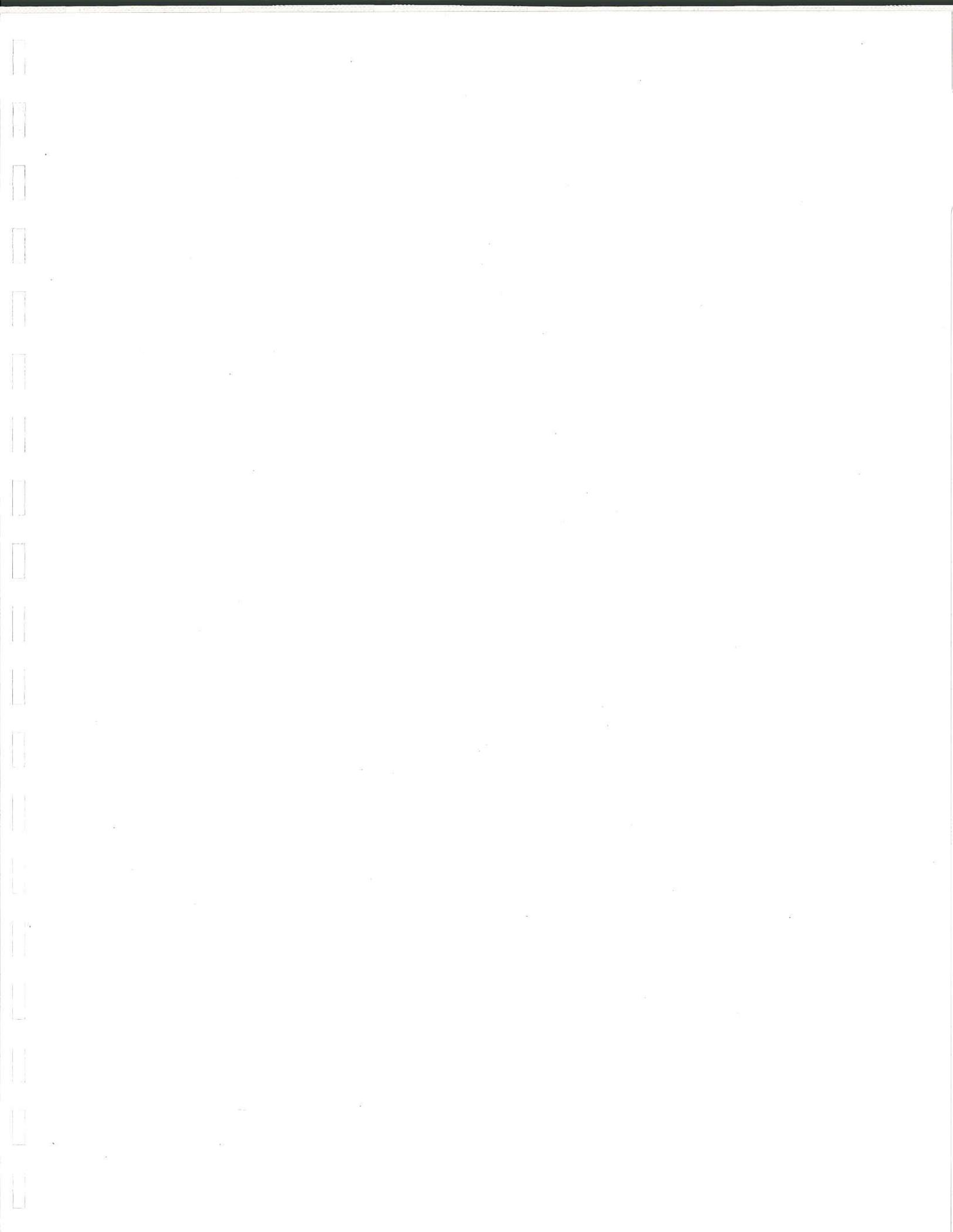
ATTACHMENT 23

## EXHIBIT A

### Legal Description of Re-Investment Zone to be created

Magic Valley Reinvestment Zone No. 1 to include the following real property in Willacy County, Texas, except any such real property currently located within the incorporated city limits of the City of Raymondville, Texas, as seen in the attached Exhibit:

- All of the Lots in the Withers Tract Subdivision out of Share #60, San Juan De Carricitos Grant;
- Lots 1, 2, 7, 8, 9, 10, and 16 of Block 47 of the Gulf Coast Irrigation Company's Subdivision;
- All of the Lots in Blocks 48 through 63 and 68 through 83 (inclusive) of the Gulf Coast Irrigation Company's Subdivision;
- Lots 1, 2, 5, 6, 7, 8, 13, and 14 of Block 64 of the Gulf Coast Irrigation Company's Subdivision;
- Lots 1, 2, 3, 4, 5, 6, 7, and 8 of Block 66 of the Gulf Coast Irrigation Company's Subdivision;
- Lots 1, 2, 3, 4, 5, 6, 7, and 8 of Block 67 of the Gulf Coast Irrigation Company's Subdivision;
- All of the Lots in Harding & Gill Subdivision out of Share #16, San Juan De Carricitos Grant;
- All of Lots in Harding & Gill Subdivision out of Share 1161, San Juan De Carricitos Grant;
- All of Lots in Harding & Gill Hann Subdivision out of Share #64, San Juan De Carricitos Grant;
- All of the Lots in Blocks 1, 2, 3, and 4 of the E. F. Hubmer Subdivision;
- All of the Lots in Share 1/64, San Juan De Carricitos Grant;
- All of the Lots in Share 1/36, San Juan De Carricitos Grant;
- All of the Lots in the El Sombrero Subdivision out of Share #64, San Juan De Carricitos Grant;
- All of the Lots in Blocks 1, 2, 3, and 4 of the E. H. Boise Subdivision;
- All of the Lots in Blocks 1, 2, 3, and 4 of the Raymond Subdivision;
- All of the Lots in the Engelman Subdivision Number One;
- All of the Lots in the Engelman Subdivision Number Two;
- All of the Lots in the Nile Orchard Subdivision;
- All of the Lots of the Wetzel Subdivision;
- All of the Lots in Block 5 of the Raymond Hallam Subdivision;
- All of the Lots in Blocks 1, 2, 3, 4, 5, 8, 9, 10, 11, 12, 13, 14, 15, 16, and 17 of the Santa Rosa Subdivision;
- All of the Lots in the Mancadu Ranch Subdivision;
- All of the Lots in the Sorenson's Number 1 Subdivision;
- All of the Lots in the C.E. Craig Subdivision;
- All of the Lots in the Sorenson's Number 2 Subdivision;
- All of the Lots in Share #45, San Juan De Carricitos Grant;
- Lots 1, 2, 3, 4, 5, 6, and 7 of the Garcia Property Subdivision out of Share 1/34, San Juan De Carricitos Grant;
- All of the Lots in Share #14, San Juan De Carricitos Grant, North of Farm to Market Road 498; and
- All of the Lots in the Quantanilla Subdivision.



Attachment B

Certificate of Account Status



## Franchise Tax Account Status

As of: 03/12/2014 12:41:26 PM

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

MAGIC VALLEY WIND FARM III, LLC	
Texas Taxpayer Number	32052353987
Mailing Address	353 N CLARK ST FL 30 CHICAGO, IL 60654-4704
Right to Transact Business in Texas	ACTIVE
State of Formation	DE
Effective SOS Registration Date	10/30/2013
Texas SOS File Number	0801875447
Registered Agent Name	C T CORPORATION SYSTEM
Registered Office Street Address	1999 BRYAN ST., STE. 900 DALLAS, TX 75201



Attachment C

State Comptroller's Recommendation

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



March 11, 2014

Johnny Pineda  
Superintendent  
Raymondville Independent School District  
One Bearkat Boulevard  
Raymondville, Texas 78580

Dear Superintendent Pineda:

On December 17, 2013, the Comptroller received the completed application (Application # 360) 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 Raymondville Independent School District (the school district) by Magic Valley Wind Farm III, 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 (\$39 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 Willacy 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

<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 17, 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

Attachment D

Economic Analysis

**Economic Impact for Chapter 313 Project**

Applicant	Magic Valley Wind Farm III, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy - Wind
School District	Raymondville ISD
2012-13 Enrollment in School District	2,197
County	Willacy County
Total Investment in District	\$39,000,000
Qualified Investment	\$39,000,000
Limitation Amount	\$10,000,000
Number of total jobs committed to by applicant	2*
Number of qualifying jobs committed to by applicant	2
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$719
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$719
Minimum Annual Wage committed to by applicant for qualified jobs	\$37,363
Investment per Qualifying Job	\$19,500,000
Estimated 15 year M&O levy without any limit or credit:	\$4,212,790
Estimated gross 15 year M&O tax benefit	\$2,138,198
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):	\$1,746,841
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$302,640
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$2,465,949
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	41.5%
Percentage of tax benefit due to the limitation	85.8%
Percentage of tax benefit due to the credit	14.2%
* 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 Magic Valley Wind Farm III, LLC (the project) applying to Raymondville 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 two new jobs when fully operational. Both 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 renewable energy wage for the Lower Rio Grande Area Council of Governments Region, where Willacy County is located was \$33,961 in 2013. The annual manufacturing wage for 2012-13 for Willacy County is \$42,263. That same year, the county annual average wage for all industries was \$30,706. In addition to an annual average salary of \$37,363 each qualifying position will receive benefits such as health insurance, 401(k), paid leave, tuition reimbursement, adoption assistance, commuter benefits as well as many other benefits. The project's total investment is \$39 million, resulting in a relative level of investment per qualifying job of \$19.5 million.

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

According to Magic Valley Wind Farm III, LLC's application, "E.ON Climate & Renewables is an international company that develops, constructs, and operates wind energy projects. E.ON Climate & Renewables has a proven history of success across the United States evidenced by the development, construction and operation of over 2,700 MWs of wind farms. We have the ability to locate projects of this type across several regions within the United States, Canada, and Europe."

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

During the past two years, seven projects in the Lower Rio Grande Area Council of Governments Region 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 Magic Valley Wind Farm III, 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 Magic Valley Wind Farm III, 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 15 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 Magic Valley Wind Farm III, LLC**

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2015	15	13	28	\$560,445	\$1,026,555	\$1,587,000
2016	2	2	4	\$74,726	\$169,274	\$244,000
2017	2	2	4	\$74,726	\$413,274	\$488,000
2018	2	0	2	\$74,726	\$169,274	\$244,000
2019	2	2	4	\$74,726	\$47,274	\$122,000
2020	2	2	4	\$74,726	\$169,274	\$244,000
2021	2	2	4	\$74,726	\$169,274	\$244,000
2022	2	2	4	\$74,726	\$169,274	\$244,000
2023	2	4	6	\$74,726	\$291,274	\$366,000
2024	2	0	2	\$74,726	\$291,274	\$366,000
2025	2	4	6	\$74,726	\$169,274	\$244,000
2026	2	2	4	\$74,726	\$169,274	\$244,000
2027	2	6	8	\$74,726	\$413,274	\$488,000
2028	2	4	6	\$74,726	\$169,274	\$244,000
2029	2	(2)	0	\$74,726	\$413,274	\$488,000

Source: CPA, REMI, Magic Valley Wind Farm III, LLC

The statewide average ad valorem tax base for school districts in Texas was \$1.65 billion in 2012-2013. Raymondville ISD's ad valorem tax base in 2012-2013 was \$320 million. The statewide average wealth per WADA was estimated at \$343,155 for fiscal 2012-2013. During that same year, Raymondville ISD's estimated wealth per WADA was \$110,314. 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, Willacy County, the County Hospital District, Drainage District #2 & #3, the County Navigation District and The County Emergency Services Districts with all property tax incentives sought being granted using estimated market value from Magic Valley Wind Farm III, LLC's application. Magic Valley Wind Farm III, 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 Magic Valley Wind Farm III, LLC project on the region if all taxes are assessed.



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 5" in this attachment shows the estimated 15 year M&O tax levy without the value limitation agreement would be \$4,212,790 The estimated gross 15 year M&O tax benefit, or levy loss, is \$2,138,198.

Attachment 3 is an economic overview of Willacy 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.



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 6, 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 Magic Valley Wind Farm III LLC project on the number and size of school facilities in Raymondville Independent School District (RISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and a conversation with the RISD business manager, Lorenzo Sanchez, the TEA has found that the Magic Valley Wind Farm III LLC project would not have a significant impact on the number or size of school facilities in RISD.

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



## TEXAS EDUCATION AGENCY

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 6, 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 Magic Valley Wind Farm III LLC project for the Raymondville Independent School District (RISD). Projections prepared by the TEA State Funding Division confirm the analysis that was prepared by Moak, Casey and Associates 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 Magic Valley Wind Farm III LLC project on RISD 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

## Willacy County

### Population

- Total county population in 2010 for Willacy County: 20,513 , up 1.0 percent from 2009. State population increased 1.8 percent in the same time period.
- Willacy County was the state's 115rd largest county in population in 2010 and the 93rd fastest growing county from 2009 to 2010.
- Willacy County's population in 2009 was 10.7 percent Anglo (below the state average of 46.7 percent), 2.1 percent African-American (below the state average of 11.3 percent) and 86.8 percent Hispanic (above the state average of 36.9 percent).
- 2009 population of the largest cities and places in Willacy County:

Raymondville:	9,392	Lyford:	2,518
San Perlita:	690		

### Economy and Income

#### *Employment*

- September 2011 total employment in Willacy County: 8,211 , up 3.8 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 Willacy County unemployment rate: 15.2 percent, up from 12.4 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*

- Willacy County's ranking in per capita personal income in 2009: 243rd with an average per capita income of \$23,584, up 0.6 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 Willacy County averaged \$76.53 million annually from 2007 to 2010. County total agricultural values in 2010 were up 4.7 percent from 2009. Major agriculture related commodities in Willacy County during 2010 included:
  - Recreation
  - Other Beef
  - Sugar Cane
  - Cotton
  - Sorghum
- 2011 oil and gas production in Willacy County: 226,833.0 barrels of oil and 11.8 million Mcf of gas. In September 2011, there were 89 producing oil wells and 100 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 Willacy County during the fourth quarter 2010: \$14.54 million, up 6.5 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

Raymondville:	\$12.87 million, up 4.8 percent from the same quarter in 2009.	
Lyford:	\$565,169.00, up 47.7 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 Willacy County through the fourth quarter of 2010: \$55.71 million, up 0.1 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

Raymondville:	\$49.14 million, down 0.7 percent from the same period in 2009.	
Lyford:	\$2.03 million, up 21.5 percent from the same period in 2009.	

*Annual (2010)*

- Taxable sales in Willacy County during 2010: \$55.71 million, up 0.1 percent from 2009.
  - Willacy County sent an estimated \$3.48 million (or 0.02 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.
  - Taxable sales during 2010 in the city of:
- |               |  |  |
|---------------|--|--|
| Raymondville: | \$49.14 million, down 0.7 percent from 2009. |  |
| Lyford:       | \$2.03 million, up 21.5 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 Willacy County based on the sales activity month of August 2011: \$126,321.62, up 31.5 percent from August 2010.
- Payment based on the sales activity month of August 2011 to the city of:
  - Raymondville: \$122,422.14, up 33.1 percent from August 2010.
  - Lyford: \$3,899.48, down 3.8 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 Willacy County based on sales activity months from September 2010 through August 2011: \$1.33 million, up 11.3 percent from fiscal 2010.
- Payments based on sales activity months from September 2010 through August 2011 to the city of:
  - Raymondville: \$1.28 million, up 11.0 percent from fiscal 2010.
  - Lyford: \$47,090.96, up 19.4 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 Willacy County based on sales activity months through August 2011: \$892,759.05, up 13.5 percent from the same period in 2010.
- Payments based on sales activity months through August 2011 to the city of:
  - Raymondville: \$861,132.69, up 13.3 percent from the same period in 2010.
  - Lyford: \$31,626.36, up 19.0 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 Willacy County based on sales activity in the 12 months ending in August 2011: \$1.33 million, up 11.3 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in August 2011 to the city of:
  - Raymondville: \$1.28 million, up 11.0 percent from the previous 12-month period.
  - Lyford: \$47,090.96, up 19.4 percent from the previous 12-month period.

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

- Payment to the cities from January 2011 through October 2011:
  - Raymondville: \$1.09 million, up 12.9 percent from the same period in 2010.
  - Lyford: \$39,135.49, up 20.6 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 Willacy County based on sales activity months in 2010: \$1.22 million, down 2.8 percent from 2009.
- Payment based on sales activity months in 2010 to the city of:
  - Raymondville: \$1.18 million, down 2.9 percent from 2009.
  - Lyford: \$42,034.76, up 1.3 percent from 2009.

**Property Tax**

- As of January 2009, property values in Willacy County: \$982.27 million, down 6.4 percent from January 2008 values. The property tax base per person in Willacy County is \$48,162, below the statewide average of \$85,809. About 35.1 percent of the property tax base is derived from oil, gas and minerals.

**State Expenditures**

- Willacy County's ranking in state expenditures by county in fiscal year 2010: 99th. State expenditures in the county for FY2010: \$100.76 million, down 0.1 percent from FY2009.
- In Willacy County, 10 state agencies provide a total of 88 jobs and \$915,944.00 in annualized wages (as of 1st quarter 2011).

■ Major state agencies in the county (as of first quarter 2011):

- Health & Human Services Commission
- Department of Public Safety
- Texas Workforce Commission
- Department of Transportation
- University of Texas Medical Branch

**Higher Education**

■ Community colleges in Willacy County fall 2010 enrollment:

- None.

■ Willacy County is in the service area of the following:

- Texas Southmost College with a fall 2010 enrollment of 11,043 . Counties in the service area include:  
Cameron County  
Willacy County

■ Institutions of higher education in Willacy County fall 2010 enrollment:

- None.

**School Districts**

■ Willacy County had 4 school districts with 13 schools and 4,488 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.)

- Lasara ISD had 454 students in the 2009-10 school year. The average teacher salary was \$46,244. The percentage of students meeting the 2010 TAKS passing standard for all tests was 78 percent.
- Lyford CISD had 1,551 students in the 2009-10 school year. The average teacher salary was \$44,262. The percentage of students meeting the 2010 TAKS passing standard for all tests was 72 percent.
- Raymondville ISD had 2,202 students in the 2009-10 school year. The average teacher salary was \$45,368. The percentage of students meeting the 2010 TAKS passing standard for all tests was 57 percent.
- San Perlita ISD had 281 students in the 2009-10 school year. The average teacher salary was \$45,064. The percentage of students meeting the 2010 TAKS passing standard for all tests was 80 percent.

# Attachment E

## Summary of Financial Impact

**SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED MAGIC VALLEY WIND FARM III PROJECT ON THE FINANCES OF THE RAMONVILLE INDEPENDENT SCHOOL DISTRICT UNDER A REQUESTED CHAPTER 313 PROPERTY VALUE LIMITATION**

**December 18, 2013**

**Final Report**

**PREPARED BY**



## **Estimated Impact of the Proposed Magic Valley Wind Farm III Project on the Finances of the Ramondville Independent School District under a Requested Chapter 313 Property Value Limitation**

### **Introduction**

Magic Valley Wind Farm III (Magic Valley Wind) has requested that the Ramondville Independent School District (RISD) consider granting a property value limitation under Chapter 313 of the Tax Code, also known as the Texas Economic Development Act. In an application submitted to RISD on November 12, 2013, Magic Valley Wind proposes to invest \$39 million to construct a new renewable wind energy electric generation project in RISD.

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

Under the provisions of Chapter 313, RISD may offer a minimum value limitation of \$10 million. The provisions of Chapter 313 call for the project to be fully taxable in the 2015-16 and 2016-17 school years, unless the District and the Company agree to an extension of the start of the two-year qualifying time period. For the purpose of this analysis, it is assumed that the qualifying time period will be the 2015-16 and 2016-17 school years. Beginning with the 2017-18 school year, the project would go on the local tax roll at \$10 million and remain at that level of taxable value for eight years for maintenance and operations (M&O) taxes.

The full taxable value of the project could be assessed for debt service taxes on voter-approved bond issues throughout the limitation period, with RISD currently levying a \$0.340 per \$100 I&S tax rate. The full value of the investment is expected to reach \$39 million in 2016-17, with depreciation expected to reduce the taxable value of the project over the course of the value limitation agreement. In terms of I&S taxes, the chief benefit will occur when the project is at its peak taxable value in the 2016-17 school year.

In the case of the Magic Valley Wind project, the agreement calls for a calculation of the revenue impact of the value limitation in years 3-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. RISD would experience a revenue loss as a result of the implementation of the value limitation in the 2017-18 school year (-\$391,357). No out-year losses are expected under current law.

Under the assumptions outlined below, the potential tax benefits under a Chapter 313 agreement could reach an estimated \$1.7 million over the course of the agreement. This amount is net of any anticipated revenue losses for the District.

## School Finance Mechanics

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

The third year is often problematical financially for a school district that approves a Chapter 313 value limitation. The implementation of the value limitation often results in a revenue loss to the school district in the third year of the agreement that would not be reimbursed by the state, but require some type of compensation from the applicant under the revenue protection provisions of the agreement. In years 4-10, smaller revenue losses would be anticipated when the state M&O property values are aligned at the minimum value established by the Board on both the local tax roll and the corresponding state property value study.

Under the HB 1 system adopted in 2006, most school districts received Additional State Aid for Tax Reduction (ASATR) that was used to maintain their target revenue amounts established at the revenue levels under old law for the 2005-06 or 2006-07 school years, whichever was highest. In terms of new Chapter 313 property value limitation agreements, adjustments to ASATR funding often moderated the impact of the reduced M&O collections as a result of the limitation, in contrast with the earlier formula-driven finance system.

House Bill 3646 as enacted in 2009 created more "formula" school districts that were less dependent on ASATR state aid than had been the case previously. The formula reductions enacted during the First Called Session in 2011 made \$4 billion in reductions to the existing school funding formulas for the 2011-12 and 2012-13 school years. For the 2011-12 school year, across-the-board reductions were made that reduced each district's WADA count and resulted in an estimated 781 school districts still receiving ASATR to maintain their target revenue funding levels, while an estimated 243 districts operated directly on the state formulas. For the 2012-13 school year, the changes called for smaller across-the-board reductions and funding ASATR-receiving target revenue districts at 92.35 percent of the level provided for under the existing funding formula, with 689 districts operating on formula and 335 districts still receiving ASATR funding.

Senate Bill 1 and House Bill 1025 as passed by the 83<sup>rd</sup> Legislature made significant increases to the basic allotment and other formula changes by appropriation. The ASATR reduction percentage is increased slightly to 92.63 percent, while the basic allotment is increased by \$325 and \$365, respectively, for the 2013-14 and 2014-15 school years. A slight increase in the guaranteed yield for the 6 cents above compressed—known as the Austin yield—is also included. With the basic allotment increase, it is estimated that approximately 300 school districts will still receive ASATR in the 2013-14 school year and 273 districts would do so in the 2014-15 school year. Current state policy calls for ASATR funding to be eliminated by the 2017-18 school year.

RISD is classified as a formula district under the estimates presented below. ASATR funds are not a factor in these estimates. As a formula district, however, the finances of RISD are

susceptible to changes in property values and M&O taxes like those associated with the implementation of a value limitation agreement.

One concern in projecting into the future is that the underlying state statutes in the Education Code were not changed in order to provide these funding increases. All of the major formula changes were made by appropriation, which gives them only a two-year lifespan unless renewed in the 2015 legislative session. Despite this uncertainty, it is assumed that these changes will remain in effect for the forecast period for the purpose of these estimates, assuming a continued legislative commitment to these funding levels in future years.

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

### **Underlying Assumptions**

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

The general approach used here is to maintain static enrollment and property values in order to isolate the effects of the value limitation under the school finance system. The SB 1 basic allotment increases are reflected in the underlying models. With regard to ASATR funding, there is a statement of legislative intent adopted in 2011 to no longer fund target revenue by the 2017-18 school year, so that change is reflected in the estimates presented below. The projected taxable values of the Magic Valley Wind Farm III project are factored into the base model used here in order to simulate the financial impact of construction of the project in the absence of a value limitation agreement. . The impact of the limitation value for the proposed Magic Valley Wind project is isolated separately and the focus of this analysis.

Student enrollment counts are held constant at 2,023 students in average daily attendance (ADA) in analyzing the effects of the Magic Valley Wind project on the finances of RISD. The District's local tax base reached \$286.6 million for the 2012 tax year and is maintained at that level for the forecast period in order to isolate the effects of the property value limitation. Previously-approved Chapter 313 agreements are factored into the base for both models presented below. An M&O tax rate of \$1.04 per \$100 is used throughout this analysis. RISD has estimated state property wealth per weighted ADA or WADA of approximately \$108,558 for the 2012-13 school year. The enrollment and property value assumptions for the 15 years that are the subject of this analysis are summarized in Table 1.

### **School Finance Impact**

School finance models were prepared for RISD under the assumptions outlined above through the 2029-30 school year. Beyond the 2014-15 school year, no attempt was made to forecast the 88<sup>th</sup> percentile or Austin yield that influence future state funding beyond the projected level for that

school year. In the analyses for other districts and applicants on earlier projects, these changes appeared to have little impact on the revenue associated with the implementation of the property value limitation, since the baseline and other models incorporate the same underlying assumptions.

Under the proposed agreement, a model is established to make a calculation of the “Baseline Revenue” by adding the value of the proposed Magic Valley Wind facility to the model, but without assuming that a value limitation is approved. The results of the model are shown in Table 2.

A second model is developed which adds the Magic Valley Wind value but imposes the proposed property value limitation effective in the third year, which in this case is the 2017-18 school year. The results of this model are identified as “Value Limitation Revenue Model” under the revenue protection provisions of the proposed agreement (see Table 3). A summary of the differences between these models is shown in Table 4.

Under these assumptions, RISD would experience a revenue loss as a result of the implementation of the value limitation in the initial 2017-18 school year (-\$391,357). The revenue reduction results from the mechanics of the one-year lag in the state property value study and the up to six cents beyond the compressed M&O tax rate equalized to the Austin yield or not subject to recapture, which also reflect the one-year lag in value associated with the property value study.

The formula loss of \$391,357 cited above between the base and the limitation models is based on an assumption that Magic Valley Wind would see M&O tax savings of \$286,374 when the \$10 million limitation is implemented. Under the estimates presented here and as highlighted in Table 4, there is no state aid offset for this reduction in 2017-18. In addition, the lower M&O tax effort would result in lost Tier II state aid of 105,281 for that year. No out-year revenue losses are expected under current law, once the property value study reflects the limitation in the calculation of state aid for the 2018-19 school year and thereafter.

The Comptroller’s state property value study influences these calculations, as noted previously. At the school-district level, a taxpayer benefiting from a property value limitation has two property values assigned by the local appraisal district for their property covered by the limitation: (1) a reduced value for M&O taxes, and (2) the full taxable value for I&S taxes. This situation exists for the eight years that the value limitation is in effect. Two state property value determinations are also made for school districts granting Chapter 313 agreements, consistent with local practice. A consolidated single state property value had been provided previously.

### **Impact on the Taxpayer**

Table 5 summarizes the impact of the proposed property value limitation in terms of the potential tax savings under the property value limitation agreement. The focus of this table is on the M&O tax rate only. As noted previously, the property is fully taxable in the first two years under the agreement. A \$1.04 per \$100 of taxable value M&O rate is assumed in 2013-14 and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total \$1.8 million over the life of the agreement. In addition, Magic Valley Wind would be eligible for a tax credit for M&O taxes paid on value in excess of the value limitation in each of the first two qualifying years. The credit amount is paid out slowly through years 4-10 due to statutory limits on the scale of these payments over these seven years, with catch-up payments permitted in years

11-13. The tax credits are expected to total approximately \$0.3 million over the life of the agreement, with no unpaid tax credits anticipated. The school district is to be reimbursed by the Texas Education Agency for the cost of these credits.

The key RISD revenue losses are expected to total approximately -\$391,357 in the initial limitation year under current law. The total potential net tax benefits (inclusive of tax credits but after hold-harmless payments are made) are estimated to reach \$1.7 million over the life of the agreement.

### **Facilities Funding Impact**

The Magic Valley Wind project remains fully taxable for debt services taxes, with RISD currently levying a \$0.340 per \$100 I&S rate. In its peak value year of 2016-17, the project should generate increased I&S taxes for RISD. In the following years, however, these estimates assume that most of the I&S tax gain will offset state facilities funding.

The Magic Valley Wind project is not expected to affect RISD in terms of enrollment. Continued expansion of the project and related development could result in additional employment in the area and an increase in the school-age population, but this project is unlikely to have much impact on a stand-alone basis.

### **Conclusion**

The proposed Magic Valley Wind renewable energy electric generation project enhances the tax base of RISD. It reflects continued capital investment in keeping with the goals of Chapter 313 of the Tax Code.

Under the assumptions outlined above, the potential tax savings for the applicant under a Chapter 313 agreement could reach an estimated \$1.7 million. (This amount is net of any anticipated revenue losses for the District.) The additional taxable value also enhances the tax base of RISD in meeting its future debt service obligations, especially in the 2016-17 peak value year for the project.

**Table 1 – Base District Information with Magic Valley Wind Farm III Project Value and Limitation Values**

Year of Agreement	School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	CAD Value with Project	CAD Value with Limitation	CPTD with Project	CPTD With Limitation	CPTD Value with Project per WADA	CPTD Value with Limitation per WADA
Pre-Year 1	2014-15	1,960.60	2,928.25	\$1.0400	\$0.3400	\$296,584,741	\$296,584,741	\$355,771,698	\$355,771,698	\$121,497	\$121,497
1	2015-16	1,960.60	2,928.25	\$1.0400	\$0.3400	\$296,584,741	\$296,584,741	\$291,971,698	\$291,971,698	\$99,709	\$99,709
2	2016-17	1,960.60	2,928.25	\$1.0400	\$0.3400	\$335,684,741	\$335,684,741	\$291,971,698	\$291,971,698	\$99,709	\$99,709
3	2017-18	1,960.60	2,928.25	\$1.0400	\$0.3400	\$334,120,741	\$306,584,741	\$331,071,698	\$331,071,698	\$113,061	\$113,061
4	2018-19	1,960.60	2,928.25	\$1.0400	\$0.3400	\$332,556,741	\$306,584,741	\$329,507,698	\$301,971,698	\$112,527	\$103,124
5	2019-20	1,960.60	2,928.25	\$1.0400	\$0.3400	\$330,992,741	\$306,584,741	\$327,943,698	\$301,971,698	\$111,993	\$103,124
6	2020-21	1,960.60	2,928.25	\$1.0400	\$0.3400	\$329,428,741	\$306,584,741	\$326,379,698	\$301,971,698	\$111,459	\$103,124
7	2021-22	1,960.60	2,928.25	\$1.0400	\$0.3400	\$327,864,741	\$306,584,741	\$324,815,698	\$301,971,698	\$110,925	\$103,124
8	2022-23	1,960.60	2,928.25	\$1.0400	\$0.3400	\$360,231,331	\$340,515,331	\$323,251,698	\$301,971,698	\$110,391	\$103,124
9	2023-24	1,960.60	2,928.25	\$1.0400	\$0.3400	\$356,470,801	\$338,318,801	\$355,618,288	\$335,902,288	\$121,444	\$114,711
10	2024-25	1,960.60	2,928.25	\$1.0400	\$0.3400	\$352,820,098	\$336,232,098	\$351,857,758	\$333,705,758	\$120,160	\$113,961
11	2025-26	1,960.60	2,928.25	\$1.0400	\$0.3400	\$349,273,730	\$349,273,730	\$348,207,055	\$331,619,055	\$118,913	\$113,248
12	2026-27	1,960.60	2,928.25	\$1.0400	\$0.3400	\$345,826,481	\$345,826,481	\$344,660,687	\$344,660,687	\$117,702	\$117,702
13	2027-28	1,960.60	2,928.25	\$1.0400	\$0.3400	\$342,473,394	\$342,473,394	\$341,213,438	\$341,213,438	\$116,525	\$116,525
14	2028-29	1,960.60	2,928.25	\$1.0400	\$0.3400	\$339,209,761	\$339,209,761	\$337,860,351	\$337,860,351	\$115,380	\$115,380
15	2029-30	1,960.60	2,928.25	\$1.0400	\$0.3400	\$336,031,110	\$336,031,110	\$334,596,718	\$334,596,718	\$114,265	\$114,265

\*Basic Allotment: \$5,040; AISD Yield: \$61.86; Equalized Wealth: \$504,000 per WADA

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

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
Pre-Year 1	2014-15	\$2,824,884	\$11,288,214	\$0	\$0	\$368,464	\$1,054,359	\$0	\$15,535,921
1	2015-16	\$2,824,884	\$11,875,174	\$0	\$0	\$368,464	\$1,377,999	\$0	\$16,446,521
2	2016-17	\$3,177,410	\$11,875,174	\$0	\$0	\$414,444	\$1,550,522	\$0	\$17,017,550
3	2017-18	\$3,168,112	\$11,515,454	\$0	\$0	\$413,232	\$1,313,915	\$0	\$16,410,713
4	2018-19	\$3,153,679	\$11,529,843	\$0	\$0	\$411,350	\$1,315,867	\$0	\$16,410,739
5	2019-20	\$3,139,261	\$11,544,232	\$0	\$0	\$409,468	\$1,317,819	\$0	\$16,410,780
6	2020-21	\$3,124,860	\$11,558,621	\$0	\$0	\$407,590	\$1,319,771	\$0	\$16,410,842
7	2021-22	\$3,110,475	\$11,573,010	\$0	\$0	\$405,714	\$1,323,841	\$0	\$16,413,040
8	2022-23	\$3,402,023	\$11,587,398	\$0	\$0	\$443,742	\$1,455,193	\$0	\$16,888,356
9	2023-24	\$3,367,860	\$11,289,626	\$0	\$0	\$439,286	\$1,270,942	\$0	\$16,367,714
10	2024-25	\$3,334,700	\$11,324,223	\$0	\$0	\$434,960	\$1,275,590	\$0	\$16,369,473
11	2025-26	\$3,299,928	\$11,357,809	\$0	\$0	\$430,426	\$1,280,102	\$0	\$16,368,265
12	2026-27	\$3,268,848	\$11,390,436	\$0	\$0	\$426,372	\$1,286,564	\$0	\$16,372,220
13	2027-28	\$3,238,617	\$11,422,150	\$0	\$0	\$422,428	\$1,290,832	\$0	\$16,374,027
14	2028-29	\$3,209,192	\$11,452,999	\$0	\$0	\$418,590	\$1,294,982	\$0	\$16,375,763
15	2029-30	\$3,180,533	\$11,483,024	\$0	\$0	\$414,852	\$1,301,122	\$0	\$16,379,531

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

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
Pre-Year 1	2014-15	\$2,824,884	\$11,288,214	\$0	\$0	\$368,464	\$1,054,359	\$0	\$15,535,921
1	2015-16	\$2,824,884	\$11,875,174	\$0	\$0	\$368,464	\$1,377,999	\$0	\$16,446,521
2	2016-17	\$3,177,410	\$11,875,174	\$0	\$0	\$414,444	\$1,550,522	\$0	\$17,017,550
3	2017-18	\$2,915,044	\$11,515,454	\$0	\$0	\$380,224	\$1,208,634	\$0	\$16,019,356
4	2018-19	\$2,915,044	\$11,783,174	\$0	\$0	\$380,224	\$1,363,216	\$0	\$16,441,658
5	2019-20	\$2,915,044	\$11,783,174	\$0	\$0	\$380,224	\$1,363,216	\$0	\$16,441,658
6	2020-21	\$2,915,044	\$11,783,174	\$0	\$0	\$380,224	\$1,363,216	\$0	\$16,441,658
7	2021-22	\$2,915,044	\$11,783,174	\$0	\$0	\$380,224	\$1,363,216	\$0	\$16,441,658
8	2022-23	\$3,220,963	\$11,783,174	\$0	\$0	\$420,126	\$1,506,029	\$0	\$16,930,292
9	2023-24	\$3,201,159	\$11,471,013	\$0	\$0	\$417,542	\$1,303,695	\$0	\$16,393,409
10	2024-25	\$3,182,345	\$11,491,221	\$0	\$0	\$415,088	\$1,306,427	\$0	\$16,395,081
11	2025-26	\$3,299,928	\$11,510,419	\$0	\$0	\$430,426	\$1,365,846	\$0	\$16,606,619
12	2026-27	\$3,268,848	\$11,390,436	\$0	\$0	\$426,372	\$1,286,564	\$0	\$16,372,220
13	2027-28	\$3,238,617	\$11,422,150	\$0	\$0	\$422,428	\$1,290,832	\$0	\$16,374,027
14	2028-29	\$3,209,192	\$11,452,999	\$0	\$0	\$418,590	\$1,294,982	\$0	\$16,375,763
15	2029-30	\$3,180,533	\$11,483,024	\$0	\$0	\$414,852	\$1,301,122	\$0	\$16,379,531

**Table 4 – Value Limit less Project Value with No Limit**

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
Pre-Year 1	2014-15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2015-16	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	2016-17	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	2017-18	-\$253,068	\$0	\$0	\$0	-\$33,008	-\$105,281	\$0	-\$391,357
4	2018-19	-\$238,635	\$253,331	\$0	\$0	-\$31,126	\$47,349	\$0	\$30,919
5	2019-20	-\$224,217	\$238,942	\$0	\$0	-\$29,244	\$45,397	\$0	\$30,878
6	2020-21	-\$209,816	\$224,553	\$0	\$0	-\$27,366	\$43,445	\$0	\$30,816
7	2021-22	-\$195,431	\$210,164	\$0	\$0	-\$25,490	\$39,375	\$0	\$28,618
8	2022-23	-\$181,060	\$195,776	\$0	\$0	-\$23,616	\$50,836	\$0	\$41,936
9	2023-24	-\$166,701	\$181,387	\$0	\$0	-\$21,744	\$32,753	\$0	\$25,695
10	2024-25	-\$152,355	\$166,998	\$0	\$0	-\$19,872	\$30,837	\$0	\$25,608
11	2025-26	\$0	\$152,610	\$0	\$0	\$0	\$85,744	\$0	\$238,354
12	2026-27	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	2027-28	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	2028-29	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	2029-30	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

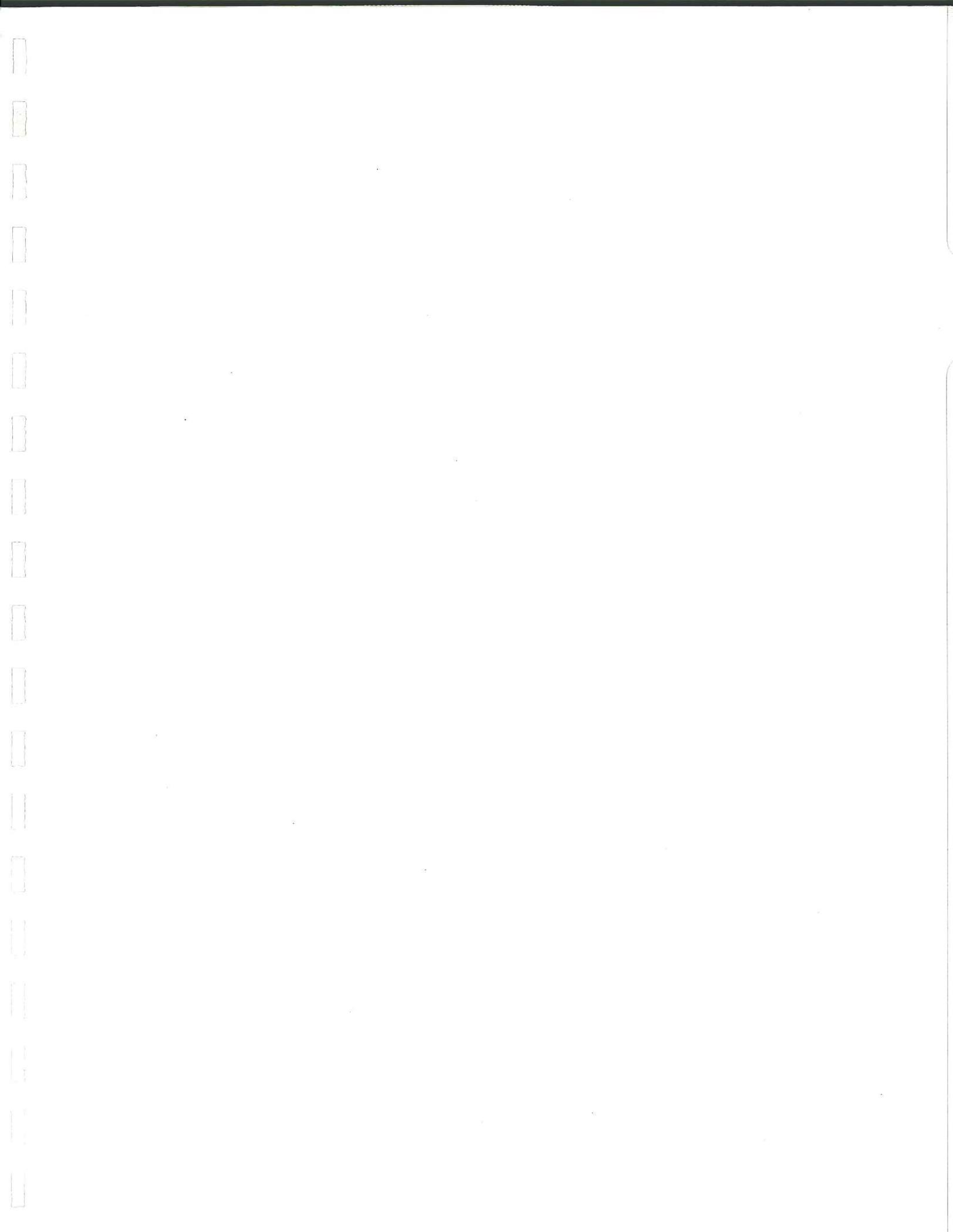
**Table 5 - Estimated Financial Impact of the Magic Valley Wind Farm III Project Property Value Limitation Request Submitted to RISD at \$1.04 M&O Tax Rate**

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Assumed M&O Tax Rate	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	Tax Credits for First Two Years Above Limit	Tax Benefit to Company Before Revenue Protection	School District Revenue Losses	Estimated Net Tax Benefits
Pre-Year 1	2014-15	\$0	\$0	\$0	\$1.040	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2015-16	\$0	\$0	\$0	\$1.040	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	2016-17	\$39,100,000	\$39,100,000	\$0	\$1.040	\$406,640	\$406,640	\$0	\$0	\$0	\$0	\$0
3	2017-18	\$37,536,000	\$10,000,000	\$27,536,000	\$1.040	\$390,374	\$104,000	\$286,374	\$0	\$286,374	-\$391,357	-\$104,983
4	2018-19	\$35,972,000	\$10,000,000	\$25,972,000	\$1.040	\$374,109	\$104,000	\$270,109	\$43,234	\$313,343	\$0	\$313,343
5	2019-20	\$34,408,000	\$10,000,000	\$24,408,000	\$1.040	\$357,843	\$104,000	\$253,843	\$43,234	\$297,077	\$0	\$297,077
6	2020-21	\$32,844,000	\$10,000,000	\$22,844,000	\$1.040	\$341,578	\$104,000	\$237,578	\$43,234	\$280,812	\$0	\$280,812
7	2021-22	\$31,280,000	\$10,000,000	\$21,280,000	\$1.040	\$325,312	\$104,000	\$221,312	\$43,234	\$264,546	\$0	\$264,546
8	2022-23	\$29,716,000	\$10,000,000	\$19,716,000	\$1.040	\$309,046	\$104,000	\$205,046	\$43,234	\$248,281	\$0	\$248,281
9	2023-24	\$28,152,000	\$10,000,000	\$18,152,000	\$1.040	\$292,781	\$104,000	\$188,781	\$43,234	\$232,015	\$0	\$232,015
10	2024-25	\$26,588,000	\$10,000,000	\$16,588,000	\$1.040	\$276,515	\$104,000	\$172,515	\$43,234	\$215,749	\$0	\$215,749
11	2025-26	\$25,024,000	\$25,024,000	\$0	\$1.040	\$260,250	\$260,250	\$0	\$0	\$0	\$0	\$0
12	2026-27	\$23,460,000	\$23,460,000	\$0	\$1.040	\$243,984	\$243,984	\$0	\$0	\$0	\$0	\$0
13	2027-28	\$21,896,000	\$21,896,000	\$0	\$1.040	\$227,718	\$227,718	\$0	\$0	\$0	\$0	\$0
14	2028-29	\$20,332,000	\$20,332,000	\$0	\$1.040	\$211,453	\$211,453	\$0	\$0	\$0	\$0	\$0
15	2029-30	\$18,768,000	\$18,768,000	\$0	\$1.040	\$195,187	\$195,187	\$0	\$0	\$0	\$0	\$0
						\$4,212,790	\$2,377,232	\$1,835,558	\$302,640	\$2,138,198	-\$391,357	\$1,746,841

Tax Credit for Value Over Limit in First 2 Years	Year 1	Year 2	Max Credits
	\$0	\$302,640	\$302,640
Credits Earned			\$302,640
Credits Paid			\$302,640
Excess Credits Unpaid			\$0

**\*Note:** School District Revenue-Loss estimates are subject to change based on numerous factors, including legislative and Texas Education Agency administrative changes to school finance formulas, year-to-year appraisals of project values, and changes in school district tax rates. Additional information on the assumptions used in preparing these estimates is provided in the narrative of this Report.



Attachment F

Taxable Value of Property



# Window on State Government

Susan Combs Texas Comptroller of Public Accounts

## 2013 ISD Summary Worksheet

### 245/Willacy

### 245-903/Raymondville ISD

Category	Local Tax Roll Value	2013 WTD Mean Ratio	2013 PTAD Value Estimate	2013 Value Assigned
A. Single-Family Residences	96,683,775	.9578	100,943,595	96,683,775
B. Multi-Family Residences	565,309	N/A	565,309	565,309
C1. Vacant Lots	4,204,409	N/A	4,204,409	4,204,409
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real(Taxable)	14,713,419	.8975	16,394,317	14,713,419
D2. Real Prop Farm & Ranch	1,350,253	N/A	1,350,253	1,350,253
E. Real Prop NonQual Acres	19,234,227	1.0223	18,814,660	19,234,227
F1. Commercial Real	43,485,445	.9423	46,148,196	43,485,445
F2. Industrial Real	1,492,405	N/A	1,492,405	1,492,405
G. Oil, Gas, Minerals	53,318,300	1.0087	52,858,432	53,318,300
J. Utilities	25,815,619	.9713	26,578,420	25,815,619
L1. Commercial Personal	118,845,704	.9961	119,311,017	118,845,704
L2. Industrial Personal	5,266,047	N/A	5,266,047	5,266,047

M. Other Personal	1,609,573	N/A	1,609,573	1,609,573
N. Intangible Pers/Uncert	0	N/A	0	0
O. Residential Inventory	0	N/A	0	0
S. Special Inventory	834,401	N/A	834,401	834,401
Subtotal	387,418,886		396,371,034	387,418,886
Less Total Deductions	39,111,750		40,493,279	39,111,750
Total Taxable Value	348,307,136		355,877,755	348,307,136 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
365,698,180	348,307,136	365,698,180	348,307,136	348,307,136	348,307,136

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
17,391,044	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
365,698,180	348,307,136	365,698,180	348,307,136	348,307,136	348,307,136

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



Attachment G  
Participation Agreement

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

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by and between

**RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT**

and

**MAGIC VALLEY WIND FARM III, LLC**  
*(Texas Taxpayer ID # 32052353987)*

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TEXAS COMPTROLLER APPLICATION NUMBER 360

Dated

July 31, 2014

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

*STATE OF TEXAS* §

*COUNTY OF WILLACY* §

THIS AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES, hereinafter referred to as this "Agreement," is executed and delivered by and between the **RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT**, hereinafter referred to as the "District," a lawfully created independent school district within the State of Texas operating under and subject to the Texas Education Code, and **MAGIC VALLEY WIND FARM III, LLC**, Texas Taxpayer Identification Number 32052353987, hereinafter referred to as the "Applicant." The Applicant and the District are each hereinafter sometimes referred to individually as a "Party" and collectively as the "Parties." Certain capitalized and other terms used in this Agreement shall have the meanings ascribed to them in Section 1.3.

**RECITALS**

**WHEREAS**, on or about November 11, 2013, the Superintendent of Schools of the Raymondville Independent School District, acting as agent of the Board of Trustees of the District (the "Board of Trustees"), received from the Applicant an Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code; and,

**WHEREAS**, on November 11, 2013, the Board of Trustees authorized the Superintendent to accept, on behalf of the District, the Application from Magic Valley Wind Farm III, LLC, and on November 12, 2013, the Superintendent acknowledged receipt of a completed Application and the requisite application fee as established pursuant to Texas Tax Code §313.025(a) (1) and Local District Policy CCG (Local); and,

**WHEREAS**, on November 20, 2013 the Application was delivered to the office of the Texas Comptroller of Public Accounts (hereinafter referred to as the "Comptroller") for review pursuant to Texas Tax Code §313.025(d); and,

**WHEREAS**, the Comptroller has established December 17, 2013 as the completed Application date; and,

**WHEREAS**, pursuant to 34 Texas Admin Code §9.1054, the Application was delivered for review to the Willacy County Appraisal District under Texas law (the "County Appraisal District"), pursuant to Texas Tax Code §6.01; and,

**WHEREAS**, the Comptroller reviewed the Application pursuant to Texas Tax Code §313.025(d), and on March 11, 2014, the Comptroller's Office, via letter, recommended that the Application be approved; and,

**WHEREAS**, the Comptroller conducted an economic impact evaluation pursuant to Chapter 313 of the Texas Tax Code which was presented to the Board of Trustees at the July 31, 2014 public hearing held in connection with the Board's consideration of the Application; and,

**WHEREAS**, the Board of Trustees has carefully reviewed the economic impact evaluation pursuant to Texas Tax Code §313.026 and has carefully considered the Comptroller's positive recommendation for the Wind Energy Project; and,

**WHEREAS**, pursuant to 34 Texas Administrative Code §9.1055(e)(2)(A), that the Comptroller reviewed this Agreement, and reaffirmed the recommendation previously made on March 11, 2014 that the Application be approved; and,

**WHEREAS**, on July 31, 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; and,

**WHEREAS**, on July 31, 2014, the Board of Trustees made factual findings pursuant to Texas Tax Code §313.025(f), including, but not limited to findings that: (i) the information in the Application is true and correct; (ii) this Agreement is in the best interest of the District and the State of Texas; (iii) the Applicant is eligible for the limitation on appraised value of the Applicant's Qualified Property; and, (iv) each criterion referenced in Texas Tax Code §313.025(e) has been met; and,

**WHEREAS**, on July 31, 2014, pursuant to the provisions of Texas Tax Code §313.025(f-1), the Board of Trustees waived the job creation requirement set forth in Texas Tax Code §313.051(b), based upon its factual Finding, made on July 31, 2014, that if the number of jobs required by law (*i.e.* 10 jobs) was applied to this Wind Energy Project, given its size and scope as described in the Application and in **EXHIBIT 3**, the number of jobs will exceed the industry standard for the number of employees reasonably necessary for the operation of the facility; and,

**WHEREAS**, on July 31, 2014, the Board of Trustees determined that the Tax Limitation Amount requested by Applicant, and as defined in Sections 1.2 and 1.3, below, is consistent with the minimum values set out by Tax Code, §§313.022(b) and 313.052, as such Tax Limitation Amount was computed as of the date of this Agreement; and,

**WHEREAS**, on July 31, 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 President and Secretary of the Board of Trustees to execute

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

## **ARTICLE I**

### **AUTHORITY, TERM, DEFINITIONS, AND GENERAL PROVISIONS**

#### **Section 1.1. AUTHORITY**

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

#### **Section 1.2. TERM OF THE AGREEMENT**

This Agreement shall commence and first become effective on the Commencement Date, as defined in Section 1.3, below. In the event that Applicant makes a Qualified Investment in the amount specified in Section 2.6 below, between the Commencement Date and the end of the Qualifying Time Period, Applicant will be entitled to the Tax Limitation Amount defined in Section 1.3 below, for the following Tax Years: 2017, 2018, 2019, 2020, 2021, 2022, 2023, and 2024. The limitation on the local ad valorem property values for Maintenance and Operations purposes shall commence with the property valuations made as of January 1, 2015, the appraisal date for the third full Tax Year following the Commencement Date.

The period beginning with the Commencement Date of July 31, 2014, and ending on December 31, 2016 is referred to herein as the "Qualifying Time Period," as that term is defined in Texas Tax Code §313.021(4). Applicant shall not be entitled to the Tax Limitation during the Qualifying Time Period.

Unless sooner terminated as provided herein, the limitation on the local ad valorem property values shall terminate on December 31, 2024. Except, as otherwise provided herein, this Agreement will terminate in full on the Final Termination Date. The termination of this Agreement shall not (i) release any obligations, liabilities, rights and remedies arising out of any breach of, or failure to comply with, this Agreement occurring prior to such termination, or (ii) affect the right of a Party to enforce the payment of any amount, including any Tax Credit, to which such Party was entitled before such termination or to which such Party became entitled as a result of an event that occurred before such termination.

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

<b>Full Tax Year of Agreement</b>	<b>Date of Appraised Value Determination</b>	<b>School Year</b>	<b>Tax Year</b>	<b>Summary Description of Provisions</b>
Partial Year (Commencing July 31, 2014)	January 1, 2014	2014-15	2014	Start of Qualifying Time Period beginning with Commencement Date. No limitation on value. First year for computation of Annual Limit.
1	January 1, 2015	2015-16	2015	Qualifying Time Period. No limitation on value. Possible tax credit in future years.
2	January 1, 2016	2016-17	2016	Qualifying Time Period. No limitation on value. Possible tax credit in future years.
3	January 1, 2017	2017-18	2017	\$ 10 million property value limitation.
4	January 1, 2018	2018-19	2018	\$ 10 million property value limitation. Possible tax credit due to Applicant.
5	January 1, 2019	2019-20	2019	\$ 10 million property value limitation. Possible tax credit due to Applicant.
6	January 1, 2020	2020-21	2020	\$ 10 million property value limitation. Possible tax credit due to Applicant.
7	January 1, 2021	2021-22	2021	\$ 10 million property value limitation. Possible tax credit due to Applicant.
8	January 1, 2022	2022-23	2022	\$ 10 million property value limitation. Possible tax credit due to Applicant.
9	January 1, 2023	2023-24	2023	\$ 10 million property value limitation. Possible tax credit

Full Tax Year of Agreement	Date of Appraised Value Determination	School Year	Tax Year	Summary Description of Provisions
				due to Applicant.
10	January 1, 2024	2024-25	2024	\$ 10 million property value limitation. Possible tax credit due to Applicant.
11	January 1, 2025	2025-26	2025	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.
12	January 1, 2026	2026-27	2026	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.
13	January 1, 2027	2027-28	2027	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.

### Section 1.3. DEFINITIONS

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

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

“Affiliate” of any specified person or entity means any other person or entity which, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under direct or indirect common control with such specified person or entity. For purposes of this definition “control” when used with respect to any person or entity means (i) the ownership, directly or indirectly, or fifty percent (50%) or more of the voting securities of such person or entity, or (ii) the right to direct the management or operations of such person or entity, directly or indirectly, whether through the ownership (directly or indirectly) of securities, by contract or otherwise.

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

"Aggregate Limit" means, for any Tax Year during the term of this Agreement, the cumulative total of the Annual Limit amount for such Tax Year and for all previous Tax Years during the course of this Agreement, less all amounts paid by the Applicant to or on behalf of the District under Article IV.

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

"Annual Limit" means the maximum annual benefit which can be paid directly to the District as a Supplemental Payment under the provisions of Texas Tax Code §313.027(i). For purposes of this Agreement, the amount of the Annual Limit shall be calculated, pursuant to Texas Education Code §42.005, by multiplying the District's 2012-2013 average daily attendance of 1,998.860 times \$100, or any larger amount allowed by Texas Tax Code §313.027(i), if such limit amount is increased for any future year of this Agreement. The Annual Limit shall first be computed for Tax Year 2014, which, by virtue of the Commencement Date is the first year of the Qualifying Time Period under this Agreement.

"Applicant" means Magic Valley Wind Farm III, LLC, *Texas Taxpayer Identification Number 32052353987*, the company listed in the Preamble of this Agreement who, on or about November 12, 2013, filed the Original Application materials with the District for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The term "Applicant" shall also include the Applicant's assigns and successors-in-interest.

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

"Application" means the Original Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C, of the Texas Tax Code) filed with the District by the Applicant on or about November 12, 2013, which has been certified by the Comptroller's office to collectively constitute a complete final Application as of the date of December 17, 2013. The term includes all forms required by the Comptroller, the schedules attached thereto, and all other documentation submitted by Applicant for the purpose of obtaining this Agreement with the District. The term also includes all amendments and supplements thereto submitted by Applicant.

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

"Appraisal District" or "County Appraisal District" means the Willacy County Appraisal District.

"Board of Trustees" means the Board of Trustees of the Raymondville Independent School District.

"Commencement Date" means July 31, 2014, the date upon which this Agreement was approved by the District's Board of Trustees.

"Completed Application Date" means December 17, 2013, the date upon which the Comptroller determined to be the date of its receipt of a completed Application for Appraised Value Limitation on Qualified Property (Tax Code, Chapter 313, Subchapter B or C), Comptroller Form 50-296, from the Applicant.

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

"Comptroller's Rules" means the applicable rules and regulations of the Comptroller set forth at Chapter 34 Texas Administrative Code, Chapter 9, Subchapter D, together with any court or administrative decisions interpreting same.

"County" means Willacy County, Texas.

"Determination of Breach" shall have the meaning assigned to such term in Section 7.8 of this Agreement

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

"Final Termination Date" means December 31, 2027. However, any payment obligations of any Party arising under this Agreement prior to the Final Termination Date will survive until paid by the Party owing same.

"Force Majeure" means a failure caused by (a) provisions of law, or the operation or effect of rules, regulations or orders promulgated by any governmental authority having jurisdiction over the Applicant, the Applicant's Qualified Property or the Applicant's Qualified Investment or any upstream, intermediate or downstream equipment or support facilities as are necessary to the operation of the Applicant's Qualified Property or the Applicant's Qualified

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

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

"Maintain Viable Presence" means after the development and construction of the Wind Energy Project described in the Application and in the description of the Applicant's Qualified Investment/Qualified Property as set forth in Section 2.3, below, (i) the operation over the term of this Agreement of the facility or facilities for which the tax limitation is granted, as the same may from time to time be expanded, upgraded, improved, modified, changed, remodeled, repaired, restored, reconstructed, reconfigured, and/or reengineered; and (ii) the maintenance of at least two (2) New Jobs to be located and performed within the entire Magic Valley Wind Farm I, LLC Wind Energy Project, either in the District or in other school districts in which the project is located, from the time they are created until the Final Termination Date, which New Jobs shall be Qualifying Jobs, it being specifically acknowledged and agreed by the Parties that the Board of Trustees has waived the job creation requirement set forth in Texas Tax Code §313.051(b), as authorized by and pursuant to the provisions of Texas Tax Code §313.025(f-1), other than the requirement for two jobs in order to Maintain Viable Presence as defined herein.

"M&O Amount" shall have the meaning assigned to such term in Section 3.2 of this Agreement.

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

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

"*Net Tax Benefit*" means an amount (but not less than zero) equal to (i) the amount of maintenance and operations ad valorem taxes which the Applicant would have paid to the District for all Tax Years during the term of this Agreement if this Agreement had not been entered into by the Parties, (ii) adding to the amount determined under clause (i) all Tax Credits received by the Applicant under Chapter 313, Tax Code, and (iii) subtracting from the sum of the amounts determined under clauses (i) and (ii) 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 Tax Years of this Agreement, plus (B) any payments due to the District under Article III under this Agreement.

"*New Job(s)*" means the "new jobs" defined by 34 Texas Administrative Code §9.1051(14)(C), which the Applicant will create in connection with the Wind Energy Project; provided, however, it is specifically acknowledged and agreed by the Parties that the Board of Trustees has waived the job creation requirement down to the number of two jobs, throughout Applicant's entire project either in the District or in other school districts in which the project is located, in lieu of the number of jobs set forth in Texas Tax Code §313.051(b), as authorized by and pursuant to the provisions of Texas Tax Code §313.025(f-1). In accordance with the requirements of Texas Tax Code §313.024(d), eighty percent (80%), of all New Jobs on the project shall also be Qualifying Jobs, as defined below.

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

"*Qualifying Job(s)*" means the New Jobs, either in the District or in other school districts in which the project is located, which meet the requirements of Texas Tax Code 313.021(3); provided, however, it is specifically acknowledged and agreed by the Parties that the Board of Trustees has waived the job creation requirement set forth in Texas Tax Code § 313.051(b), as authorized by and pursuant to the provisions of Texas Tax Code §313.025(f-1).

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

"*Qualifying Time Period*" means the period that begins on the Commencement Date (*i.e.*, July 31, 2014,) and ends on December 31, 2016.

"*Revenue Protection Amount*" means the amount calculated pursuant to Section 3.2 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 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 Tax Code, Chapter 313. 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, any school district written finding or report filed with the Comptroller as required under this subchapter, and any application requesting school tax credits under Tax Code, §313.103.

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

"Tax Limitation Amount" means the maximum amount which may be placed as the Appraised Value on Qualified Property/Qualified Investment for years three (3) through ten (10) of this Agreement pursuant to Texas Tax Code §313.054. That is, for each of the eight (8) Tax Years 2017, 2018, 2019, 2020, 2021, 2022, 2023, and 2024, the Appraised Value of the Applicant's Qualified Property/Qualified Investment for the District's maintenance and operations ad valorem tax purposes shall not exceed, and the Tax Limitation Amount shall be, the lesser of:

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

The Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the effective date of this Agreement, as set out by Tax Code, §§ 313.052 and 313.053.

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

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

"Texas Education Agency Rules" means the applicable rules and regulations adopted by the Texas Commissioner of Education in relation to the administration of Chapter 313, Texas Tax Code, which are set forth at Title 19 – Part 2, Texas Administrative Code (including, but not limited to, §61.1019), together with any court or administrative decisions interpreting same.

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

## ARTICLE II

### PROPERTY DESCRIPTION

#### **Section 2.1. LOCATION WITHIN A QUALIFIED REINVESTMENT OR ENTERPRISE ZONE**

The Applicant's Qualified Property upon which the Applicant's Qualified Investment will be located is within an area designated as a reinvestment zone under Chapter 312 of the Texas Tax Code. The legal description of the reinvestment zone in which the Applicant's Qualified Property is located is attached to this Agreement as **EXHIBIT 1** and is incorporated herein by reference for all purposes (but only including such real property located within the boundaries of both the reinvestment zone and the District).

#### **Section 2.2. LOCATION OF QUALIFIED PROPERTY**

The location of the Applicant's Qualified Property upon which the Applicant's Qualified Investment will be located is described in the legal description that is attached to this Agreement as **EXHIBIT 2** and is incorporated herein by reference for all purposes (but only including such real property located within the boundaries of both the reinvestment zone and the District). The Parties expressly agree that the boundaries of the Land may not be materially changed from its configuration described in **EXHIBIT 2** without the express authorization of each of the Parties.

#### **Section 2.3. DESCRIPTION OF QUALIFIED INVESTMENT AND QUALIFIED PROPERTY**

The Qualified Investment and/or Qualified Property that is subject to the Tax Limitation Amount is described in **EXHIBIT 3**, which is attached hereto and incorporated herein by reference for all purposes (the "Applicant's Qualified Investment"). The Applicant's Qualified Investment shall be that property described in **EXHIBIT 3** that is placed in service under the terms of the Application during the Qualifying Time Period described in both Section 1.2, above, and the definition of Qualifying Time Period set forth in Section 1.3, above. The Applicant's Qualified Property shall be all property described in **EXHIBIT 3**, including, but not limited to, the Applicant's Qualified Investment, which: (1) is owned by the Applicant; (2) is first placed in service after December 17, 2013, the completed Application date established by the Comptroller; and (3) is used in connection with the activities described in the Application. Property which is not specifically described in **EXHIBIT 3** shall not be considered by the District or the Appraisal District to be part of the Applicant's Qualified Investment or the Applicant's Qualified Property for purposes of this Agreement, unless pursuant to Texas Tax Code §313.027(e) and Section 8.3 of this Agreement, the Board of Trustees, by official action, provides that such other property is

a part of the Applicant's Qualified Investment or Qualified Property for purposes of this Agreement.

Property owned by the Applicant which is not described on **EXHIBIT 3** may not be considered to be Qualified Investment or Qualified Property unless the Applicant:

- (a) submits to the District and the Comptroller a written request to add such property to this Agreement, which request shall include a specific description of the additional property to which the Applicant requests that the Tax Limitation Amount apply;
- (b) notifies the District and the Comptroller of any other changes to the information that was provided in the Application approved by the District; and,
- (c) provides any additional information reasonably requested by the District or the Comptroller that is necessary to re-evaluate the economic impact analysis for the new or changed conditions.

**Section 2.4. APPLICANT'S OBLIGATIONS TO PROVIDE CURRENT INVENTORY OF QUALIFIED PROPERTY**

At the end of the Qualifying Time Period, or at any other time when there is a material change in the Applicant's Qualified Investment or Qualified Property located on the Land described in **EXHIBIT 2**, or upon a reasonable request by the District, the Comptroller, or the Appraisal District, the Applicant shall provide to the District, the Comptroller, and the Appraisal District 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 Qualified Property to which the Tax Limitation Amount applies including maps or surveys of sufficient detail and description to locate all such described property within the boundaries of the real property which is subject to this Agreement.

**Section 2.5. QUALIFYING USE**

The Applicant's Qualified Investment and Qualified Property described above in Section 2.3 qualifies for a Tax Limitation Agreement under Texas Tax Code §313.024(b)(5) as a renewable energy electric generation facility.

**Section 2.6. LIMITATION ON APPRAISED VALUE**

So long as the Applicant makes a Qualified Investment in the amount Ten Million Dollars (\$10,000,000.00), or greater, during the Qualifying Time Period, and unless this Agreement has been terminated as provided herein before such Tax Year, for each of the following eight (8) Tax Years 2017, 2018, 2019, 2020, 2021, 2022, 2023, and 2024, the Appraised Value of the Applicant's Qualified Investment and 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 Investment; or
- (b) Ten Million Dollars (\$10,000,000.00).

This Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the effective date of this Agreement, as set out by Texas Tax Code §§ 313.052 and 313.053.

### **ARTICLE III**

#### **PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES**

##### **Section 3.1. INTENT OF THE PARTIES**

Subject to the limitations contained in this Agreement (including Section 5.1), it is the intent of the Parties that the District shall, in accordance with the provisions of Texas Tax Code §313.027(f)(1), be compensated by the Applicant for any loss that the District incurs in its Maintenance and Operations Revenue solely as a result of, or on account of, entering into this Agreement. Such compensation shall be independent of, and in addition to, all such other payments as are set forth in Article III and Article IV. Subject only to the limitations contained in this Agreement (including Section 5.1), it is the intent of the Parties that the risk of any negative financial consequence to the District in making the decision to enter into this Agreement will be borne by the Applicant and not by the District, and paid by the Applicant to the District in addition to any and all payments due under Article IV.

##### **Section 3.2. CALCULATING THE AMOUNT OF LOSS OF REVENUES BY THE DISTRICT**

Subject to the provisions of Sections 5.1 and 5.2, the amount to be paid by the Applicant to compensate the District for loss of Maintenance and Operations Revenue resulting from, or on account of, this Agreement for each year during the term of this Agreement (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:

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

Where:

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

- ii. "New M&O Revenue" means the total State and local Maintenance & Operations Revenue that the District actually received for such school year, after all adjustments have been made to such Maintenance and Operations Revenue because of any portion of this Agreement.

In making the calculations required by this Section 3.2:

- i. The Taxable Value of property for each school year will be determined under the Applicable School Finance Law.
- ii. For purposes of this calculation, the tax collection rate on the Applicant's Qualified Property and/or the Applicant's Qualified Investment will be presumed to be one hundred percent (100%)
- iii. If, for any year of this Agreement, the difference between the Original M&O Revenue and the New M&O Revenue as calculated under this Section 3.2 results in a negative number, the negative number will be considered to be zero.
- iv. All calculations made for years three (3) through ten (10) of this Agreement under Section 3.2, Subsection *ii* of this Agreement will reflect the Tax Limitation Amount for such year.
- v. All calculations made under this Section 3.2 shall be made by a methodology which isolates the full M & O revenue impact caused by this Agreement. The Applicant shall not be responsible to reimburse the District for other revenue losses created by other agreements, or any other factors not contained in this Agreement.

### **Section 3.3. COMPENSATION FOR LOSS OF OTHER REVENUES**

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

- (a) all non-reimbursed costs incurred by the District in paying or otherwise crediting to the account of the Applicant, any applicable tax credit to which the Applicant may be entitled pursuant to Chapter 313, Subchapter D of the Texas Tax Code, and for which the District does not receive reimbursement from the State pursuant to Texas Education Code §42.2515, or other similar or successor statute;
- (b) all non-reimbursed costs, certified by the District's external auditor to have been incurred by the District for extraordinary education-related expenses related to the Applicant's Qualified Investment 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 Applicant's Qualified Investment. The Applicant may contest the amounts certified by the District's external auditor under the provisions of Section 3.8; and,

- (c) any other loss of the District revenues which directly result from, or are reasonably attributable to any payment made by the Applicant to or on behalf any third party beneficiary of this Agreement.

#### **Section 3.4. CALCULATIONS TO BE MADE BY THIRD PARTY**

All calculations under this Agreement shall be made annually by an independent third party (the "Third Party") jointly approved each year by the District and the Applicant. If the Parties cannot agree on the Third Party, then the Third Party shall be selected by the mediator provided in Section 7.9 of this Agreement.

#### **Section 3.5. DATA USED FOR CALCULATIONS**

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

#### **Section 3.6. DELIVERY OF CALCULATIONS**

On or before November 1 of each year for which this Agreement is effective, the Third Party appointed pursuant to Section 3.4 of this Agreement shall forward to the Parties a certification containing the calculations required under Sections 3.2 and/or 3.3 and Article IV, and/or under Section 5.1 of this Agreement in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Third Party shall simultaneously submit his, her or its invoice for fees for services rendered to the Parties, if any fees are being claimed. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Third Party's offices, personnel, books, records, and correspondence pertaining to the calculation and fee for the purpose of verification. The Third Party shall maintain supporting data consistent with generally accepted accounting practices, and the employees and agents of the Applicant shall have the right to reproduce and retain for purpose of audit, any of these documents. The Third Party shall preserve all documents pertaining to the

calculation and fee for a period of five (5) years after payment. The Applicant shall not be liable for any of the Third Party's costs resulting from an audit of the Third Party's books, records, correspondence, or work papers pertaining to the calculations contemplated by this Agreement or the fee paid by the Applicant to the Third Party pursuant to Section 3.7, if such fee is timely paid.

### **Section 3.7. PAYMENT BY APPLICANT**

The Applicant shall pay any amount determined to be due and owing to the District under this Agreement on or before the January 31 next following the tax levy for each year for which this Agreement is effective. By such date, the Applicant shall also pay any amount billed by the Third Party for all calculations under this Agreement under Section 3.6, above, plus any reasonable and necessary legal expenses paid by the District to its attorneys, auditors, or financial consultants for the preparation and filing of any financial reports, disclosures, or tax credit or other reimbursement applications filed with or sent to the State of Texas which are, or may be required under the terms or because of the execution of this Agreement. For No Tax Year during the term of this Agreement shall the Applicant be responsible for the payment of any expenses under this Section 3.7 and Section 3.6, above, in excess of Ten Thousand Dollars (\$10,000.00).

### **Section 3.8. RESOLUTION OF DISPUTES**

Pursuant to Sections 3.3(b), 3.4, and 3.6, should the Applicant disagree with the certification containing the calculations, the Applicant may appeal the findings, in writing, to the Third Party within thirty (30) days of receipt of the certification. Within thirty (30) days of receipt of the Applicant's appeal, the Third Party will issue, in writing, a final determination of the certification containing the calculations. Thereafter, the Applicant may appeal the final determination of certification containing the calculations to the District. Any appeal by the Applicant of the final determination of the Third Party may be made, in writing, to the District's Board of Trustees within thirty (30) days of the final determination of certification containing the calculations.

### **Section 3.9. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT**

If at the time the Third Party selected under Section 3.4 makes its calculations under this Agreement, the Applicant has appealed any matter relating to the valuations placed by the Willacy County Appraisal District on the Applicant's Qualified Property, and such appeal remains unresolved, the Third Party shall base its calculations upon the values placed upon the Applicant's Qualified Property by the Willacy County Appraisal District.

If as a result of an appraisal appeal or for any other reason, the Taxable Value of the Applicant's Qualified Investment and/or the Applicant's Qualified Property is changed, once the determination of the new Taxable Value becomes final, the Parties shall immediately notify the Third Party who shall immediately issue new calculations for the applicable year or years using the new Taxable Value. In the event the new calculations result in a change in any amount paid or payable by the Applicant under this Agreement, the Party from whom the adjustment is

payable shall remit such amounts to the other Party within thirty (30) days of the receipt of the new calculations from the Third Party.

### **Section 3.10. EFFECT OF STATUTORY CHANGES**

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

## **ARTICLE IV**

### **SUPPLEMENTAL PAYMENTS**

#### **Section 4.1. INTENT OF PARTIES WITH RESPECT TO SUPPLEMENTAL PAYMENTS**

In interpreting the provisions of Article IV, the parties agree as follows:

(a) **Amounts Exclusive of Indemnity Amounts**

In addition to undertaking the responsibility for the payment of all of the amounts set forth under Article III, and as further consideration for the execution of this Agreement by the District, the Applicant shall also be responsible for the Supplemental Payments set forth in this Article IV (the Supplemental Payments"). The Applicant shall not be responsible 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, Texas Tax Code, unless it is explicitly set forth in this Agreement. It is the express intent of the Parties that the Applicant's obligation to make Supplemental Payments under this Article IV is separate and independent of the obligation of the Applicant to pay the amounts described in Article III; provided, however, that all payments under Articles III and IV are subject to the limitations contained in Section 5.1, and that all payments under this Article IV are subject to the separate limitations contained in Section 4.4.

(b) **Adherence to Statutory Limits on Supplemental Payments**

It is the express intent of the Parties that any Supplemental Payments made to or on behalf of the District by the Applicant, under this Article IV, shall not exceed the limit imposed by the provisions of Texas Tax Code §313.027(i), as such limit is allowed or required to be increased by the Legislature in a future year of this Agreement; however, in such event it shall not exceed the Stipulated Supplemental Payment Amount described in Section 4.2 and 4.3 below.

**Section 4.2. STIPULATED SUPPLEMENTAL PAYMENT AMOUNT - SUBJECT TO AGGREGATE LIMIT**

On or before January 31, 2018 (The payment due date for Tax Year 2017), and continuing thereafter on or before January 31 of each of the ten (10) years thereafter (*i.e.* through January 31, 2028, the payment due date for Tax Year 2027), the Applicant shall make a Supplemental Payment to the District in an amount equal to the lesser of the following:

- (a) the Applicant's "Stipulated Supplemental Payment Amount," which is hereby defined as forty percent (40%) of the Net Tax Benefit; or,
- (b) the Aggregate Limit.

**Section 4.3. ANNUAL CALCULATION OF STIPULATED SUPPLEMENTAL PAYMENT AMOUNT**

The Parties agree that for each Tax Year during the term of this Agreement, beginning with the third full Tax Year (Tax Year 2017) the Applicant's Stipulated Supplemental Payment Amount, described in Section 4.2 will annually be calculated based upon the then most current estimate of tax savings to the Applicant, which will be made, based upon assumptions of student counts, tax collections, and other applicable data, in accordance with the following formula:

Taxable Value of the Applicant's Qualified Property for such Tax Year had this Agreement not been entered into by the Parties (*i.e.*, the Taxable Value of the Applicant's Qualified Property used for the District's interest and sinking fund tax purposes for such Tax Year, or school taxes due to any other governmental entity, including the State of Texas, for such Tax Year);

*Minus,*

The Taxable Value of the Applicant's Qualified Property for such Tax Year after giving effect to this Agreement (*i.e.*, the Taxable Value of the Applicant's Qualified Property used for the District's maintenance and operations tax purposes for such Tax Year, or school taxes due to any other governmental entity, including the State of Texas, for such Tax Year);

*Multiplied by,*

The District's maintenance and operations tax rate for such Tax Year, or the school tax rate of any other governmental entity, including the State of Texas, for such Tax Year;

*Plus,*

Any Tax Credit received by the Applicant with respect to such Tax Year;

*Minus,*

Any amounts previously paid to the District under Article III;

*Multiplied by,*

The number 0.4;

*Minus,*

Any amounts previously paid to the District under Sections 4.2 and 4.3 with respect to such Tax Year.

In the event that there are changes in the data upon which the calculations set forth herein are made, the Third Party described in Section 3.4, above, shall adjust the Applicant's Stipulated Supplemental Payment Amount calculation to reflect such changes in the data.

**Section 4.4. CALCULATION OF ANNUAL SUPPLEMENTAL PAYMENTS TO THE DISTRICT AND APPLICATION OF AGGREGATE LIMIT**

For each Tax Year during the term of this Agreement, beginning with Tax Year three (Tax Year 2017) and continuing thereafter through Tax Year thirteen (Tax Year 2027), the District, or its successor beneficiary should one be designated under Section 4.6, below, shall not be entitled to receive Supplemental Payments, computed under Sections 4.2 and 4.3, above, that exceed the Aggregate Limit.

If, for any Tax Year during the term of this Agreement the payment of the Applicant's Stipulated Supplemental Payment Amount, calculated under sections 4.2 and 4.3, above for such Tax Year, exceeds the Aggregate Limit for that Tax Year, the difference between the Applicant's Stipulated Supplemental Payment Amount so calculated and the Aggregate Limit for such Tax Year, shall be carried forward from year-to-year into subsequent Tax Years during the term of this Agreement, and to the extent not limited by the Aggregate Limit in any subsequent Tax Year during the term of this Agreement, shall be paid to the District.

Any of the Applicant's Stipulated Supplemental Payment Amount, which cannot be paid to the District prior to the end of Tax Year thirteen (Tax Year 2027), because such payment would exceed the Aggregate Limit, will be deemed to have been cancelled by operation of law, and the Applicant shall have no further obligation with respect thereto.

**Section 4.5. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS**

- (a) All calculations required by this Article IV, including but not limited to: (i) the calculation of the Applicant's Stipulated Supplemental Payment Amount; (ii) the determination of both the Annual Limit and the Aggregate Limit; (iii) the effect, if any, of the Aggregate Limit upon the actual amount of Supplemental Payments eligible to be paid to the District by the Applicant; and, (iv) the carry forward and accumulation of any of the Applicant's Stipulated Supplemental Payment Amounts unpaid by the Applicant due to the Aggregate Limit in previous years, shall be calculated by the Third Party selected pursuant to Section 3.4.
- (b) The calculations made by the Third Party shall be made at the same time and on the same schedule as the calculations made pursuant to Section 3.6.
- (c) The payment of all amounts due under this Article shall be made at the time set forth in Section 3.7.

**Section 4.6. DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY**

At any time during this Agreement, the Board of Trustees may, in its sole discretion, so long as such decision does not result in additional costs to the Applicant under this Agreement, direct that the Applicant's payments under this Article IV be made to the District's educational foundation or to a similar entity. Such foundation or entity may only use such funds received under this Article IV to support the educational mission of the District and its students. Any designation of such a foundation or entity must be made by recorded vote of the Board of Trustees at a properly posted public meeting of the board of Trustees. Any such designation will become effective after such public vote and the delivery of notice of said vote to the Applicant in conformance with the provisions of Section 8.1, below. Such designation may be rescinded by the Board of Trustees, by Board action, at any time, and any such rescission will become effective after delivery of notice of such action to the Applicant in conformance with the provisions of Section 8.1.

Any designation of a successor beneficiary under this Section shall not alter the Aggregate Limit on Supplemental Payments described in Section 4.4, above.

## ARTICLE V

### ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

#### SECTION 5.1. ANNUAL LIMITATION AFTER FIRST THREE YEARS

Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year during the term of this Agreement beginning after the 2017 Tax Year, in no event shall (i) the sum of the maintenance and operations ad valorem taxes paid by the Applicant to the District for such Tax Year, plus the sum of all payments otherwise due from the Applicant to the District under Articles III and IV with respect to such Tax Year, exceed (ii) the amount of the maintenance and operations ad valorem taxes that the Applicant would have paid to the District for such Tax Year (determined by using the District's actual maintenance and operations tax rate for such Tax Year) if the Parties had not entered into this Agreement. The calculation and comparison of the amounts described in clauses (i) and (ii) of the preceding sentence shall be included in all calculations made pursuant to Section 3.4 and 3.6, and in the event the sum of the amounts described in said clause (i) exceeds the amount described in said clause (ii), then the payments otherwise due from the Applicant to the District under Articles III and IV shall be reduced until such excess is eliminated.

#### Section 5.2. OPTION TO CANCEL AGREEMENT

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

## ARTICLE VI

### TAX CREDITS

#### **Section 6.1. APPLICANT'S ENTITLEMENT TO TAX CREDITS**

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

#### **Section 6.2. DISTRICT'S OBLIGATIONS WITH RESPECT TO TAX CREDITS**

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

#### **Section 6.3. COMPENSATION FOR LOSS OF TAX CREDIT PROTECTION REVENUES**

If after the Applicant has actually received the benefit of a Tax Credit under Section 6.1, the District does not receive aid from the State pursuant to Texas Education Code §42.2515 or other similar or successor statute with respect to all or any portion of such Tax Credit for reasons other than the District's failure to comply with the requirements for obtaining such aid, then the District shall notify the Applicant in writing thereof and the circumstances surrounding the State's failure to provide such aid to the District. The Applicant shall pay to the District the amount of such Tax Credit for which the District did not receive such aid within thirty (30) calendar days after receipt of such notice, and such payment, thirty (30) days past due from the date of the reimbursement claim, shall be subject to the same provisions for late payment as are set forth in Section 7.4 and 7.5. If the District receives aid from the State for all or any portion of a Tax Credit with respect to which the Applicant has made a payment to the District under this Section 6.3, then the District shall pay to the Applicant the amount of such aid within thirty (30) calendar days after the District's receipt thereof.

## ARTICLE VII

### ADDITIONAL OBLIGATIONS OF APPLICANT

#### **Section 7.1. DATA REQUESTS**

During the term of this Agreement, and upon the written request of one Party or by the Comptroller (the "Requesting Party"), the other Party shall provide the Requesting Party with all information reasonably necessary for the Requesting Party to determine whether the other Party is in compliance with its obligations, including any employment obligations which may arise

under this Agreement. The Applicant shall allow authorized employees of the District, the Comptroller, and/or the Willacy County Appraisal District to have access to the Applicant's Qualified Property and/or business records, in accordance with Texas Tax Code §22.07, during the term of this Agreement, in order to inspect the Wind Energy Project to determine compliance with the terms hereof. All inspections will be made at a mutually agreeable time after the giving of not less than forty-eight (48) hours prior written notice, and will be conducted in such a manner so as not to unreasonably interfere with either the construction or operation of the Applicant's Qualified Property. All inspections may be accompanied by one or more representatives of the Applicant, and shall be conducted in accordance with the Applicant's safety, security, and operational standards. Notwithstanding the foregoing, nothing contained in this Agreement shall require the Applicant to provide the District, the Comptroller, or the Willacy County Appraisal District with any technical or business information that is private personnel data, proprietary, a trade secret or confidential in nature or is subject to a confidentiality agreement with any third party.

### **Section 7.2. REPORTS TO OTHER GOVERNMENTAL AGENCIES**

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

### **Section 7.3. APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE**

By entering into this Agreement, the Applicant warrants that:

- (a) it will abide by all of the terms of this Agreement;
- (b) it will Maintain Viable Presence in the District through the Final Termination Date of this Agreement, provided however that notwithstanding anything contained in this Agreement to the contrary, the Applicant shall not be in breach of this Agreement, and shall not be subject to any liability for failure to Maintain Viable Presence to the extent such failure is caused by Force Majeure, provided the Applicant makes commercially reasonable efforts to remedy the cause of such Force Majeure; and,
- (c) it will meet the applicable minimum eligibility requirements under Tax Code, Chapter 313 throughout the period from and including the Tax Year 2014 through and including the last Tax Year during the term of this Agreement with respect to which the Applicant receives the benefit of a Tax Credit, other than the job creation eligibility requirement set forth in Texas Tax Code §313.051(b), it is specifically acknowledged and agreed by the Parties that the Board of Trustees has waived the job creation requirement down to two jobs throughout the project, as authorized by and pursuant to the provisions of Texas Tax Code §313.025(f-1).

**Section 7.4. CONSEQUENCES OF EARLY TERMINATION OR OTHER BREACH BY APPLICANT**

(a) In the event that the Applicant terminates this Agreement without the consent of the District, except as provided in Section 5.2, or in the event that the Applicant or its successor-in-interest fails to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, after the notice and cure period provided by Section 7.8, then the District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of this Agreement together with the payment of penalty and interest, as calculated in accordance with Section 7.5, on that recaptured ad valorem tax revenue. For purposes of this recapture calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III. The Applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV.

(b) Notwithstanding Section 7.4(a), in the event that the District determines that the Applicant has failed to Maintain Viable Presence and provides written notice of termination of this Agreement, then the Applicant shall pay to the District liquidated damages for such failure within thirty (30) days after receipt of such termination notice. The sum of liquidated damages due and payable shall be the sum total of the District ad valorem taxes for all of the Tax Years for which the Tax Limitation was allowed pursuant to this Agreement prior to the year in which the default occurs that otherwise would have been due and payable by the Applicant to the District without the benefit of this Agreement, including penalty and interest, as calculated in accordance with Section 7.5. For purposes of this liquidated damages calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III. The Applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV. Upon payment of such liquidated damages, the Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy.

**Section 7.5. CALCULATION OF PENALTY AND INTEREST**

In determining the amount of penalty or interest, or both, due in the event of a breach of this Agreement, the District shall first determine the base amount of recaptured taxes owed less all credits under Section 7.4 for each Tax Year during the term of this Agreement since the Commencement Date. The District shall calculate penalty or interest for each Tax Year during the term of this Agreement since the Commencement Date in accordance with the methodology set forth in Chapter 33 of the Texas Tax Code, as if the base amount calculated for such Tax Year less all credits under Section 7.4 had become due and payable on February 1 of the calendar year following such Tax Year. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code §33.01(a), or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code §33.01(c), or its successor statute.

**Section 7.6 MATERIAL BREACH OF AGREEMENT**

The Applicant shall be in "Material Breach" of this Agreement if it commits one or more of the following acts or omissions:

- (a) Applicant is determined to have failed to meet its obligations to have made accurate material representations of fact in the submission of its Application as is required by Section 8.13, below.
- (b) Applicant fails to Maintain Viable Presence in the District, as required by Section 7.3 of this Agreement, through the Final Termination Date of this Agreement.
- (c) Applicant fails to make any payment required under Articles III or IV of this Agreement on or before its due date.
- (d) Applicant fails to create and maintain at least the number of New Jobs it committed to create and maintain as set forth in this Agreement.
- (e) Applicant fails to create and maintain at least the number of Qualifying Jobs it committed to create and maintain as set forth in this Agreement.
- (f) Applicant fails to create and maintain at least Eighty Percent (80%) of all New Jobs as Qualifying Jobs.
- (g) Applicant makes 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, in excess of the amounts set forth in Articles III and IV, above. Voluntary donations made by the Applicant to the District after the date of execution of this Agreement, and not mandated by this Agreement or made in recognition of consideration for this Agreement are not barred by this provision.
- (h) Applicant fails to comply in any material respect with any other term of this Agreement, or the Applicant fails to meet its obligations under the applicable Comptroller's Rules, and under the Act.

#### **Section 7.7 LIMITED STATUTORY CURE OF MATERIAL BREACH**

In accordance with the provisions of Texas Tax Code §313.0275, for any full tax year which commences after the Wind Energy Project has become operational, the Applicant may cure the Material Breach of this Agreement, described in Sections 7.6(d) and 7.6(e) or 7.6(f), above, without the termination of the remaining term of this Agreement. In order to cure any such non-compliance with Sections 7.6(d) and 7.6(e) or 7.6(f) for such Tax Year, the Applicant may make the liquidated damages payment required by Texas Tax Code §313.0275(b), in accordance with the provisions of Texas Tax Code §313.0275(c).

**Section 7.8. DETERMINATION OF MATERIAL BREACH AND TERMINATION OF AGREEMENT**

Prior to making a determination under Section 7.4 of Section 7.6 that the Applicant is in Material Breach of this Agreement, such as making a material misrepresentation in the Application, failing to Maintain Viable Presence in the District as required by Section 7.3 of this Agreement, failing to make any payment required under this Agreement when due, or that the Applicant has otherwise committed a Material Breach of this Agreement, the District shall provide the Applicant with a written notice of the facts which it believes have caused the Material Breach of this Agreement, and if cure is possible, the cure proposed by the District. After receipt of the notice, the Applicant shall be given ninety (90) days to present any facts or arguments to the Board of Trustees showing that a Material Breach of this Agreement has not occurred and/or that it has cured or undertaken to cure any such Material Breach.

If the Board of Trustees is not satisfied with such response and/or that such breach has been cured, then the Board of Trustees shall, after reasonable notice to the Applicant, conduct a hearing called and held for the purpose of determining whether such breach has occurred and, if so, whether such breach has been cured. At any such hearing, the Applicant shall have the opportunity, together with their counsel, to be heard before the Board of Trustees. At the hearing, the Board of Trustees shall make findings as to whether or not a Material Breach of this Agreement has occurred, the date such breach occurred, if any, and whether or not any such breach has been cured. In the event that the Board of Trustees determines that such a breach has occurred and has not been cured, it shall also terminate the Agreement and determine the amount of recaptured taxes under Section 7.4 (net of all credits under Section 7.4), and the amount of any penalty and/or interest under Section 7.5 that are owed to the District.

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

**Section 7.9. DISPUTE RESOLUTION**

After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 7.8, the Applicant shall have ninety (90) days in which either to tender payment or evidence of its efforts to cure, or to initiate mediation of the dispute by written notice to the District, in which case the District and the Applicant shall be required to make a good faith effort to resolve, without resort to litigation and within ninety (90) days after the Applicant's receipt of notice of the Board of Trustee's Determination of Material Breach under Section 7.8, 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 Willacy County, Texas. The Parties agree to sign a document that designates the mediator and the mediation will be governed by the provisions of Chapter 154 of the Texas Civil Practice and Remedies Code and such other rules as the mediator shall prescribe. With respect to such mediation, (i) the District shall bear one-half of such mediator's fees and expenses and the

Applicant shall bear one-half of such mediator's fees and expenses, and (ii) otherwise each Party shall bear all of its costs and expenses (including attorneys' fees) incurred in connection with such mediation.

In the event that any mediation is not successful in resolving the dispute or that payment is not received before the expiration of such ninety (90) days, the District shall have the remedies for the collection of the amounts determined under Section 7.8 as are set forth in Texas Tax Code Chapter 33, Subchapters B and C, for the collection of delinquent taxes. In the event that the District successfully prosecutes legal proceedings under this section, the Applicant shall also be responsible for the payment of attorney's fees and a tax lien on the Applicant's Qualified Property and the Applicant's Qualified Investment pursuant to Texas Tax Code §33.07 to the attorneys representing the District pursuant to Texas Tax Code §6.30.

In any event where a dispute between the District and the Applicant under this Agreement cannot be resolved by the Parties, after completing the procedures required above in this Section 7.9, either the District or the Applicant may seek a judicial declaration of their respective rights and duties under this Agreement or otherwise, in any judicial proceeding, assert any rights or defenses, or seek any remedy in law or in equity, against the other Party with respect to any claim relating to any breach, default, or nonperformance of any covenant, agreement or undertaking made by a Party pursuant to this Agreement.

#### **Section 7.10. LIMITATION OF OTHER DAMAGES**

Notwithstanding anything contained in this Agreement to the contrary, in the event of default or breach of this Agreement by the Applicant, the District's damages for such a default shall under no circumstances exceed the greater of either any amounts calculated under Sections 7.4 and 7.5 above, or the monetary sum of the difference between the payments and credits due and owing to the Applicant at the time of such default and the District taxes that would have been lawfully payable to the District had this Agreement not been executed. In addition, the District's sole right of equitable relief under this Agreement shall be its right to terminate this Agreement.

The Parties further agree that the limitation of damages and remedies set forth in this Section 7.10 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

#### **Section 7.11. BINDING ON SUCCESSORS**

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

## ARTICLE VIII

### MISCELLANEOUS PROVISIONS

#### Section 8.1. INFORMATION AND NOTICES

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

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

Johnny Pineda, Superintendent  
**RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT**  
419 FM 3168  
Raymondville, Texas 78580-3351  
Fax: (956) 689-0201  
E-mail: [jpineda@raymondvilleisd.org](mailto:jpineda@raymondvilleisd.org)

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

Notices to the Applicant shall be addressed to:

Paul Bowman  
Senior Vice President  
EC&R Development, LLC  
812 San Antonio Street, Suite 201  
Austin, Texas 78701  
Fax: (512) 494-9581  
Email: [paul.bowman@eon.com](mailto:paul.bowman@eon.com)

With a copy to:

Alison Gardner  
Assistant General Counsel  
E.ON Climate & Renewables North America, LLC  
812 San Antonio Street, Suite 201  
Austin, Texas 78701  
Fax: (512) 494-9581

Email: alison.gardner@eon.com

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

**Section 8.2. EFFECTIVE DATE, TERMINATION OF AGREEMENT**

- (a) This Agreement shall be and become effective on the date of final approval of this Agreement by the Board of Trustees,
- (b) The obligation to Maintain Viable Presence under this Agreement shall remain in full force and effect through the Final Termination Date.
- (c) In the event that the Applicant fails to make a Qualified Investment in the amount of Ten Million Dollars (\$10,000,000.00), or greater, during the Qualifying Time Period, this Agreement shall become null and void on December 31, 2016.

**Section 8.3. AMENDMENTS TO AGREEMENT; WAIVERS**

This Agreement may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties. Waiver of any term, condition or provision of this Agreement by any Party shall only be effective if in writing and shall not be construed as a waiver of any subsequent breach of, or failure to comply with, the same term, condition or provision, or a waiver of any other term, condition or provision of this Agreement. By official action of the Board of Trustees, this Agreement may be amended to include, in the Applicant's Qualified Investment, additional or replacement Qualified Property not specified in **EXHIBIT 3**, provided that the Applicant reports to the District, the Comptroller, and the Appraisal District, in the same format, style, and presentation as the Application, all relevant investment, value, and employment information that is related to the additional or replacement property. Any amendment of this Agreement adding additional or replacement Qualified Property pursuant to this Section 8.3 shall, (1) require that all property added by amendment be eligible property as defined by Tax Code, §313.024; (2) clearly identify the property, investment, and employment information added by amendment from the property, investment, and employment information in the original Agreement; and (3) define minimum eligibility requirements for the recipient of limited value. This Agreement may not be amended to extend the value limitation time period beyond its eight year statutory term.

**Section 8.4. ASSIGNMENT**

The Applicant may assign this Agreement, or a portion of this Agreement, to an Affiliate or a new owner or lessee of all or a portion of the Applicant's Qualified Property and/or the Applicant's Qualified Investment, provided that the Applicant shall provide written notice of such assignment to the District. Upon such assignment, the Applicant's assignee will be liable to the District for outstanding taxes or other obligations arising under this Agreement. A recipient of limited value under Tax Code, Chapter 313 shall notify immediately the District, the Comptroller, and the Willacy County Appraisal District in writing of any change in address or

other contact information for the owner of the property subject to the limitation agreement for the purposes of Tax Code §313.032. The assignee's or its reporting entity's Texas Taxpayer Identification Number shall be included in the notification.

**Section 8.5. MERGER**

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

**Section 8.6. MAINTENANCE OF COUNTY APPRAISAL DISTRICT RECORDS**

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

**Section 8.7. GOVERNING LAW**

This Agreement and the transactions contemplated hereby shall be governed by and interpreted in accordance with the laws of the State of Texas without giving effect to principles thereof relating to conflicts of law or rules that would direct the application of the laws of another jurisdiction. Venue in any legal proceeding shall be in Willacy County, Texas, the County seat of the county in which the District's central office is located.

**Section 8.8. AUTHORITY TO EXECUTE AGREEMENT**

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

**Section 8.9. SEVERABILITY**

If any term, provision or condition of this Agreement, or any application thereof, is held invalid, illegal or unenforceable in any respect under any Law (as hereinafter defined), this Agreement shall be reformed to the extent necessary to conform, in each case consistent with the intention of the Parties, to such Law, and to the extent such term, provision or condition cannot be so reformed, then such term, provision or condition (or such invalid, illegal or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this Agreement, as the case may be, and the validity, legality and enforceability of the remaining terms, provisions and conditions contained herein (and any other application such term, provision or condition) shall not in any way be affected or impaired thereby. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement in a mutually acceptable manner so as to effect the original

intent of the Parties as closely as possible to the end that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 8.9, the term "Law" shall mean any applicable statute, law (including common law), ordinance, regulation, rule, ruling, order, writ, injunction, decree or other official act of or by any federal, state or local government, governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, or judicial or administrative body having jurisdiction over the matter or matters in question.

#### **Section 8.10. PAYMENT OF EXPENSES**

Except as otherwise expressly provided in this Agreement, or as covered by the application fee, (i) 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, and (ii) in the event of a dispute between the Parties in connection with this Agreement, the prevailing Party in the resolution of any such dispute, whether by litigation or otherwise, shall be entitled to full recovery of all attorneys' fees (including a reasonable hourly fee for in-house legal counsel), costs and expenses incurred in connection therewith, including costs of court, from the non-prevailing Party.

#### **Section 8.11. INTERPRETATION**

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

#### **Section 8.12. EXECUTION OF COUNTERPARTS**

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

#### **Section 8.13. ACCURACY OF REPRESENTATIONS CONTAINED IN APPLICATION**

The Parties acknowledge that this Agreement has been negotiated, and is being executed, in reliance upon the information contained in the Application. The Applicant warrants that all material representations, information, and facts contained in the Application were true and correct when made, and there have been no material changes in the representations, information,

and facts contained in the Application that have not been previously disclosed in writing. The parties further agree that the Application and all the attachments thereto are included by reference into this Agreement as if set forth herein in full; provided, however, to the extent of any differences or inconsistencies between the terms, conditions, representations, information, and facts contained in the Application and those contained in this Agreement, the terms, conditions, representations, information, and facts contained in this Agreement shall be controlling.

In the event that the Board of Trustees, after completing the procedures required by Sections 7.8 and 7.9 of this Agreement, makes a written determination that the Application was either incomplete or inaccurate as to any material representation, information, or fact, this Agreement shall be invalid and void except for the enforcement of the provisions required by 34. Texas Administrative Code §9.1053(f)(2)(K).

#### **Section 8.14. PUBLICATION OF DOCUMENTS**

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

- a. Within seven days of such document, the District shall submit a copy to the Comptroller for publication on the Comptroller's Internet website.
- b. The District shall provide on its website a link to the location of those documents posted on the Comptroller's website.
- c. This Section 8.14 does not require the publication of information that is confidential under Texas Tax Code §313.028.

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 31<sup>st</sup> day of July 2014.

**MAGIC VALLEY WIND FARM III, LLC**

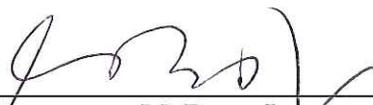
**RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT**

By: \_\_\_\_\_



**PAUL BOWMAN**  
Senior Vice President  
EC& R DEVELOPMENT, LLC

By: \_\_\_\_\_



**GUADALUPE M. RUIZ, JR.**  
President  
Board of Trustees

ATTEST: \_\_\_\_\_



**RAMIRO A. RAMIREZ, JR.**  
Secretary  
Board of Trustees



<b>SubDiv</b>	<b>Section</b>
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## EXHIBIT 2

### LOCATION OF QUALIFIED INVESTMENT/QUALIFIED PROPERTY

All Qualified Property owned by the Applicant and located within the boundaries of both the Raymondville Independent School District and the *Magic Valley Reinvestment Zone No. 2* will be included in and subject to this Agreement. Specifically, all Qualified Property of the Applicant located in the sections of land and map attached to Exhibit 1 is included.



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Harding-Gill Share 16	24
Harding-Gill Share 16	25
Part Share 50	1
Part Share 50	2
Part Share 50	3
Part Share 50	4
Part Share 50	5
Share 28	
Share 46	
Share 59-2	
Share 64	
Withers Tract Share 60	1
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### EXHIBIT 3

#### DESCRIPTION OF THE APPLICANT'S QUALIFIED INVESTMENT/QUALIFIED PROPERTY

The proposed Wind Energy Project will consist of a facility designed to use wind power to generate electricity (commonly referred to as a wind farm). The Wind Energy Project is an approximate 203.28 megawatt (MW) wind generation facility located entirely within Willacy County, Texas, and across three (3) different school districts: Raymondville Independent School District, Lyford Consolidated Independent School District, and San Perlita Independent School District. Approximately thirty-six percent (36%) of the Qualified Investment/Qualified Property of the Wind Energy Project will be located within the boundaries of the Raymondville Independent School District. The Qualified Investment/Qualified Property within the boundaries of the Raymondville Independent School District that is subject to this Agreement will include, but is not limited to, the following:

1. Approximately forty (40) Vestas V90 1.815 MW wind turbine generator systems with grounding, comprising a three-bladed, horizontal-axis wind turbine, employing active yaw control, active blade pitch control and a variable speed generator, more precisely described as follows:
  - a. Rotor with a diameter of 90 m, designed to operate in upwind configuration, comprised of three blades mounted to a cast iron hub, designed to operate between 0 and 16 rpm.
  - b. Three blades manufactured from carbon fiber, wood, fiberglass, epoxy.
  - c. Blade pitch control system.
  - d. Hub manufactured from cast iron connecting the blades to the turbine main shaft and housing the blade pitch systems.
  - e. Gearbox with vibration-damping mountings and a parking brake.
  - f. Bearings.
  - g. Gearbox lubrication system.
  - h. Brake system.
  - i. Variable speed asynchronous generator.
  - j. Flexible coupling to protect drive train from excessive torque loads.
  - k. Yaw system.
  - l. 40 Towers, 80 m ground to hub.
  - m. Nacelle, with sound-insulating foam to reduce acoustic emissions.

- n. Anemometer, wind vane and lightning protection system.
  - o. Control system consisting of on-site (at base of tower) and remote (SCADA) control with local lockout capability.
2. Roadwork, sloped for drainage, with turnouts from public roads.
  3. Fencing to control livestock and to protect substations and other equipment as needed for safety and security.
  4. 40 wind turbine generator foundations, with anchor bolt embeds and template rings.
  5. Wind turbine obstruction lighting per FAA requirements.
  6. Telephone system.
  7. Substations, including a 138/34.5 kV utility interconnect substation, including a control building, two 140 MVA transformers with load tap changers, 138 kV circuit breakers, 34.5 circuit breakers and reactive power compensation equipment.
  8. Overhead transmission line, 138 kV between the substation and the utility interconnection.
  9. Underground power cables from, and various cable accessories, with grounding.
  10. O&M building with offices and warehouse, with standard utilities.
  11. Permanent meteorological towers, quantity and location of which to be determined by final turbine layout.
  12. Underground communication cables.
  13. The facility will also require a relatively insubstantial amount of personal property.