
SARA LEON
& ASSOCIATES, LLC

August 29, 2019

Via Electronic Mail and Hand Delivery: Ginger.Flowers@cpa.texas.gov

Ginger Flowers
Research Analyst
Economic Development & Local Government
Data Analysis & Transparency Division
Texas Comptroller of Public Accounts
111 E. 17th Street
Austin, Texas 78774

Re: Application #1245 submitted by Blue Summit III Wind, LLC

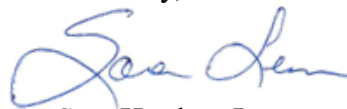
Dear Ms. Flowers:

Enclosed please find the Findings of the Quanah Independent School District Board of Trustees dated August 26, 2019 together with an executed Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes between Quanah Independent School District and Blue Summit III Wind, LLC.

A true and correct electronic copy of these documents is enclosed. A copy is also being provided to Mr. Richard Petree, the Hardeman County Interim Chief Appraiser.

Thank you so much for your attention to this matter.

Sincerely,



Sara Hardner Leon

SHL/vr

Enclosures

cc: Jerry Baird, Quanah Independent School District
John O'Hair, NextEra Energy

FINDINGS
OF THE
QUANAH INDEPENDENT SCHOOL DISTRICT
BOARD OF TRUSTEES

UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY

BLUE SUMMIT III WIND, LLC
TEXAS TAXPAYER ID #32065707211
APPLICATION #1245

August 26, 2019

FINDINGS OF THE QUANAH INDEPENDENT SCHOOL DISTRICT BOARD OF TRUSTEES UNDER THE TEXAS ECONOMIC DEVELOPMENT ACT ON THE APPLICATION SUBMITTED BY BLUE SUMMIT III WIND, LLC

STATE OF TEXAS §
 §
COUNTY OF HARDEMAN §

On the 26th day of August, 2019, a public meeting of the Board of Trustees of the Quanah 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 Blue Summit III Wind, LLC (Application #1245) 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 attorneys and consultants retained by the District to advise the Board in this matter, the Board of Trustees of the Quanah Independent School District makes the following findings with respect to the Application of Blue Summit III Wind, LLC #1245, and the economic impact of that Application:

On March 19, 2018, the Superintendent of Schools of the Quanah Independent School District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts received an Application from Blue Summit III Wind, LLC #1245 for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. A copy of the Application is posted on the Texas Comptroller’s website at:

<https://comptroller.texas.gov/economy/local/cb313/agreement-docs-details.php?id=1245>.

The Applicant, Blue Summit III Wind, LLC (Taxpayer ID 32065707211) (“Applicant”), consists of entities subject to Chapter 171, Texas Tax Code, and is certified to be in good standing with the Texas Comptroller of Public Accounts. The Board of Trustees acknowledges receipt of the Application, along with the required Application fee, as established pursuant to Texas Tax Code § 313.025(a)(1) and Local District Policy.

The Application was delivered to the Texas Comptroller’s Office for review pursuant to Texas Tax Code § 313.025(d). A copy of the Application was delivered to the Hardeman County Appraisal District for review pursuant to 34 Texas Administrative Code § 9.1054. The Application was reviewed by the Texas Comptroller’s Office pursuant to Texas Tax Code § 313.026, and a determination that the Application was complete was issued on September 19, 2018.

After receipt of the Application, the Texas Comptroller of Public Accounts caused to be conducted an economic impact evaluation on December 14, 2018 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 **Exhibit A**.

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 Quanah Independent School District. A copy of a report prepared by Jigsaw School Finance Solutions, LLC is attached to these findings as

Exhibit B. The Texas Commissioner of Education has determined that the project will not impact school enrollment.

The Board of Trustees has confirmed that the taxable value of property in the Quanah Independent School District for the preceding tax year, as determined under Subchapter M, Chapter 403, Government Code, is as stated in the 2018 ISD Summary Worksheet posted on the Texas Comptroller's website at:

<https://comptroller.texas.gov/data/property-tax/prs/2018p/0990999031D.php>.

After receipt of the Application, the District submitted a proposed form of Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, in the form required by the Comptroller of Public Accounts. The proposed Agreement and letter approving same are attached to these findings as **Exhibit C**.

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

Board Finding Number 1.

The Applicant qualifies for a limitation on appraised value of Qualified Property under Texas Tax Code § 313.024 in the eligibility category of Renewable Energy Electric Generation.

Board Finding Number 2.

The Applicant's entire proposed investment in the Quanah Independent School District is \$60,500,000— all of which is proposed to be Qualified Investment under Texas Tax Code § 313.021.

Board Finding Number 3.

The average salary level of qualifying jobs is expected to be at least \$53,668.00 per year. The review of the Application by the State Comptroller's Office indicates that this amount—based on Texas Workforce Commission data—complies with the requirement that qualifying jobs pay more than the minimum weekly wage required for Qualified Jobs under Texas Tax Code § 313.021.

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 \$30,250,000 on the basis of the two (2) new qualifying positions committed to by the Applicant for this project. The project's total investment is \$53,668.00, resulting in a relative level of investment per qualifying job of \$30,250,000.

Board Finding Number 5.

The Applicant has requested a waiver of the job creation requirement under Texas Tax Code § 313.25(f-1), and the Board finds such waiver request should be granted. The Board notes that the number of jobs proposed for this project (two jobs) is consistent with industry standards in the Renewable Energy Electric Generation industry.

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

Table 2 depicts this project’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.

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2018	0	0	0	\$0	\$0	\$0
2019	300	(300)	0	\$15,750,000	-\$15,750,000	\$0
2020	2	(2)	0	\$110,450	-\$110,450	\$0
2021	2	(2)	0	\$110,450	-\$110,450	\$0
2022	2	(2)	0	\$110,450	-\$110,450	\$0
2023	2	(2)	0	\$110,450	-\$110,450	\$0
2024	2	(2)	0	\$110,450	-\$110,450	\$0
2025	2	(2)	0	\$110,450	-\$110,450	\$0
2026	2	(2)	0	\$110,450	-\$110,450	\$0
2027	2	(2)	0	\$110,450	-\$110,450	\$0
2028	2	(2)	0	\$110,450	-\$110,450	\$0
2029	2	(2)	0	\$110,450	-\$110,450	\$0
2Q30	2	(2)	0	\$110,450	-\$110,450	\$0
2031	2	(2)	0	\$110,450	-\$110,450	\$0
2032	2	(2)	0	\$110,450	-\$110,450	\$0
2033	2	(2)	0	\$110,450	-\$110,450	\$0
2034	2	(2)	0	\$110,450	-\$110,450	\$0

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Hardeman County, with all property tax incentives sought being granted using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code and tax abatement with the county. The difference noted in the last line is the difference between Table 3 and Table 4:

Board Findings of the QuanaH Independent School District

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	QuanaH ISD I&S Tax Levy	QuanaH ISD M&O Tax Levy	QuanaH ISD M&O and I&S Tax Levies	Hardeman County Tax Levy	QuanaH Hospital District Tax Levy	Tri-County Gateway Groundwater CD Tax Levy	Estimated Total Property Taxes
			Tax Rate ¹	0.0000	1.0400	0.7100	0.2907	0.0100	
2020	\$58,080,000	\$20,000,000	\$0	\$208,000	\$208,000	\$0	\$28,705	\$5,808	\$242,513
2021	\$53,433,600	\$20,000,000	\$0	\$208,000	\$208,000	\$0	\$26,409	\$5,343	\$239,752
2022	\$49,158,912	\$20,000,000	\$0	\$208,000	\$208,000	\$0	\$24,296	\$4,916	\$237,212
2023	\$45,226,199	\$20,000,000	\$0	\$208,000	\$208,000	\$0	\$22,352	\$4,523	\$234,875
2024	\$41,608,103	\$20,000,000	\$0	\$208,000	\$208,000	\$0	\$20,564	\$4,161	\$232,725
2025	\$38,279,455	\$20,000,000	\$0	\$208,000	\$208,000	\$0	\$18,919	\$3,828	\$230,747
2026	\$35,217,098	\$20,000,000	\$0	\$208,000	\$208,000	\$0	\$17,406	\$3,522	\$228,927
2027	\$32,399,731	\$20,000,000	\$0	\$208,000	\$208,000	\$0	\$16,013	\$3,240	\$227,253
2028	\$29,807,752	\$20,000,000	\$0	\$208,000	\$208,000	\$0	\$14,732	\$2,981	\$225,713
2029	\$27,423,132	\$20,000,000	\$0	\$208,000	\$208,000	\$0	\$13,553	\$2,742	\$224,296
2030	\$25,229,281	\$25,229,281	\$0	\$262,385	\$262,385	\$179,128	\$12,469	\$2,523	\$456,505
2031	\$23,210,939	\$23,210,939	\$0	\$241,394	\$241,394	\$164,798	\$11,472	\$2,321	\$419,984
2032	\$21,354,064	\$21,354,064	\$0	\$222,082	\$222,082	\$151,614	\$10,554	\$2,135	\$386,385
2033	\$19,645,739	\$19,645,739	\$0	\$204,316	\$204,316	\$139,485	\$9,710	\$1,965	\$355,475
2034	\$18,074,080	\$18,074,080	\$0	\$187,970	\$187,970	\$128,326	\$8,933	\$1,807	\$325,229
Total			\$0	\$3,198,147	\$3,198,147	\$763,350	\$256,087	\$51,815	\$4,267,592
Diff			\$0	\$2,190,593	\$2,190,593	\$2,915,501	\$0	\$0	\$5,107,902

¹Tax Rate per \$100 Valuation

Table 3 illustrates the estimated tax impact of the Applicant's project on the region if all taxes are assessed.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	QuanaH ISD I&S Tax Levy	QuanaH ISD M&O Tax Levy	QuanaH ISD M&O and I&S Tax Levies	Hardeman County Tax Levy	QuanaH Hospital District Tax Levy	Tri-County Gateway Groundwater CD Tax Levy	Estimated Total Property Taxes
			Tax Rate ¹	0.0000	1.0400	0.7100	0.2907	0.0100	
2019	\$58,080,000	\$58,080,000	\$0	\$604,032	\$604,032	\$412,368	\$28,705	\$5,808	\$1,050,913
2020	\$53,433,600	\$53,433,600	\$0	\$555,709	\$555,709	\$379,379	\$26,409	\$5,343	\$966,840
2021	\$49,158,912	\$49,158,912	\$0	\$511,253	\$511,253	\$349,028	\$24,296	\$4,916	\$889,493
2022	\$45,226,199	\$45,226,199	\$0	\$470,352	\$470,352	\$321,106	\$22,352	\$4,523	\$818,334
2023	\$41,608,103	\$41,608,103	\$0	\$432,724	\$432,724	\$295,418	\$20,564	\$4,161	\$752,867
2024	\$38,279,455	\$38,279,455	\$0	\$398,106	\$398,106	\$271,784	\$18,919	\$3,828	\$692,637
2025	\$35,217,098	\$35,217,098	\$0	\$366,258	\$366,258	\$250,041	\$17,406	\$3,522	\$637,226
2026	\$32,399,731	\$32,399,731	\$0	\$336,957	\$336,957	\$230,038	\$16,013	\$3,240	\$586,248
2027	\$29,807,752	\$29,807,752	\$0	\$310,001	\$310,001	\$211,635	\$14,732	\$2,981	\$539,348
2028	\$27,423,132	\$27,423,132	\$0	\$285,201	\$285,201	\$194,704	\$13,553	\$2,742	\$496,201
2029	\$25,229,281	\$25,229,281	\$0	\$262,385	\$262,385	\$179,128	\$12,469	\$2,523	\$456,505
2030	\$23,210,939	\$23,210,939	\$0	\$241,394	\$241,394	\$164,798	\$11,472	\$2,321	\$419,984
2031	\$21,354,064	\$21,354,064	\$0	\$222,082	\$222,082	\$151,614	\$10,554	\$2,135	\$386,385
2032	\$19,645,739	\$19,645,739	\$0	\$204,316	\$204,316	\$139,485	\$9,710	\$1,965	\$355,475
2033	\$18,074,080	\$18,074,080	\$0	\$187,970	\$187,970	\$128,326	\$8,933	\$1,807	\$327,037
Total			\$0	\$5,388,740	\$5,388,740	\$3,678,851	\$256,087	\$51,815	\$9,375,494

¹Tax Rate per \$100 Valuation

Board Finding Number 7.

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

Board Findings of the Quanah Independent School District

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 suggesting little underlying enrollment growth based on the impact of the project.

Board Finding Number 9.

The Applicant's project is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy directly related to this project, using estimated taxable values provided in the application. Attachment B of the economic impact study contains a year-by-year analysis as depicted in the following table:

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2017	\$0	\$0	\$0	\$0
	2018	\$0	\$0	\$0	\$0
	2019	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2020	\$208,000	\$208,000	\$396,032	\$396,032
	2021	\$208,000	\$416,000	\$347,709	\$743,741
	2022	\$208,000	\$624,000	\$303,253	\$1,046,994
	2023	\$208,000	\$832,000	\$262,352	\$1,309,347
	2024	\$208,000	\$1,040,000	\$224,724	\$1,534,071
	2025	\$208,000	\$1,248,000	\$190,106	\$1,724,177
	2026	\$208,000	\$1,456,000	\$158,258	\$1,882,435
	2027	\$208,000	\$1,664,000	\$128,957	\$2,011,392
	2028	\$208,000	\$1,872,000	\$102,001	\$2,113,393
	2029	\$208,000	\$2,080,000	\$77,201	\$2,190,593
Maintain Viable Presence (5 Years)	2030	\$262,385	\$2,342,385	\$0	\$2,190,593
	2031	\$241,394	\$2,583,778	\$0	\$2,190,593
	2032	\$222,082	\$2,805,861	\$0	\$2,190,593
	2033	\$204,316	\$3,010,176	\$0	\$2,190,593
	2034	\$187,970	\$3,198,147	\$0	\$2,190,593
Additional Years as Required by § 313.026(c)(1) (10 Years)	2035	\$172,933	\$3,371,079	\$0	\$2,190,593
	2036	\$159,098	\$3,530,178	\$0	\$2,190,593
	2037	\$146,370	\$3,676,548	\$0	\$2,190,593
	2038	\$134,661	\$3,811,209	\$0	\$2,190,593
	2039	\$123,888	\$3,935,096	\$0	\$2,190,593
	2040	\$113,977	\$4,049,073	\$0	\$2,190,593
	2041	\$104,859	\$4,153,932	\$0	\$2,190,593
	2042	\$96,470	\$4,250,402	\$0	\$2,190,593
	2043	\$88,752	\$4,339,154	\$0	\$2,190,593
	2044	\$81,652	\$4,420,806	\$0	\$2,190,593

\$4,420,806
is greater than
\$2,190,593

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

Board Finding Number 10.

The limitation on appraised value requested by the Applicant is a determining factor in the Applicant's decision to invest capital and construct the project in this state.

Board Finding Number 11.

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 Findings 10 and 11, **Attachment C** of the economic impact study states:

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

- Per NextEra Energy Resources (NEER). in Tab S of their Application for a Limitation on Appraised Value:
 - A. "Due to the extremely competitive power market in SPP most if not all PPA's economic model assumptions are based on the Project securing this Chapter 313 appraised value limitation and other local tax incentives. The property tax liabilities of a project without tax incentives in Texas lowers the return to investors and financiers to an unacceptable level at today's contracted power rates under a PPA."
 - B. "Without the tax incentives in Texas, a project with a PPA becomes non-financeable. Therefore, this appraised value limitation is critical to the ability of the proposed Project to move forward as currently sited."
- Per Comptroller research:
 - A. On June 15, 2018 *sustainablebrands.com* stated that AT&T was expanding its renewable energy program and had signed a power purchase agreement with a subsidiary of NextEra Resources. The two new wind farm projects in Wilbarger and Hardeman Counties would deliver 300 additional megawatts (MW) of renewable energy. Kevin Gildea, the vice president of development from NextEra stated, "We are pleased to work with AT&T to expand the reach of renewable energy and provide a significant economic boost to local communities, both in Texas and Oklahoma,"
 - B. On June 27, 2018 the *Commercial Property Executive* reported that AT&T signed a power purchase agreement (PPA) with NextEra Resources. They will receive an additional 300 megawatts of renewable energy from two new wind farm projects in Wilbarger and Hardeman. A representative of AT&T stated "We're going big on renewable energy... As one of the world's largest companies, our investments can help scale this critical energy source for America's transition to a low-carbon economy."
- Supplemental information provided by the applicant stated the following:
 - A. Is "The Project" Blue Summit III Wind currently known by any other project names? No
 - B. Has this project applied to ERCOT at this time? If so, please provide the project's IGN number. Yes, 18INR0070

Supporting Information

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

Board Finding Number 12.

The Board of Trustees of the Quanah Independent School District hired consultants to review and verify the information in Application #1245. Based upon the consultants' review, the Board has determined that the information provided by the Applicant appears to be true and correct.

Board Finding Number 13.

The Board of Trustees has determined that the Tax Limitation Amount requested by the Applicant is currently \$20 Million Dollars, which is consistent with the minimum values currently set out by Texas Tax Code § 313.054(a).

Board Finding Number 14.

The Applicant (Taxpayer ID 32065707211) 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 15.

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

Board Finding Number 16.


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

Board Findings of the Quanah Independent School District

It is therefore ORDERED that the Agreement attached hereto as Exhibit C is approved and hereby authorized to be executed and delivered by and on behalf of the Quanah 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 Quanah Independent School District.

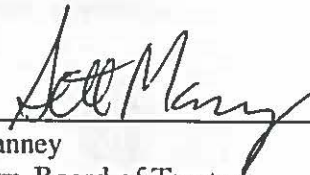
Dated the 26th day of August, 2019.

QUANAH INDEPENDENT SCHOOL DISTRICT

By: 

Steven Sparkman
President, Board of Trustees

ATTEST:

By: 

Seth Manney
Secretary, Board of Trustees

Findings and Order of the Quanah Independent School District
Board of Trustees under the Texas Economic Development Act on the Application Submitted by
Blue Summit III Wind, LLC (Tax ID 32065707211) (Application #1245)

EXHIBIT A

Comptroller's Economic Impact Analysis



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

December 14, 2018

Ms. Melissa Sulak
Superintendent
Quanah Independent School District
801 Elbert
P.O. Box 150
Quanah, Texas 79252

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Quanah Independent School District and Blue Summit III Wind, LLC, Application 1245

Dear Superintendent Sulak:

On September 19, 2018, the Comptroller issued written notice that Blue Summit III Wind, LLC (applicant) submitted a completed application (Application 1245) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on March 27, 2018, to the Quanah Independent School District (school district) by the applicant.

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

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

Determination required by 313.025(h)

Sec. 313.024(a) Applicant is subject to tax imposed by Chapter 171.
Sec. 313.024(b) Applicant is proposing to use the property for an eligible project.

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

- Sec. 313.024(d)** Applicant has requested a waiver to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.
- Sec. 313.024(d-2)** Not applicable to Application 1245.

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

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

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

Determination required by 313.026(c)(2)

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

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

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

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the agreement within a year from the date of this letter.

Note that any building or improvement existing as of the application review start date of September 19, 2018, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

Should you have any questions, please contact Will Counihan, Director, Data Analysis & Transparency, by email at will.counihan@cpa.texas.gov or by phone toll-free at 1-800-531-5441, ext. 6-0758, or at 512-936-0758.

Sincerely,



Lisa Craven
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

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

Table 1 is a summary of investment, employment and tax impact of Blue Summit III Wind, LLC.

Applicant	Blue Summit III Wind, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Quanah ISD
2016-2017 Average Daily Attendance	537
County	Hardeman
Proposed Total Investment in District	\$60,500,000
Proposed Qualified Investment	\$60,500,000
Limitation Amount	\$20,000,000
Qualifying Time Period (Full Years)	2020-2021
Number of new qualifying jobs committed to by applicant	2*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$1,032
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$1,032
Minimum annual wage committed to by applicant for qualified jobs	\$53,668
Minimum weekly wage required for non-qualifying jobs	\$671
Minimum annual wage required for non-qualifying jobs	\$34,880
Investment per Qualifying Job	\$30,250,000
Estimated M&O levy without any limit (15 years)	\$5,388,740
Estimated M&O levy with Limitation (15 years)	\$3,198,147
Estimated gross M&O tax benefit (15 years)	\$2,190,593

* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).

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

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2018	0	0	0	\$0	\$0	\$0
2019	300	(300)	0	\$15,750,000	-\$15,750,000	\$0
2020	2	(2)	0	\$110,450	-\$110,450	\$0
2021	2	(2)	0	\$110,450	-\$110,450	\$0
2022	2	(2)	0	\$110,450	-\$110,450	\$0
2023	2	(2)	0	\$110,450	-\$110,450	\$0
2024	2	(2)	0	\$110,450	-\$110,450	\$0
2025	2	(2)	0	\$110,450	-\$110,450	\$0
2026	2	(2)	0	\$110,450	-\$110,450	\$0
2027	2	(2)	0	\$110,450	-\$110,450	\$0
2028	2	(2)	0	\$110,450	-\$110,450	\$0
2029	2	(2)	0	\$110,450	-\$110,450	\$0
2030	2	(2)	0	\$110,450	-\$110,450	\$0
2031	2	(2)	0	\$110,450	-\$110,450	\$0
2032	2	(2)	0	\$110,450	-\$110,450	\$0
2033	2	(2)	0	\$110,450	-\$110,450	\$0
2034	2	(2)	0	\$110,450	-\$110,450	\$0

Source: CPA REMI, Blue Summit III Wind, LLC

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate	Quanah ISD I&S Tax Levy	Quanah ISD M&O Tax Levy	Quanah M&O and I&S Tax Levies	Hardeman County Tax Levy	Quanah Hospital Distric Tax Levy	Tri-County Gateway Groundwater CD Tax Levy	Estimated Total Property Taxes
			0.0000	0.0000	1.0400		0.7100	0.2907	0.0100	
2019	\$58,080,000	\$58,080,000		\$0	\$604,032	\$604,032	\$412,368	\$28,705	\$5,808	\$1,050,913
2020	\$53,433,600	\$53,433,600		\$0	\$555,709	\$555,709	\$379,379	\$26,409	\$5,343	\$966,840
2021	\$49,158,912	\$49,158,912		\$0	\$511,253	\$511,253	\$349,028	\$24,296	\$4,916	\$889,493
2022	\$45,226,199	\$45,226,199		\$0	\$470,352	\$470,352	\$321,106	\$22,352	\$4,523	\$818,334
2023	\$41,608,103	\$41,608,103		\$0	\$432,724	\$432,724	\$295,418	\$20,564	\$4,161	\$752,867
2024	\$38,279,455	\$38,279,455		\$0	\$398,106	\$398,106	\$271,784	\$18,919	\$3,828	\$692,637
2025	\$35,217,098	\$35,217,098		\$0	\$366,258	\$366,258	\$250,041	\$17,406	\$3,522	\$637,226
2026	\$32,399,731	\$32,399,731		\$0	\$336,957	\$336,957	\$230,038	\$16,013	\$3,240	\$586,248
2027	\$29,807,752	\$29,807,752		\$0	\$310,001	\$310,001	\$211,635	\$14,732	\$2,981	\$539,348
2028	\$27,423,132	\$27,423,132		\$0	\$285,201	\$285,201	\$194,704	\$13,553	\$2,742	\$496,201
2029	\$25,229,281	\$25,229,281		\$0	\$262,385	\$262,385	\$179,128	\$12,469	\$2,523	\$456,505
2030	\$23,210,939	\$23,210,939		\$0	\$241,394	\$241,394	\$164,798	\$11,472	\$2,321	\$419,984
2031	\$21,354,064	\$21,354,064		\$0	\$222,082	\$222,082	\$151,614	\$10,554	\$2,135	\$386,385
2032	\$19,645,739	\$19,645,739		\$0	\$204,316	\$204,316	\$139,485	\$9,710	\$1,965	\$355,475
2033	\$18,074,080	\$18,074,080		\$0	\$187,970	\$187,970	\$128,326	\$8,933	\$1,807	\$327,037
			Total	\$0	\$5,388,740	\$5,388,740	\$3,678,851	\$256,087	\$51,815	\$9,375,494

Source: CPA, Blue Summit III Wind, LLC
Tax Rate per \$100 Valuation

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

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate*	Quanah ISD I&S Tax Levy	Quanah ISD M&O Tax Levy	Quanah M&O and I&S Tax Levies	Hardeman County Tax Levy	Quanah Hospital Distric Tax Levy	Tri-County Gateway Groundwater CD Tax Levy	Estimated Total Property Taxes
				0.0000	1.0400		0.7100	0.2907	0.0100	
2020	\$58,080,000	\$20,000,000		\$0	\$208,000	\$208,000	\$0	\$28,705	\$5,808	\$242,513
2021	\$53,433,600	\$20,000,000		\$0	\$208,000	\$208,000	\$0	\$26,409	\$5,343	\$239,752
2022	\$49,158,912	\$20,000,000		\$0	\$208,000	\$208,000	\$0	\$24,296	\$4,916	\$237,212
2023	\$45,226,199	\$20,000,000		\$0	\$208,000	\$208,000	\$0	\$22,352	\$4,523	\$234,875
2024	\$41,608,103	\$20,000,000		\$0	\$208,000	\$208,000	\$0	\$20,564	\$4,161	\$232,725
2025	\$38,279,455	\$20,000,000		\$0	\$208,000	\$208,000	\$0	\$18,919	\$3,828	\$230,747
2026	\$35,217,098	\$20,000,000		\$0	\$208,000	\$208,000	\$0	\$17,406	\$3,522	\$228,927
2027	\$32,399,731	\$20,000,000		\$0	\$208,000	\$208,000	\$0	\$16,013	\$3,240	\$227,253
2028	\$29,807,752	\$20,000,000		\$0	\$208,000	\$208,000	\$0	\$14,732	\$2,981	\$225,713
2029	\$27,423,132	\$20,000,000		\$0	\$208,000	\$208,000	\$0	\$13,553	\$2,742	\$224,296
2030	\$25,229,281	\$25,229,281		\$0	\$262,385	\$262,385	\$179,128	\$12,469	\$2,523	\$456,505
2031	\$23,210,939	\$23,210,939		\$0	\$241,394	\$241,394	\$164,798	\$11,472	\$2,321	\$419,984
2032	\$21,354,064	\$21,354,064		\$0	\$222,082	\$222,082	\$151,614	\$10,554	\$2,135	\$386,385
2033	\$19,645,739	\$19,645,739		\$0	\$204,316	\$204,316	\$139,485	\$9,710	\$1,965	\$355,475
2034	\$18,074,080	\$18,074,080		\$0	\$187,970	\$187,970	\$128,326	\$8,933	\$1,807	\$325,229
			Total	\$0	\$3,198,147	\$3,198,147	\$763,350	\$256,087	\$51,815	\$4,267,592
			DIF	\$0	\$2,190,593	\$2,190,593	\$2,915,501	\$0	\$0	\$5,107,902

Assumes School Value Limitation and Tax Abatements with the County.

Source: CPA, Blue Summit III Wind, LLC

*Tax Rate per \$100 Valuation

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

Attachment B – Tax Revenue before 25th Anniversary of Limitation Start

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

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2017	\$0	\$0	\$0	\$0
	2018	\$0	\$0	\$0	\$0
	2019	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2020	\$208,000	\$208,000	\$396,032	\$396,032
	2021	\$208,000	\$416,000	\$347,709	\$743,741
	2022	\$208,000	\$624,000	\$303,253	\$1,046,994
	2023	\$208,000	\$832,000	\$262,352	\$1,309,347
	2024	\$208,000	\$1,040,000	\$224,724	\$1,534,071
	2025	\$208,000	\$1,248,000	\$190,106	\$1,724,177
	2026	\$208,000	\$1,456,000	\$158,258	\$1,882,435
	2027	\$208,000	\$1,664,000	\$128,957	\$2,011,392
	2028	\$208,000	\$1,872,000	\$102,001	\$2,113,393
	2029	\$208,000	\$2,080,000	\$77,201	\$2,190,593
Maintain Viable Presence (5 Years)	2030	\$262,385	\$2,342,385	\$0	\$2,190,593
	2031	\$241,394	\$2,583,778	\$0	\$2,190,593
	2032	\$222,082	\$2,805,861	\$0	\$2,190,593
	2033	\$204,316	\$3,010,176	\$0	\$2,190,593
	2034	\$187,970	\$3,198,147	\$0	\$2,190,593
Additional Years as Required by 313.026(c)(1) (10 Years)	2035	\$172,933	\$3,371,079	\$0	\$2,190,593
	2036	\$159,098	\$3,530,178	\$0	\$2,190,593
	2037	\$146,370	\$3,676,548	\$0	\$2,190,593
	2038	\$134,661	\$3,811,209	\$0	\$2,190,593
	2039	\$123,888	\$3,935,096	\$0	\$2,190,593
	2040	\$113,977	\$4,049,073	\$0	\$2,190,593
	2041	\$104,859	\$4,153,932	\$0	\$2,190,593
	2042	\$96,470	\$4,250,402	\$0	\$2,190,593
	2043	\$88,752	\$4,339,154	\$0	\$2,190,593
	2044	\$81,652	\$4,420,806	\$0	\$2,190,593

\$4,420,806

is greater than

\$2,190,593

Analysis Summary

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

Yes

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

Source: CPA, Blue Summit III Wind, LLC

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

Attachment C – Limitation as a Determining Factor

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

Methodology

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

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

Determination

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

- Per NextEra Energy Resources (NEER), in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. "Due to the extremely competitive power market in SPP most if not all PPA's economic model assumptions are based on the Project securing this Chapter 313 appraised value limitation and other local tax incentives. The property tax liabilities of a project without tax incentives in Texas lowers the return to investors and financiers to an unacceptable level at today's contracted power rates under a PPA."
 - B. "Without the tax incentives in Texas, a project with a PPA becomes non-financeable. Therefore, this appraised value limitation is critical to the ability of the proposed Project to move forward as currently sited."
- Per Comptroller research:
 - A. On June 15, 2018 *sustainablebrands.com* stated that AT&T was expanding its renewable energy program and had signed a power purchase agreement with a subsidiary of NextEra Resources. The two new wind farm projects in Wilbarger and Hardeman Counties would deliver 300 additional megawatts (MW) of renewable energy. Kevin Gildea, the vice president of development from NextEra stated, "We are pleased to work with AT&T to expand the reach of renewable energy and provide a significant economic boost to local communities, both in Texas and Oklahoma."
 - B. On June 27, 2018 the *Commercial Property Executive* reported that AT&T signed a power purchase agreement (PPA) with NextEra Resources. They will receive an additional 300 megawatts of renewable energy from two new wind farm projects in Wilbarger and Hardeman. A representative of AT&T stated "We're going big on renewable energy... As one of the world's largest companies, our investments can help scale this critical energy source for America's transition to a low-carbon economy."

- Supplemental information provided by the applicant stated the following:
 - A. Is "The Project" Blue Summit III Wind currently known by any other project names? No
 - B. Has this project applied to ERCOT at this time? If so, please provide the project's IGN number. Yes, 18INR0070

Supporting Information

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

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

Supporting Information

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



Application for Appraised Value Limitation on Qualified Property

SECTION 6 Eligibility Under Tax Code Chapter 313.024

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

SECTION 7 Project Description

1. In Tab 4, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.
2. Check the project characteristics that apply to the proposed project:

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

SECTION 8 Limitation as Determining Factor

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

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

Supporting Information

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

Blue Summit Wind, LLC

Chapter 313 Application to Quanah ISD

Cummings Westlake, L.L.C

TAB 5

Documentation to assist in determining if limitation is a determining factor.

NextEra Energy Resources (NEER) is one of the largest wholesale generators of electric power in the U.S., with nearly 19,880 MW of generating capacity across 24 states and four Canadian provinces as of January 2017. NEER produces the majority of its electricity from clean and renewable sources, including wind and solar. NEER also provides full energy and capacity requirements services, engages in power and gas marketing and trading activities, participates in natural gas, natural gas liquids and oil production and pipeline infrastructure development and owns a retail electricity provider. NEER has a long-term commitment to both wind and solar with an outlook to significantly expand our fleet of clean energy generating capacity.

NEER is keen to develop and build the proposed Blue Summit Wind Project as per this application, but since this Project is still in the early stages of development, further investment could be, if necessary, redeployed to other counties and states competing for similar wind projects. NextEra is active in states throughout the Great Plains and southwest, where each project individually competes for a finite pool of capital investment. State and local tax incentives contribute to the lowering of the cost of power sold to our customers and making our investment more viable and marketable. NEER has over 40 wind sites in development throughout the country and are continually comparing investment opportunities, rate of return, and market viability of each project based upon project financial metrics. For example, NEER currently has ongoing project developments in many states, including but not limited to, California, North Dakota and Oklahoma.

Due to the extremely competitive power market in SPP most if not all PPA's economic model assumptions are based on the Project securing this Chapter 313 appraised value limitation and other local tax incentives. The property tax liabilities of a project without tax incentives in Texas lowers the return to investors and financiers to an unacceptable level at today's contracted power rates under a PPA. A signed PPA in the Texas market is at a much lower rate than other states because of competitively low electricity prices. Both parties of the PPA have an escape clause if the terms of the PPA cannot be met. Without the tax incentives in Texas, a project with a PPA becomes non-financeable. Therefore, this appraised value limitation is critical to the ability of the proposed Project to move forward as currently sited.

**ATTACHMENT TO APPLICATION FOR APPRAISED VALUE LIMITATION ON QUALIFIED
PROPERTY BY BLUE SUMMIT WIND, LLC TO QUANAH ISD**

Supporting Information

**Additional information
provided by the Applicant or
located by the Comptroller**

**COMPTROLLER QUERY RELATED TO TAX CODE CHAPTER 313.026(c)(2)
– Quanah ISD – Blue Summit III Wind, LLC App. #1245**

Comptroller Questions (via email on May 2, 2018):

- 1. Is the Blue Summit Wind III Project currently known by any other project names?*
- 2. Has this project applied to ERCOT at this time? If so, please provide the project's IGNR number.*

Applicant Response (via email on May 10, 2018):

- 1. The Applicant's wind project is not currently known by any other name.*
- 2. The project's ERCOT IGNR number is 18INR0070.*

Comptroller Questions (via email on September 19, 2018):

- 1. When was the ERCOT IGNR number assigned?*
- 2. The date was 10/16/2017.*

SB

News & Views

AT&T Expands its Renewable Energy Program with NextEra Energy Resources

06/15/2016



To celebrate today's Global Wind Day, AT&T is expanding its renewable energy program with NextEra Energy Resources. Together, AT&T and subsidiaries of NextEra Energy Resources will help to deliver clean energy, create jobs, boost the local economy and support a low-carbon economy.

During a groundbreaking ceremony in Wichita County, Texas for the first AT&T-backed wind farm project, AT&T announced a new agreement to purchase 300 megawatts (MW) of wind energy. It also announced a scholarship program for students interested in pursuing careers as wind turbine technicians, one of the fastest growing jobs in the U.S.¹

Delivering renewable energy

AT&T's new power purchase agreement with a subsidiary of NextEra Energy Resources will deliver 300 megawatts (MW) of renewable energy from two new wind farm projects in Wichita and Hardeman Counties, Texas. The new agreement builds on AT&T's previous agreements with NextEra Energy Resources, which include agreements backing two wind energy centers in Wichita and DeWitt Counties in Texas and Cherokee County (Oklahoma).

Together, these agreements will deliver 820 MW of wind power, and constitute one of the largest corporate renewable energy purchases in the U.S.² The projects are expected to reduce greenhouse gas emissions equivalent to taking more than 530,000 cars off the road or providing electricity for more than 372,000 homes per year.³

"We're going big on renewable energy. It's a clean, abundant, renewable source of home-grown power," said Joe Taylor, vice president of global team optimization and implementation at AT&T. "As one of the world's largest companies, our investments can help scale this critical energy source for America's transition to a low-carbon economy."

Creating jobs and community benefits

AT&T's investments in renewable energy will help to create jobs and economic benefits. NextEra Energy Resources estimates the AT&T-backed wind farm projects will create as many as 1,000 construction jobs in Texas and Oklahoma. The projects are also estimated to generate nearly \$180 million in property tax revenues for local communities and more than \$167 million in lease payments to landowners.⁴

"We are pleased to work with AT&T to expand the reach of renewable energy and provide a significant economic boost to local communities, both in Texas and Oklahoma," said Kevin Gidea, NextEra Energy Resources' vice president of development. "Wind energy is helping drive the clean energy economy, providing new and existing job opportunities in rural communities as well as in flows of dollars in additional revenue with which to help enhance schools, roads and other essential services."

Supporting students

Get the latest news and updates from Sustainable Brands. Email

First Name
Last Name
Company
Country
City
State
Zip

AT&T News & Views Newsletter
July 19th, 2016
Email Address: [redacted]

July 19th, 2016
SE Jackson Kaganski, VP of Global
Operations, Sustainability and
Government Relations at AT&T

July 12th, 2016
Sustainable Brands Agreement from March 2016
Sustainable Brands

7/19/2018

AT&T Expands its Renewable Energy Program with NextEra Energy Resources | Sustainable Brands

AT&T-backed wind energy centers will train all students and local community members. During the groundbreaking event, AT&T announced a \$50,000 contribution to Texas State Technical College (TSTC) to create the AT&T Wind Energy Scholarship fund. The fund provides financial assistance for students earning a TSTC wind energy degree or certificate and is open exclusively to students from counties with AT&T backed wind farms (Wuol, Duval, Wilbarger and Hardeman Counties). NextEra Energy Resources has committed to interview graduates of the TSTC program for future wind technician positions, as they become available, as well as internship opportunities.

The scholarship complements a new wind energy program being established at Webb County Consolidated Independent Schools (WCISD) and supported by NextEra Energy Resources. Webb CISD is one of the few high schools in the nation to host its own wind technician program. NextEra Energy Resources also contributed a wind turbine generator to the school to help students with hands-on learning.

"We welcome the opportunity to educate, inspire, and train our students with dynamic skill sets stemming from the benefits of a career in renewable energy," said Anita Gonzalez, superintendent of Webb Consolidated Independent School District. "We are grateful to both NextEra Energy Resources and AT&T for their generous contribution to establish one of the nation's first high school wind energy programs and for providing a new and exciting career path for our students."

AT&T's renewable energy program is a key component of its 100+ (Action 100) plan that will help address all customer needs while reducing the carbon footprint. As a result, since 2010, AT&T has put into place more than 85,000 energy efficiency projects resulting in an annualized savings of \$427 million. Learn more about AT&T's commitment to environmental and social responsibility at www.atandt.com/sustainability.

Bureau of Labor Statistics - U.S. Department of Labor, Occupational Outlook Handbook, Wind Turbine Technicians, on the Internet at http://www.bls.gov/occupations/wind_turbine_tech.htm and <http://www.govinfo.gov/proc/fulltext/?docId=118243>.

Business Renewable Center (2017) BRC Coal Index for 2017. <http://www.brc.com/coal-index>.

EPA Greenhouse Gas Equivalencies Calculator. <http://www.epa.gov/ghgcalculator/greenhouse-gas-equivalencies-calculator>.

NextEra Energy Resources. <http://www.nexteraenergy.com>.

WEC News, April 14, 2018. <http://www.wec.com/newsroom/newsroom.cfm?newsid=1111>.

AT&T CSR Website, FAQ - Energy Management (2017). <http://www.atandt.com/sustainability/faq>.

Company:
AT&T

AT&T, NextEra Energy Expand Wind PPA to 820MW

With this expansion, AT&T marks one of the largest corporate renewable energy purchases in the U.S., anticipated to reduce greenhouse gas emissions equivalent to taking more than 530,000 cars off the road.

by Anca Coghuc

JUN 27, 2018

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820MW

AT&T has signed a power purchase agreement (PPA) with a subsidiary of NextEra Resources through which it will receive an additional 300 megawatts of renewable energy from two new wind farm projects in Wilbarger and Hardeman counties, Texas. This new PPA builds on AT&T's previous investments backing two wind energy centers in Webb and Duval counties in Texas and Caddo County, Okla.

Combined, these agreements will deliver 820 megawatts of wind power, one of the largest corporate renewable energy purchases in the U.S., according to data from Business Renewables Center. The systems are anticipated to reduce greenhouse gas emissions as much as taking 530,000-plus cars off the road and provide electricity for more than 372,000 homes per year.



EXTRA BENEFITS

"We're going big on renewable energy. It's a clean, abundant, renewable source of home-grown power," said Joe Taylor, vice president of global tech optimization and implementation, AT&T, in a prepared statement. "As one of the world's largest companies, our investments can help scale this critical energy source for America's transition to a low-carbon economy (<https://www.cpeexecutive.com/post/greenhouse-gas-emissions-worlds-most-responsible-companies/>)."

The PPA between AT&T and NextEra Energy Resources is set to create some 1,000 construction jobs in Texas and Oklahoma. Furthermore, the projects are estimated to generate nearly \$190 million in property tax revenues for local communities and more than \$157 million in lease payments to landowners.

The AT&T-backed wind energy centers will also impact the students and local communities: a \$50,000 contribution to Texas State Technical College (TSTC) to create the AT&T Wind Energy Scholarship fund. NextEra Energy Resources has committed to interview graduates of the TSTC program for future wind technician positions, as well as internship opportunities. The scholarship

7/18/2016

AT&T, NextEra Energy Expand Wind PPA to 820MW

complements a new wind energy program at Webb County Consolidated Independent Schools (WCISD) and supported by NextEra Energy Resources, making WCISD one of the few high schools in the country to host its own wind technician program. NextEra Energy Resources has provided a wind turbine gear box to help students with hands-on training.

"We welcome the opportunity to educate, expose and equip our students with dynamic skill sets stemming from the benefits of a career in renewable energy," added Beto Gonzalez, superintendent of Webb Consolidated Independent School District. "We are grateful to both NextEra Energy Resources and AT&T for their generous contributions to establish one of the nation's first high school wind energy programs and for creating a new and exciting career path for our students."

Image courtesy of AT&T

AT&T (@attcom) [wind, energy, renewable energy](#)

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Findings and Order of the Quanah Independent School District
Board of Trustees under the Texas Economic Development Act on the Application Submitted by
Blue Summit III Wind, LLC (Tax ID 32065707211) (Application #1245)

EXHIBIT B

**Summary of Financial Impact on
Quanah Prepared by
Jigsaw School Finance Solutions, LLC**

SUMMARY OF THE FINANCIAL IMPACT OF THE PROPOSED

BLUE SUMMIT III WIND, LLC PROJECT

(APPLICATION #1245)

ON THE FINANCES OF

QUANAH INDEPENDENT SCHOOL DISTRICT

UNDER A REQUESTED

CHAPTER 313 APPRAISED VALUE LIMITATION

**PREPARED BY
JIGSAW SCHOOL FINANCE SOLUTIONS, LLC**

Introduction

Blue Summit III Wind LLC ("Company") has submitted an application to the Quanah Independent School District ("District") requesting a property value limitation on a proposed project located within the school district boundaries, under Chapter 313 of the Texas Tax Code. The proposed project is a renewable energy electric generation project located in Hardeman County, TX. The company estimates that the total investment in this project will be approximately \$60 million.

Local government entities in Texas, including school districts, rely heavily on the ad valorem property tax to fund operations and building projects. Thus, the property tax burden that Texas imposes on individuals and business entities is higher compared to most other states. Seeking to encourage economic development and to attract large scale capital investment, the 77th Texas Legislature in 2001 enacted House Bill 1200 creating Tax Code Chapter 313, the Texas Economic Development Act. The act as amended by the legislature in 2007, 2009 and 2013 now grants eligibility to companies engaging in manufacturing, advanced clean energy projects, research and development, clean coal projects, renewable electric energy generation, electric power generation using integrated gasification combined cycle technology, nuclear electric power generation and a computer center used primarily in connection to one of the other categories or a Texas Priority Project. Under the provisions of this law, the Quanah Independent School District may grant a value limitation for maintenance and operation taxes in the amount of \$20 million dollars for a period of ten years.

The application calls for the project to be fully taxable for both maintenance and operation (M&O) and interest and sinking (I&S) during the 2019-20 school year. Beginning with the 2020-21 school year, the value of the project would be limited to \$20 million for maintenance and operation (M&O) tax purposes and remain limited through the 2029-30 school year. The full value of the project will be taxable for debt service purposes using the I&S tax rate in all years of the agreement.

Revenue Protection Payment to Quanah ISD -	\$369,376
Supplemental Payments to Quanah ISD -	\$700,000
Total Revenue to Quanah ISD Resulting	
From Tax Code Chapter 313 Agreement -	<u>\$1,069,376</u>



School Finance Mechanics

The Texas system of public-school funding is based on the ad valorem property tax. Schools levy a tax rate for maintenance and operation (M&O) and interest and sinking (I&S) against a current year tax roll. As a result of House Bill 3, as passed by the 86th Texas Legislature, signed into law and effective in relevant part on September 1, 2019, State funding is calculated using current year property value which is a significant change from prior law which since 1993 has relied on prior year values as certified by the Comptroller's Property Tax Division (CPTD). However, for the purposes of districts with Tax Code Chapter 313 agreements and in accordance with Sec. 48.256 – LOCAL

SHARE OF PROGRAM COST (TIER I), Subsection d - *A revenue protection payment required as part of an agreement for a limitation on appraised value shall be based on the district's taxable value of property for the preceding tax year.* During any school year where there would have been a loss of property tax revenue from the prior year as a result of the Tax Code Chapter 313 agreement, a revenue protection payment equal to that reduction will be required.

Texas school districts are funded by a combination of local ad valorem property taxes and state aid. Most of the funds that a school district generates through the funding formulas is generated in Tier 1. Local M&O collections at the compressed tax rate generate Tier I funding. In 2019-20, a school district's Tier I revenue is the greater of the adjusted minimum target revenue amount or the state share of Tier 1 plus local M&O collections at the compressed rate. The Tier 1 formulas start with a Basic Allotment per student of \$6,160. Funding calculations use the number of students in average daily attendance, the number of students who participate in categorical/special programs and adjustments for size, sparsity and location determine a Total Cost of Tier 1. A Local Fund Assignment is determined by multiplying the district's compressed tax rate by the current year property value. This formula determines the local ad valorem property taxes the district must collect in order to satisfy the district's share of the Tier 1 cost. School districts that are relatively property wealthy per student fund most of the Total Cost of Tier 1 with local property taxes, while school districts that are relatively property poor per student receive most of the Total Cost of Tier 1 from state aid.

Underlying Assumptions

A forecast of the financial impact that the proposed value limitation will have on Quanah ISD's future revenue is critical information that will be very useful to the district when making the decision to grant the limitation and for the district's long range financial planning process. Analysis for this application covers the 2019-20 through the 2034-35 school years.

The Revenue Protection Clause of the proposed agreement and Tax Code Chapter 313 Section 48.256 Subsection D calls for the school district to be held harmless against any potential losses as a result of the value limitation agreement. Revenue protection calculations are to be made using whatever property tax laws and school funding formulas are in place at that time in years one through ten of the agreement. This stipulation is a statutory requirement under Section 313.027 of the Tax Code.

The approach used in this report was to predict 16 years of base data including average daily attendance, M&O and I&S tax rates, maintenance and operation (M&O) tax collections, current year (CAD) values and prior year (CPTD) values for each year of the agreement. For the purposes of this analysis, final 2018 CPTD values were used as well as 2019 CAD values from Hardeman CAD. Quanah ISD currently has other approved Chapter 313 projects. These values have been included in the base data illustrated in Table 1.

Table 1 Base District Information
Quanah ISD, Blue Summit III Wind LLC, Project # 1245

Year of Agreement	School Year	ADA	WADA	Assumed M&O Tax Rate	Assumed I&S Tax Rate	Property Value Without Project	Project Values	Property Value No Limit	Property Value With Limit	Property Value with Project per WADA	Property Value with Limitation per WADA
0	2019-20	467	932	\$0.9700	\$0.0000	\$324,212,740	\$0	\$324,212,740	\$324,212,740	\$347,947	\$347,947
QTP1/L1	2020-21	467	932	\$0.9700	\$0.0000	\$324,212,740	\$58,080,000	\$382,292,740	\$344,212,740	\$410,278	\$369,411
QTP2/L2	2021-22	467	932	\$0.9700	\$0.0000	\$324,212,740	\$53,433,600	\$377,646,340	\$344,212,740	\$405,292	\$369,411
L3	2022-23	467	932	\$0.9700	\$0.0000	\$324,212,740	\$49,158,912	\$373,371,652	\$344,212,740	\$400,704	\$369,411
L4	2023-24	467	932	\$0.9700	\$0.0000	\$324,212,740	\$45,226,199	\$369,438,939	\$344,212,740	\$396,483	\$369,411
L5	2024-25	467	932	\$0.9700	\$0.0000	\$324,212,740	\$41,608,103	\$365,820,843	\$344,212,740	\$392,601	\$369,411
L6	2025-26	467	932	\$0.9700	\$0.0000	\$324,212,740	\$38,279,455	\$362,492,195	\$344,212,740	\$389,028	\$369,411
L7	2026-27	467	932	\$0.9700	\$0.0000	\$324,212,740	\$35,217,098	\$359,429,838	\$344,212,740	\$385,742	\$369,411
L8	2027-28	467	932	\$0.9700	\$0.0000	\$324,212,740	\$32,399,731	\$356,612,471	\$344,212,740	\$382,718	\$369,411
L9	2028-29	467	932	\$0.9700	\$0.0000	\$324,212,740	\$29,807,752	\$354,020,492	\$344,212,740	\$379,936	\$369,411
L10	2029-30	467	932	\$0.9700	\$0.0000	\$324,212,740	\$27,423,132	\$351,635,872	\$344,212,740	\$377,377	\$369,411
MV/P1	2030-31	467	932	\$0.9700	\$0.0000	\$324,212,740	\$25,229,281	\$349,442,021	\$349,442,021	\$375,023	\$375,023
MV/P2	2031-32	467	932	\$0.9700	\$0.0000	\$324,212,740	\$23,210,939	\$347,423,679	\$347,423,679	\$372,857	\$372,857
MV/P3	2032-33	467	932	\$0.9700	\$0.0000	\$324,212,740	\$21,354,064	\$345,566,804	\$345,566,804	\$370,864	\$370,864
MV/P4	2033-34	467	932	\$0.9700	\$0.0000	\$324,212,740	\$19,645,739	\$343,858,479	\$343,858,479	\$369,030	\$369,030
MV/P5	2034-35	467	932	\$0.9700	\$0.0000	\$324,212,740	\$18,074,080	\$342,286,820	\$342,286,820	\$367,344	\$367,344

To isolate the impact of the value limitation on the District's finances over this 16 year agreement, average daily attendance and maintenance and operation tax rates were held constant at levels that existed in the 2018-19 school year. An ADA of 467, a WADA of 932 and an M&O tax rate of \$1.04 were used for each year of the of the initial forecast. Due to HB 3, however, the M&O tax rate will be compressed to \$0.97 for 2019-2020. A tax collection rate of 100% is assumed in all the calculations used in this analysis. The Hardeman CAD certified value for 2019 was used as the 2019 CAD value. This value was used as the basis for subsequent current year (CAD) values in this report. The final 2018 T1, T2, T3 and T4 Comptroller Property Tax Division (CPTD) values certified to school districts in late July, 2018 were used as a basis for predicting future year (CPTD) values for each of the agreement years.



The proposed agreement and Tax Code Chapter 313 Section 48.256 Subsection D calls for Quanah ISD to be held harmless against potential state and local revenue losses that might occur as a result of the value limitation being in effect for any given year of the agreement. In order to predict when and if these tax revenue losses may occur, a state and local revenue projection for the 2019-2020 school year was completed to serve as baseline data and is displayed in **Table 2**. In any year of the limitation period where total state and local funding with the full project value exceeds the total state and local funding produced when the limited value is used, a Revenue Protection Payment is indicated for that year. The results of these calculations are illustrated in **Table 3**.



Table 2

District Name: QUANAHA ISD
 County-District No.: 099-903

Summary of Finances
 2019-20 School Year

Basic Information:

Total Refined ADA (adj. for decline, if applicable)	467,046	467,046
CPTD Property Value	293,231,168	324,212,740
Total M&O Tax Collections	3,279,736	3,062,088
HB 3 WADA		1584,363

	2019-20 Old Law	2019-20 HB 3
Total Cost of Tier I	5,062,108	5,787,965
LESS: Local Fund Assignment	2,873,665	3,015,178
State Share of Tier I	2,188,443	2,772,787

TIER I STATE AID:
 Greater of State Share of Tier I or Current Law
 ASF+HS NIFA; or HB3 ASF

Gross Recapture - Tier 1	0	0
Adjustments to Gross Recapture in Order to Maintain Revenue, if applicable	0	0
Adjusted Gross Recapture - Tier 1	0	0
CAD credit	0	0
Net Recapture - Tier I	0	0

Tier II State Aid for "Golden" Level	613,133	231,128
Tier II State Aid for "Copper" Level	0	0
TOTAL TIER II STATE AID	613,133	231,128

Gross Recapture - Copper Penny Level	0	0
CAD credit	0	0
Net Recapture - Copper Penny Level	0	0

Other Programs:

Supplemental TIF Payment	0	0
State Aid Reduction for WADA Sold	0	0
Ch 313 Tax Credits	0	0
Staff Allotment	24,563	0
TSD Charge	0	0
TSB Charge	0	0
TOTAL OTHER PROGRAMS	24,563	0

Less: Available School Fund (estimated)	(115,635)	(115,635)
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SUMMARY OF TOTAL STATE/LOCAL M&O REVENUE:

M&O Revenue From State (not including Fund 599)	2,826,138	3,003,915
M&O Revenue From Local Taxes Before Recapture Recapture, if any	3,279,736	3,062,088
	0	0
STATE/LOCAL M&O REVENUE (prior to Formula Transition & Equalized Wealth Transition Grants)	6,105,874	6,066,003
Formula Transition Grant	N/A	39,871
Equalized Wealth Transition Grant	N/A	0
HB 3 NET TOTAL STATE/LOCAL M&O REVENUE	6,105,874	6,105,874



Financial Impact on the School District

Utilizing the assumptions and methodology described above, total maintenance and operation tax revenue was estimated for each year of the agreement. **Table 3** indicates that there will be a tax revenue loss to the district of \$369 thousand over the course of the agreement. The revenue loss by the district due to the agreement and Tax Code Chapter 313 Section 48.256 Subsection D is estimated to be mostly in the first year of the value limitation period.

Financial Impact on the Taxpayer

The terms of the proposed agreement call for the maintenance and operation (M&O) value of the project to be limited to \$20 million starting in school year 2020-21 and remaining limited through school year 2029-30. The potential gross and net tax savings to Blue Summit III Wind LLC are shown in **Table 3**. As stated earlier, an M&O tax rate of \$0.97 and a collection rate of 100% is used throughout the calculations in this report. **Table 3** shows gross tax savings due to the limitation of \$2.043 million over the length of the contract. Net tax savings are estimated to be \$974 thousand. To estimate supplemental payments to the school district of \$100 per ADA, a model of ADA was applied to the base ADA of 467, which was the ADA for Quanah ISD through the end of the sixth six-weeks of the 2018-19 school year.

Facilities Funding Impact on the District

Reports submitted by Blue Summit III Wind LLC show the full value of the property being depreciated over time. Even so, the full value of the project will be available to the district for I&S taxes and will enhance the district's ability to service current and future debt obligations. Texas funding laws provide assistance to school districts for debt service purposes in the form of the Instructional Facilities Allotment and the Existing Debt Allotment. The formulas provide a guarantee of \$35 per ADA per penny of tax effort. While the project is expected to provide additional employment opportunities in the area, the impact on student enrollment is predicted to be minimal.



Conclusion

The Blue Summit III Wind LLC project proposed in this application will benefit the community, the district, Quanah ISD and the taxpayer, Blue Summit III Wind LLC. The community will receive economic development, the taxpayer will enjoy savings on property taxes and the district will be held harmless from revenue loss due to the provisions of the agreement and Tax Code Chapter 313 Section 48.256 Subsection D. The district will also enjoy an increased value available for I&S tax collections dedicated to debt service that can be leveraged to provide first class facilities for faculty and students.

Note, the Texas Legislature could take action that could potentially change the impact of this 313 valuation limitation agreement on the finances of Quanah ISD and result in estimates that differ significantly from the estimates presented in this analysis. Some of the factors that could significantly change these estimates are legislative or administrative changes made by the Texas Legislature, the Texas Education Agency or the Comptroller of Public Accounts. The changes could contain modifications to the school finance formulas, property value appraisals, tax exemptions or tax code. Other factors that could impact the estimates of this agreement could also include changes to property values, district tax rates and student enrollment.

**Table 3 Estimated Financial Impact
 Quanah ISD, Blue Summit III Wind LLC, Project # 1245**

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 Benefit to Company Before Revenue Protection	School District Revenue Losses	Estimated Net Tax Benefits	School District Benefit \$100 per ADA	Company Tax Benefit
0	2019-20	\$0	\$0	\$0	0.9700	\$0	\$0	\$0	\$0	\$0	\$50,000	-\$50,000
QTP1/L1	2020-21	\$58,080,000	\$20,000,000	\$38,080,000	0.9700	\$563,376	\$194,000	\$369,376	-\$369,376	\$0	\$50,000	-\$50,000
QTP2/L2	2021-22	\$53,433,600	\$20,000,000	\$33,433,600	0.9700	\$518,306	\$194,000	\$324,306	\$0	\$324,306	\$50,000	\$274,306
L3	2022-23	\$49,158,912	\$20,000,000	\$29,158,912	0.9700	\$476,841	\$194,000	\$282,841	\$0	\$282,841	\$50,000	\$232,841
L4	2023-24	\$45,226,199	\$20,000,000	\$25,226,199	0.9700	\$438,694	\$194,000	\$244,694	\$0	\$244,694	\$50,000	\$194,694
L5	2024-25	\$41,608,103	\$20,000,000	\$21,608,103	0.9700	\$403,599	\$194,000	\$209,599	\$0	\$209,599	\$50,000	\$159,599
L6	2025-26	\$38,279,455	\$20,000,000	\$18,279,455	0.9700	\$371,311	\$194,000	\$177,311	\$0	\$177,311	\$50,000	\$127,311
L7	2026-27	\$35,217,098	\$20,000,000	\$15,217,098	0.9700	\$341,606	\$194,000	\$147,606	\$0	\$147,606	\$50,000	\$97,606
L8	2027-28	\$32,399,731	\$20,000,000	\$12,399,731	0.9700	\$314,277	\$194,000	\$120,277	\$0	\$120,277	\$50,000	\$70,277
L9	2028-29	\$29,807,752	\$20,000,000	\$9,807,752	0.9700	\$289,135	\$194,000	\$95,135	\$0	\$95,135	\$50,000	\$45,135
L10	2029-30	\$27,423,132	\$20,000,000	\$7,423,132	0.9700	\$266,004	\$194,000	\$72,004	\$0	\$72,004	\$50,000	\$22,004
MVP1	2030-31	\$25,229,281	\$25,229,281	\$0	0.9700	\$244,724	\$244,724	\$0	\$0	\$0	\$50,000	-\$50,000
MVP2	2031-32	\$23,210,939	\$23,210,939	\$0	0.9700	\$225,146	\$225,146	\$0	\$0	\$0	\$50,000	-\$50,000
MVP3	2032-33	\$21,354,064	\$21,354,064	\$0	0.9700	\$207,134	\$207,134	\$0	\$0	\$0	\$50,000	-\$50,000
MVP4	2033-34	\$19,645,739	\$19,645,739	\$0	0.9700	\$190,564	\$190,564	\$0	\$0	\$0	\$0	\$0
MVP5	2034-35	\$18,074,080	\$18,074,080	\$0	0.9700	\$175,319	\$175,319	\$0	\$0	\$0	\$0	\$0
TOTALS						\$5,026,036	\$2,982,887	\$2,043,150	-\$369,376	\$1,673,774	\$700,000	\$973,774

*Note: School District Revenue-Loss estimates are subject to change based on various factors, including legislative and Texas Education Agency administrative changes to school finance formulas, year-to-year project appraisal 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.

Findings and Order of the Quanah Independent School District
Board of Trustees under the Texas Economic Development Act on the Application Submitted by
Blue Summit III Wind, LLC (Tax ID 32065707211) (Application #1245)

EXHIBIT C

**Proposed Agreement between
Quanah Independent School District
and Blue Summit III Wind, LLC**

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

by and between

QUANAH INDEPENDENT SCHOOL DISTRICT

and

BLUE SUMMIT III WIND, LLC

(Texas Taxpayer ID #32065707211)

Comptroller Application #1245

Dated

August 26, 2019

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

STATE OF TEXAS §

COUNTY OF HARDEMAN §

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 QUANAH 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 BLUE SUMMIT III WIND, LLC, Texas Taxpayer Identification Number 32065707211 hereinafter referred to as the "Applicant." The Applicant and the District are hereinafter sometimes referred to individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, on March 19, 2018, the Superintendent of Schools of the Quanah Independent School District, acting as agent of the Board of Trustees of the District, received from the Applicant an Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the TEXAS TAX CODE;

WHEREAS, on March 19, 2018, the Board of Trustees has acknowledged receipt of the Application, and along with the requisite application fee as established pursuant to Section 313.025(a) of the TEXAS TAX CODE and Local District Policy CCG (Local), and agreed to consider the Application;

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

WHEREAS, the District and the Texas Comptroller's Office have determined that the Application is complete and September 19, 2018 is the Application Review Start Date as that term is defined by 34 TEXAS ADMIN. CODE Section 9.1051;

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

WHEREAS, the Texas Comptroller's Office reviewed the Application pursuant to Section 313.025 of the TEXAS TAX CODE, conducted an economic impact evaluation pursuant to Section 313.026 of the TEXAS TAX CODE, and on December 14, 2018, issued a certificate for limitation on appraised value of the property described in the Application and provided the certificate to the District;

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

WHEREAS, on August 26, 2019, the Board of Trustees conducted a public hearing on the Application at which it solicited input into its deliberations on the Application from all interested parties within the District;

WHEREAS, on August 26, 2019, the Board of Trustees made factual findings pursuant to Section 313.025(f) of the TEXAS TAX CODE, including, but not limited to findings that: (i) the information in the Application is true and correct; (ii) the Applicant is eligible for the limitation on appraised value of the Applicant's Qualified Property; (iii) the project proposed by the Applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the District's maintenance and operations ad valorem tax revenue lost as a result of the Agreement before the 25th anniversary of the beginning of the limitation period; (iv) the limitation on appraised value is a determining factor in the Applicant's decision to invest capital and construct the project in this State; and (v) this Agreement is in the best interest of the District and the State of Texas;

WHEREAS, on August 26, 2019, pursuant to the provisions of 313.025(f-1) of the TEXAS TAX CODE, the Board of Trustees waived the job creation requirement set forth in Section 313.051(b) of the TEXAS TAX CODE;

WHEREAS, on August 8, 2019, the Texas Comptroller's Office approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes;

WHEREAS, on August 26, 2019, the Board of Trustees approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, and authorized the Board President and Secretary to execute and deliver such Agreement to the Applicant; and

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

ARTICLE I **DEFINITIONS**

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

"Act" means the Texas Economic Development Act set forth in Chapter 313 of the TEXAS TAX CODE, as amended.

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

“Applicant” means Blue Summit III Wind, LLC, (Texas Taxpayer ID # 32065707211), the entity listed in the Preamble of this Agreement and that is listed as the Applicant on the Application as of the Application Approval Date. The term “Applicant” shall also include the Applicant’s assigns and successors-in-interest as approved according to Sections 10.2 and 10.3 of this Agreement.

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

“Applicant’s Qualified Property” means the Qualified Property of the Applicant to which the value limitation identified in the Agreement will apply and as more fully described in EXHIBIT 3 of this Agreement.

“Application” means the Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C of the TEXAS TAX CODE) filed with the District by the Applicant on March 19, 2018. The term includes all forms required by the Comptroller, the schedules attached thereto, and all other documentation submitted by the Applicant for the purpose of obtaining an Agreement with the District. The term also includes all amendments and supplements thereto submitted by the Applicant.

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

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

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

“Appraisal District” means the Hardeman County Appraisal District.

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

“Commercial Operation” means the date on which the project becomes commercially operational, has installed or constructed Qualified Property on the Land having a value that equals or exceeds \$10,000,000, and is able to generate electricity and is connected to the grid with an interconnection agreement.

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

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

"County" means Hardeman County, Texas.

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

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

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

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

"Maintain Viable Presence" means (i) the operation during the term of this Agreement of the facility or facilities for which the tax limitation is granted; and (ii) the Applicant's maintenance of jobs and wages as required by the Act and as set forth in its Application.

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

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

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

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

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

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

“State” means the State of Texas.

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

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

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

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

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

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

“Aggregate Limit” means, for any Tax Year during the Limitation Period of this Agreement, an amount equal to the Net Tax Benefit to the Applicant.

“Applicable School Finance Law” means the State constitution and laws, agency regulations and/or judicial rulings then controlling the public school finance system for Texas public schools and school districts generally and the District specifically, in accordance with all provisions thereof applicable to any terms of this Agreement at the time any computation, calculation or obligation of either Party under this Agreement is required to be performed or for the period to which such computation, calculation or obligation relates, as applicable. The term includes any amendments or successor statutes that may be adopted in the future which affect the calculation of the District’s Maintenance and Operations Revenue or the Applicant’s ad valorem tax obligation to the District, in each case, either with or without the limitation on appraised value of property pursuant to this Agreement.

"Cumulative Payments" means for each year of this Agreement the total of all payments, calculated under Articles IV, V and VI of this Agreement for the current Tax Year which are paid by or owed by Applicant to the District, plus payments paid by Applicant to compensate District for loss of revenue under this Agreement.

"Lost M&O Revenue" means the reduction in Maintenance and Operations *ad valorem* Tax Revenue to the District caused by, resulting from, or on account of the execution of this Agreement for each year starting in the year of the Application Approval Date and ending on the Final Termination Date of this Agreement.

"Maintenance and Operations Tax Revenue" means (i) those revenues which the District receives from the levy of its annual *ad valorem* maintenance and operations tax pursuant to Section 45.002 of the TEXAS EDUCATION CODE, and Article VII § 3 of the TEXAS CONSTITUTION, plus (ii) all State revenues to which the District is or may be entitled under Chapter 42 of the TEXAS EDUCATION CODE, or any other statutory provision as well as any amendment or successor statute to these provisions, minus (iii) 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, in each case, as any of the items in clauses (i), (ii), and (iii) above may be amended by Applicable School Finance Law from time to time. Maintenance and Operations Revenue shall be the net amount of all such revenues, payments or other amounts which the District is entitled to receive and retain from State and local funding for maintenance and operations purposes under Applicable School Finance Law.

"New M&O Revenue" means the total State and local Maintenance and Operations Tax Revenue that the District actually received for such school year attributable to the Qualified Property that is the subject of this Agreement.

"Net Tax Benefit" means, for any Tax Year during the term of this Agreement, an amount equal to (but not less than zero): (i) the amount of maintenance and operations *ad valorem* taxes which the Applicant would have paid to the District for such Tax Year and all previous Tax Years during the term of this Agreement if this Agreement had not been entered into by the Parties; *minus*, (ii) an amount equal to the sum of (A) all maintenance and operations *ad valorem* school taxes actually due to the District or any other governmental entity, including the State of Texas, for such Tax Year and all previous Tax Years during the term of this Agreement, plus (B) any and all payments due to the District under Articles IV, V, and VI of this Agreement.

"Original M&O Revenue" means the total State and local Maintenance and Operations Tax 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 been subject to the *ad valorem* maintenance and operations tax at the then-current tax rate. For purposes of this calculation, the Third Party will base its calculations upon the District's taxable value of property for the preceding tax year as certified by the Appraisal District for all taxable accounts in the District, *less* the Qualified Property subject to this Agreement, *plus* the total appraised value of the Qualified Property subject to this Agreement which is or would be used for the calculation of the District's tax levy for debt service (interest and sinking fund) *ad valorem* tax purposes.

"Third Party" shall have the meaning set forth in Section 4.3.

ARTICLE II
AUTHORITY, PURPOSE AND LIMITATION AMOUNTS

Section 2.1. AUTHORITY. This Agreement is executed by the District as its written agreement with the Applicant pursuant to the provisions and authority granted to the District in Section 313.027 of the TEXAS TAX CODE.

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

Section 2.3. TERM OF THE AGREEMENT.

A. The Application Review Start Date for this Agreement is September 19, 2018, which will be used to determine the eligibility of the Applicant's Qualified Property and all applicable wage standards.

B. The Application Approval Date for this Agreement is August 26, 2019.

C. The Qualifying Time Period for this Agreement:

- i. Starts on August 26, 2019, the Application Approval Date.
- ii. Ends on December 31, 2020, the last day of the second complete Tax Year following the Qualifying Time Period start date.

D. The Tax Limitation Period for this Agreement:

- i. Starts on January 1, 2020, first complete Tax Year that begins after Commencement of Commercial Operations.
- ii. Ends on December 31, 2029, which is the year the Tax Limitation Period starts as identified in Section 2.3.D.i plus 9 years.

E. The Final Termination Date for this Agreement is December 31, 2034; which is the last year of the Tax Limitation Period as defined in Section 2.3.D.ii plus five years.

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

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

- A. the Market Value of the Applicant's Qualified Property; or
- B. Twenty Million Dollars (\$20,000,000).

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

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

- A. have completed the Applicant's Qualified Investment in the amount of Ten Million Dollars (\$10,000,000) during the Qualifying Time Period;
- B. have created and maintained, subject to the provisions of Section 313.0276 of the TEXAS TAX CODE, New Qualifying Jobs as required by the Act; and
- C. pay an average weekly wage of at least \$671 for all New Non-Qualifying Jobs created by the Applicant.

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

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

ARTICLE III QUALIFIED PROPERTY

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

Section 3.2. LOCATION OF QUALIFIED PROPERTY AND INVESTMENT. The Land on which the Qualified Property shall be located and on which the Qualified Investment shall be made is described in **EXHIBIT 2**, which is attached hereto and incorporated herein by reference for all

purposes. The Parties expressly agree that the boundaries of the Land may not be materially changed from its configuration described in EXHIBIT 2 unless amended pursuant to the provisions of Section 10.2 of this Agreement.

Section 3.3. DESCRIPTION OF QUALIFIED PROPERTY. The Qualified Property that is subject to the Tax Limitation Amount is described in EXHIBIT 3, which is attached hereto and incorporated herein by reference for all purposes. 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 Property for purposes of this Agreement, unless by official action the Board of Trustees provides that such other property is a part of the Applicant's Qualified Property for purposes of this Agreement in compliance with Section 313.027(e) of the TEXAS TAX CODE, the Comptroller's Rules, and Section 10.2 of this Agreement.

Section 3.4. CURRENT INVENTORY OF QUALIFIED PROPERTY. In addition to the requirements of Section 10.2 of this Agreement, if there is a material change in the Qualified Property described in EXHIBIT 3, then within 60 days from the date commercial operation begins, the Applicant shall provide to the District, the Comptroller, the Appraisal District or the State Auditor's Office a specific and detailed description of the tangible personal property, buildings, and/or permanent, nonremovable building components (including any affixed to or incorporated into real property) on the Land to which the value limitation applies including maps or surveys of sufficient detail and description to locate all such described property on the Land.

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

ARTICLE IV

PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 4.1. INTENT OF THE PARTIES. Subject only to the limitations contained in Section 7.1 of this Agreement, it is the intent of the Parties that the District shall, in accordance with the provisions of Section 313.027(f)(1) of the TEXAS TAX CODE and SECTION 403.303(D) OF THE TEXAS GOVERNMENT CODE, be compensated by Applicant for any Lost M&O Revenue in each year of this Agreement for which this Agreement was the producing cause, after taking into account any payments to be made under this Agreement. It is further the intent of the Parties that the Revenue Protection Amount shall include any Revenue Protection Amount as may be permitted by state law. Such payments shall be independent of, and in addition to such other payments as set forth in Article V and Article VI in this Agreement. Subject only to the limitations contained in this Agreement, including Section 7.1, **it is the intent of the Parties that the risk of any and all Lost M&O Revenue, for which this Agreement was the producing cause, will be borne solely by Applicant and not by District.**

The calculation of any Lost M&O Revenue required to be paid by the Applicant under this Article IV shall be made for the first time for the first complete Tax Year of the Tax Limitation Period as defined under Section 2.3 D, and every year thereafter during the term of this Agreement.

Within 60 days from the date Commercial Operations begin, the Applicant shall provide to the District, the Comptroller, and the Appraisal District a verified written report, giving a specific and detailed description of the land, tangible personal property, buildings, or permanent, nonremovable building components (including any affixed to or incorporated into real property) to which the value limitation applies including maps or surveys of sufficient detail and description to locate all such Qualified Property within the boundaries of the land which is subject to the Agreement, if such final description is different than the description provided in the Application or any supplemental application information, or if no substantial changes have been made, a verification of the fact that no substantial changes have been made.

The Parties further agree that the school finance report and projected revenue protection payment amounts produced during the negotiations and approval of this Agreement are:

- i. For illustrative purposes only, are not intended to be relied upon, and have not been relied upon by the Parties as a prediction of future consequences to either Party;
- ii. Are based upon current Applicable School Finance Law, which is subject to change by statute, by administrative regulation, or by judicial decision at any time; and,
- iii. May change in future years to reflect changes in the Applicable School Finance Law.

Section 4.2. CALCULATING THE LOST M&O REVENUE BY THE DISTRICT. Subject only to the provisions of Section 7.1 of this Agreement, the amount to be paid by the Applicant to compensate the District for Lost M&O Revenue for each year starting in the first year of the Tax Limitation Period and ending on the Final Termination Date shall be determined in compliance with the Applicable School Finance Law in effect for such year. The Revenue Protection Amount shall be calculated as provided under state law, including TEXAS GOVERNMENT CODE Section 403.303(d) or by the following methodology, whichever shall be the greater amount: The Lost M&O Revenue owed by the Applicant to District means the Original M&O Revenue *minus* the New M&O Revenue. In making the calculations required by this Section 4.2:

- i. The Taxable Value of property for each school year will be determined under the Applicable School Finance Law as that law exists for each year for which the calculation is made.
- ii. For purposes of this calculation, the tax collection rate on the Applicant's Qualified Property will be presumed to be one hundred percent (100%).
- iii. If, for any year of this Agreement, the difference between the Original M&O Revenue and the New M&O Revenue, as calculated under this Section 4.2 of this Agreement, results in a negative number, the negative number will be considered to be zero.

iv. For all calculations made for years during the Tax Limitation Period under Section 4.2 of this Agreement, Subsection *ii* of this subsection will reflect the Tax Limitation Amount for such year.

v. All calculations under this Section 4.2 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 on account of or otherwise arising out of any other factors not contained in this Agreement.

Section 4.3. CALCULATIONS TO BE MADE BY THIRD PARTY. All calculations under this Agreement shall be made annually by an independent third party (the "Third Party") selected each year by the District, with the consent of the Applicant, which consent shall not be unreasonably denied. In the event the Applicant and the District cannot agree upon a Third Party, the Parties will participate in mediation as provided in Section 9.3 of this Agreement. In addition to the amounts determined pursuant to Section 4.2 above, the Applicant, on an annual basis, shall also indemnify and reimburse the District for the following: Any other reasonable and necessary costs to the District, including costs under Subsection 8.6(C), below, which are or may be attributable to compliance with State-imposed costs of compliance with the terms of this Agreement.

Section 4.4. 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 Appraisal District in its annual certified appraisal roll submitted to the District for each Tax Year 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 4.3. The certified appraisal 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 Appraisal District to the District's certified appraisal roll or any other changes in student counts, tax collections, or other data.

Section 4.5. DELIVERY OF CALCULATIONS. On or before November 1 of each year for which this Agreement is effective, the Third Party shall forward to the Parties a certification containing the calculations required under Articles IV, V, VI, and/or Section 7.1 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, which fee shall be the sole responsibility of the District, but subject to the provisions of Section 4.6, below. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Third Party's calculations, 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 until the Final Termination Date of this Agreement. 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.

Section 4.6. PAYMENT BY APPLICANT. The Applicant shall pay any amount determined by the Third Party 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 reimburse the District for any amount billed by the Third Party, 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 other reimbursement applications filed with or sent to the State of Texas, for any audits conducted by the State Auditor's Office, 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 fees and expenses under this Section 4.6 that exceeds the necessary and reasonable costs incurred by the District for compliance with this Agreement. In any year in which such compliance is anticipated to exceed an aggregate amount of Fifteen Thousand Dollars (\$15,000) per year, the District shall provide the Applicant with prior written notice given by July 31 of the anticipated annual aggregate amount the District anticipates it will incur, and if the Applicant disagrees that such fees are necessary and reasonable, the Parties may resolve such dispute as provided in Section 4.7.

Section 4.7. RESOLUTION OF DISPUTES. Should the Applicant disagree with the Third Party calculations made pursuant to Article 4 of this Agreement, the Applicant may appeal the findings, in writing, to the Third Party within thirty (30) days of receipt of the calculation and being provided access to the books, records and other information for purposes of reviewing the information in connection with the calculation. Within thirty (30) days of receipt of the Applicant's appeal, the Third Party shall issue, in writing, a final determination of the calculations. Thereafter, the Applicant may appeal the final determination of the certification containing the calculations to the District's Board of Trustees. Any appeal by the Applicant of the final determination of the certified calculations 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 the calculations. Pursuant to Sections 4.3, 4.4 and 4.5 of this Agreement, 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 following the later of (i) receipt of the certification or, (ii) the date the Applicant is granted access to the books, records, and other information in accordance with Section 4.5 for purposes of auditing or reviewing the information in connection with the certification. Within ten (10) 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's Board of Trustees. Any such 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 Applicant's receipt of the Third Party's final determination of certification containing the calculations, and shall be without limitation of the Applicant's other rights and remedies available hereunder, at law or in equity.

Section 4.8. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT. If at the time the Third Party selected under Section 4.3 makes its calculations under this Agreement, the Applicant

has appealed any matter relating to the valuations placed by the Appraisal District on the Applicant's Qualified Property, and/or 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 and/or the Applicant's Qualified Property by the Appraisal District.

If as a result of an 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 4.9. CUMULATIVE PAYMENT LIMITATION. Notwithstanding any other provision in this Agreement, in no event shall the Cumulative Payments calculated for a Tax Year of this Agreement during the period from the Tax Year that includes the date on which the Tax Limitation Period commences under this Agreement as provided in Section 2.3.C.i, and ending with the last Tax Year following the Tax Limitation Period, exceed an amount equal to One Hundred Percent (100%) of the amount of 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. For each Tax Year of this Agreement, amounts otherwise due and owing by the Applicant to the District which, by virtue of the application of the payment limitation set forth in this Section 4.9, are not payable to the District for such Tax Year, shall be carried forward from year-to-year into subsequent Tax Years during the term of this Agreement, but shall be subject, in each subsequent Tax Year. Any of the Cumulative Payments which cannot be paid to the District prior to the end of the third Tax Year following the end of the Tax Limitation Period because such payment would exceed the Applicant's Cumulative Unadjusted Tax Benefit under this Agreement will be deemed to have been cancelled by operation of law, and the Applicant shall have no further obligation with respect thereto.

ARTICLE V

PAYMENT OF EXTRAORDINARY EDUCATION-RELATED EXPENSES

Section 5.1. PAYMENT OF EXTRAORDINARY EDUCATION-RELATED EXPENSES. In addition to the amounts determined pursuant to Articles IV and VI of this Agreement, Applicant on an annual basis shall also indemnify and reimburse District for all non-reimbursed costs, certified by the District's external auditor to have been incurred by the District for extraordinary education-related expenses directly and solely related to the project that are not directly funded in state aid formulas, including expenses for the purchase of portable classrooms and the hiring of additional personnel to accommodate a temporary increase in student enrollment caused directly by the project. Applicant shall have the right to contest the findings of the District's external auditor pursuant to Section 4.10 herein.

ARTICLE VI

SUPPLEMENTAL PAYMENTS

Section 6.1. INTENT OF PARTIES WITH RESPECT TO SUPPLEMENTAL PAYMENTS.

(a) Amounts Exclusive of Article IV and Article V Payments

In addition to undertaking the responsibility for the payment of all of the amounts set forth under Articles IV and V, 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 VI, (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 VI is separate and independent of the obligation of the Applicant to pay the amounts described in Articles IV and V; provided, however, that all payments under Articles IV and V are subject to the limitations contained in Section 7.1, and that all payments under this Article VI are subject to the separate limitations contained in Section 6.2.

(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 VI shall not exceed the limit imposed by the provisions of Texas Tax Code §313.027(i), as such limit is allowed to be increased by the Legislature for any future year of this Agreement.

Section 6.2. SUPPLEMENTAL PAYMENT LIMITATION. Notwithstanding the foregoing:

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

B. Supplemental Payments may only be made during the period starting January 1, 2019, and ending December 31 of the third year following the end of the Tax Limitation Period:

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

D. For purposes of this Agreement, the calculation of the limit of the annual Supplemental Payment shall be the greater of \$50,000 or \$100 multiplied by the District's Average Daily Attendance as calculated pursuant to Section 42.005 of the TEXAS EDUCATION CODE, based upon the District's Average Daily Attendance for the previous school year.

E. The Parties further agree that Supplemental Payments shall first be due and owing for the first year of the Qualifying Time Period as defined herein at Section 2.3.C and for each year thereafter, ending with the third year after the Tax Limitation Period as defined herein at Section 2.3.D.

Section 6.3. CALCULATION OF ANNUAL SUPPLEMENTAL PAYMENTS TO THE DISTRICT AND APPLICATION OF AGGREGATE LIMIT.

If, for any Tax Year during the Tax Limitation Period of this Agreement the amount of the Applicant's Supplemental Payment Amount, calculated under Section 6.2 above for such Tax Year, exceeds the Aggregate Limit for such Tax Year, the difference between the Applicant's 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. If there are changes in Chapter 313 of the Texas Tax Code that increase or decrease the limit on the amount of the Supplemental Payments that may be made to or on behalf of the District by the Applicant under this Article IV, any higher or lower amount of Supplemental Payments that first became due hereunder prior to the effective date of any such statutory change will not be adjusted.

Section 6.4. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS. All calculations required by this Article VI, 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 4.3.

- (a) 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 4.5.
- (b) The payment of all amounts due under this Article VI shall be made at the time set forth in Section 4.6.
- (c) Any appeal by the Applicant of the calculations made by the Third Party under this Article VI shall be done in the same manner as set forth in Section 4.7, above.

ARTICLE VII
ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

Section 7.1. ANNUAL LIMITATION. Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year of the Tax Limitation Period beginning after the first Tax Year of the Tax Limitation Period, in no event shall (i) the sum of the maintenance and operations ad valorem taxes paid by the Applicant to the District for such Tax Year, plus the sum of

all payments otherwise due from the Applicant to the District under Articles IV, V, and VI of this Agreement with respect to such Tax Year, exceed (ii) the amount of the maintenance and operations ad valorem taxes that the Applicant would have paid to the District for such Tax Year (determined by using the District's actual maintenance and operations tax rate for such Tax Year) if the Parties had not entered into this Agreement. The calculation and comparison of the amounts described in clauses (i) and (ii) of the preceding sentence shall be included in all calculations made pursuant to Article IV of this Agreement, and in the event the sum of the amounts described in said clause (i) exceeds the amount described in said clause (ii), then the payments otherwise due from the Applicant to the District under Articles IV, V, and VI shall be reduced until such excess is eliminated.

Section 7.2. OPTION TO TERMINATE AGREEMENT. In the event that any payment otherwise due from the Applicant to the District under Article IV, Article V, or Article VI of this Agreement with respect to a Tax Year is subject to reduction in accordance with the provisions of Section 7.1, then the Applicant shall have the option to terminate this Agreement. The Applicant may exercise such option to terminate this Agreement by notifying the District of its election in writing not later than the July 31 of the year following the Tax Year with respect to which a reduction under Section 7.1 is applicable. Any termination of this Agreement under the foregoing provisions of this Section 7.2 shall be effective immediately prior to the second Tax Year next following the Tax Year in which the reduction giving rise to the option occurred.

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

- A. the Parties respective rights and obligations under this Agreement with respect to the Tax Year or Tax Years (as the case may be) through and including the Tax Year during which such notification is delivered to the District, shall not be impaired or modified as a result of such termination and shall survive such termination unless and until satisfied and discharged; and
- B. the provisions of this Agreement regarding payments (including liquidated damages and tax payments), records and dispute resolution shall survive the termination or expiration of this Agreement.

ARTICLE VIII

ADDITIONAL OBLIGATIONS OF APPLICANT

Section 8.1. APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE. In order to receive and maintain the limitation authorized by Section 2.4 in addition to the other obligations required by this Agreement, the Applicant shall Maintain Viable Presence in the District commencing at the start of the Tax Limitation Period through the Final Termination Date of this Agreement. Notwithstanding anything contained in this Agreement to the contrary, the Applicant shall not be in breach of, and shall not be subject to any liability for failure to Maintain Viable Presence to the extent such failure is caused by Force Majeure, provided the Applicant makes commercially reasonable efforts to remedy the cause of such Force Majeure.

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

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

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

Section 8.5. SITE VISITS AND RECORD REVIEW. The Applicant shall allow authorized employees of the District, the Comptroller, the Appraisal District, and the State Auditor's Office to have reasonable access to the Applicant's Qualified Property and business records from the Application Review Start Date through the Final Termination Date, in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of the Applicant's Qualified Property.

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

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

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

A. The District and the Applicant shall maintain and retain supporting documents adequate to ensure that claims for the Tax Limitation Amount are in accordance with applicable Comptroller and State of Texas requirements. The Applicant and the District shall maintain all such documents

and other records relating to this Agreement and the State's property for a period of four (4) years after the latest occurring date of:

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

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

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

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

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

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

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

C. acknowledges that if the Applicant submitted its Application with a false statement, signs this Agreement with a false statement, or submits a report with a false statement, or it is subsequently determined that the Applicant has violated any of the representations, warranties, guarantees, certifications, or affirmations included in the Application or this Agreement, the

Applicant shall have materially breached this Agreement and the Agreement shall be invalid and void except for the enforcement of the provisions required by Section 9.2 of this Agreement.

ARTICLE IX
MATERIAL BREACH OR EARLY TERMINATION

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

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

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

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

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

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

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

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

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

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

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

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

L. The Applicant failed to allow authorized employees of the District, the Comptroller, the Appraisal District, or the State Auditor's Office to have access to the Applicant's Qualified Property or business records in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of the Applicant's Qualified Property under Sections 8.5 and 8.6;

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

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

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

Section 9.2. DETERMINATION OF BREACH AND TERMINATION OF AGREEMENT.

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

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

- i. whether or not a breach of this Agreement has occurred;
- ii. whether or not such breach is a Material Breach;
- iii. the date such breach occurred, if any;
- iv. whether or not any such breach has been cured; and

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

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

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

Section 9.3. DISPUTE RESOLUTION.

A. After receipt of notice of the Board of Trustees' Determination of Breach and Notice of Contract Termination under Section 9.2, 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 initiates mediation, such dispute through mediation with a mutually agreeable mediator and at a mutually convenient time and place for the mediation. If the Parties are unable to agree on a

mediator, a mediator shall be selected by the senior state district court judge then presiding in Hardeman County, Texas. The Parties agree to sign a document that provides the mediator and the mediation will be governed by the provisions of Chapter 154 of the TEXAS CIVIL PRACTICE AND REMEDIES CODE and such other rules as the mediator shall prescribe. With respect to such mediation, (i) the District shall bear one-half of such mediator's fees and expenses and the Applicant shall bear one-half of such mediator's fees and expenses, and (ii) otherwise each Party shall bear all of its costs and expenses (including attorneys' fees) incurred in connection with such mediation.

B. In the event that any mediation is not successful in resolving the dispute or that payment is not received within the time period described for mediation in Section 9.3.A, either the District or the Applicant may seek a judicial declaration of their respective rights and duties under this Agreement or otherwise, in a judicial proceeding in a state district court in Hardeman County, assert any rights or defenses, or seek any remedy in law or in equity, against the other Party with respect to any claim relating to any breach, default, or nonperformance of any contract, agreement or undertaking made by a Party pursuant to this Agreement.

C. If payments become due under this Agreement and are not received before the expiration of the ninety (90) days provided for such payment in Section 9.3.A, and if the Applicant has not contested such payment calculations under the procedures set forth herein, including judicial proceedings, the District shall have the remedies for the collection of the amounts determined under Section 9.4 as are set forth in Chapter 33, Subchapters B and C, of the TEXAS TAX CODE for the collection of delinquent taxes. In the event that the District successfully prosecutes legal proceedings under this section, the Applicant shall also be responsible for the payment of attorney's fees to the attorneys representing the District pursuant to Section 6.30 of the TEXAS TAX CODE and a tax lien shall attach to the Applicant's Qualified Property and the Applicant's Qualified Investment pursuant to Section 33.07 of the TEXAS TAX CODE to secure payment of such fees.

Section 9.4. CONSEQUENCES OF EARLY TERMINATION OR OTHER BREACH BY APPLICANT.

A. In the event that the Applicant terminates this Agreement without the consent of the District, except as provided in Section 7.2 of this Agreement, the Applicant shall pay to the District liquidated damages for such failure within thirty (30) days after receipt of the notice of breach.

B. In the event that the District determines that the Applicant has failed to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the Applicant shall pay to the District liquidated damages, as calculated by Section 9.4.C, prior to, and the District may terminate the Agreement effective on the later of: (i) the expiration of the ninety (90) days provided for in Section 9.3.A, and (ii) thirty (30) days after any mediation and judicial proceedings initiated pursuant to Sections 9.3.A and 9.3.B are resolved in favor of the District.

C. The sum of liquidated damages due and payable shall be the sum total of the District ad valorem taxes for all of the Tax Years for which a tax limitation was granted pursuant to this Agreement prior to the year in which the default occurs that otherwise would have been due and payable by the Applicant to the District without the benefit of this Agreement, including penalty and interest, as calculated in accordance with Section 9.4.E. For purposes of this liquidated damages calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Articles IV, V, and VI. Upon payment of such liquidated damages, the Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy.

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

E. In determining the amount of penalty or interest, or both, due in the event of a breach of this Agreement, the District shall first determine the base amount of recaptured taxes less all credits under Section 9.4.C owed for each Tax Year during the Tax Limitation Period. The District shall calculate penalty or interest for each Tax Year during the Tax Limitation Period in accordance with the methodology set forth in Chapter 33 of the TEXAS TAX CODE, as if the base amount calculated for such Tax Year less all credits under Section 9.4.C had become due and payable on February 1 of the calendar year following such Tax Year. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Section 33.01(a) of the TEXAS TAX CODE, or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Section 33.01(c) of the TEXAS TAX CODE, or its successor statute.

Section 9.5. LIMITATION OF OTHER DAMAGES. Notwithstanding anything contained in this Agreement to the contrary, in the event of default or breach of this Agreement by the Applicant, the District's damages for such a default shall under no circumstances exceed the amounts calculated under Section 9.4. In addition, the District's sole right of equitable relief under this Agreement shall be its right to terminate this Agreement. The Parties further agree that the limitation of damages and remedies set forth in this Section 9.5 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

Section 9.6. STATUTORY PENALTY FOR INADEQUATE QUALIFIED INVESTMENT. Pursuant to Section 313.0275 of the TEXAS TAX CODE, in the event that the Applicant fails to make \$10,000,000 of Qualified Investment, in whole or in part, during the Qualifying Time Period, the Applicant is liable to the State for a penalty. The amount of the penalty is the amount determined by: (i) multiplying the maintenance and operations tax rate of the school district for that tax year that the penalty is due by (ii) the amount obtained after subtracting (a) the Tax Limitation Amount identified in Section 2.4.B from (b) the Market Value of the property identified on the Appraisal District's records for the Tax Year the penalty is due. This penalty shall be paid on or before February 1 of the year following the expiration of the Qualifying Time Period and is subject to the delinquent penalty provisions of Section 33.01 of the TEXAS TAX CODE. The Comptroller may grant a waiver of this penalty in the event of Force Majeure which prevents compliance with this provision.

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

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

B. Following the notice and mediation periods provided by Sections 9.2 and 9.3, the District may request the Applicant to make a payment to the State in an amount equal to: (i) multiplying the maintenance and operations tax rate of the school district for that Tax Year that the Material Breach occurs by (ii) the amount obtained after subtracting (a) the Tax Limitation Amount identified in

Section 2.4.B from (b) the market value of the property identified on the Appraisal District's records for each tax year the Material Breach occurs.

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

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

**ARTICLE X.
MISCELLANEOUS PROVISIONS**

Section 10.1. INFORMATION AND NOTICES.

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

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

To the District

With Copy to

<p>Name: Quanah ISD</p> <p>Attn: Superintendent of Schools</p> <p>Address: Post Office Box 150</p> <p>City/Zip: Quanah, TX 79252</p> <p>Phone : (940) 663-2281</p> <p>Fax : (940) 663-2875</p> <p>Email: Jerry.Baird@quisd.net</p>	<p>Sara Leon & Associations, LLC</p> <p>Sara Hardner Leon</p> <p>(512) 637-4244</p> <p>(512) 637-4245</p> <p>sleon@saraleonlaw.com</p>
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C. Notices to the Applicant shall be addressed to its Authorized Representative as follows:

To the Applicant

Name: NextEra Energy

Attn: Casey Tomasiak
Manager, Property Tax

Address: 700 Universe Blvd. PSX/JB
City/Zip: Juno Beach, FL 33408
Phone : (561) 694-6473
Fax :
Email: Casey.tomasiak@nee.com

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

Section 10.2. AMENDMENTS TO APPLICATION AND AGREEMENT; WAIVERS.

A. This Agreement may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties and after completing the requirements of Section 10.2.B. Waiver of any term, condition, or provision of this Agreement by any Party shall only be effective if in writing and shall not be construed as a waiver of any subsequent breach of, or failure to comply with, the same term, condition, or provision, or a waiver of any other term, condition, or provision of this Agreement.

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

i. The Applicant shall submit to the District and the Comptroller:

a. a written request to amend the Application and this Agreement, which shall specify the changes the Applicant requests;

b. any changes to the information that was provided in the Application that was approved by the District and considered by the Comptroller;

c. and any additional information requested by the District or the Comptroller necessary to evaluate the amendment or modification;

ii. The Comptroller shall review the request and any additional information for compliance with the Act and the Comptroller's Rules and provide a revised Comptroller certificate for a limitation within 90 days of receiving the revised Application and, if the request to amend the Application has not been approved by the Comptroller by the end of the 90-day period, the request is denied; and

iii. If the Comptroller has not denied the request, the District's Board of Trustees shall approve or disapprove the request before the expiration of 150 days after the request is filed.

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

i. require that all property added by amendment be eligible property as defined by Section 313.024 of the TEXAS TAX CODE;

ii. clearly identify the property, investment, and employment information added by amendment from the property, investment, and employment information in the original Agreement; and

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

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

Section 10.3. ASSIGNMENT.

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

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

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

Section 10.4. MERGER. This Agreement contains all of the terms and conditions of the understanding of the Parties relating to the subject matter hereof. All prior negotiations, discussions, correspondence, and preliminary understandings between the Parties and others relating hereto are superseded by this Agreement.

Section 10.5. GOVERNING LAW. This Agreement and the transactions contemplated hereby shall be governed by and interpreted in accordance with the laws of the State of Texas without giving effect to principles thereof relating to conflicts of law or rules that would direct the application of the laws of another jurisdiction. Venue in any legal proceeding shall be in a state district court in Hardeman County.

Section 10.6. AUTHORITY TO EXECUTE AGREEMENT. Each of the Parties represents and warrants that its undersigned representative has been expressly authorized to execute this Agreement for and on behalf of such Party.

Section 10.7. SEVERABILITY. If any term, provision or condition of this Agreement, or any application thereof, is held invalid, illegal, or unenforceable in any respect under any Law (as hereinafter defined), this Agreement shall be reformed to the extent necessary to conform, in each case consistent with the intention of the Parties, to such Law, and to the extent such term, provision, or condition cannot be so reformed, then such term, provision, or condition (or such invalid, illegal or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this Agreement, as the case may be, and the validity, legality, and enforceability of the remaining terms, provisions, and conditions contained herein (and any other application such term, provision, or condition) shall not in any way be affected or impaired thereby. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement in an acceptable manner so as to effect the original intent of the Parties as closely as possible so that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 10.7, the term "Law" shall mean any applicable statute, law (including common law), ordinance, regulation, rule, ruling, order, writ,

injunction, decree, or other official act of or by any federal, state or local government, governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, or judicial or administrative body having jurisdiction over the matter or matters in question.

Section 10.8. PAYMENT OF EXPENSES. Except as otherwise expressly provided in this Agreement, or as covered by the application fee, each of the Parties shall pay its own costs and expenses relating to this Agreement, including, but not limited to, its costs and expenses of the negotiations leading up to this Agreement, and of its performance and compliance with this Agreement.

Section 10.9. INTERPRETATION.

A. When a reference is made in this Agreement to a Section, Article, or Exhibit, such reference shall be to a Section or Article of, or Exhibit to, this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

B. The words "include," "includes," and "including" when used in this Agreement shall be deemed in such case to be followed by the phrase, "but not limited to". Words used in this Agreement, regardless of the number or gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context shall require.

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

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

Section 10.10. EXECUTION OF COUNTERPARTS. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute but one and the same instrument, which may be sufficiently evidenced by one counterpart.

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

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

B. The District shall provide on its website a link to the location of those documents posted on the Comptroller's website;

C. This Section does not require the publication of information that is confidential under Section 313.028 of the TEXAS TAX CODE.

Section 10.12. CONTROL; OWNERSHIP; LEGAL PROCEEDINGS. The Applicant shall immediately notify the District in writing of any actual or anticipated change in the control or ownership of the

Applicant and of any legal or administrative investigations or proceedings initiated against the Applicant related to the project regardless of the jurisdiction from which such proceedings originate.

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

Section 10.14. CONFLICT OF INTEREST.

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

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

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

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

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

Section 10.16. FACSIMILE OR ELECTRONIC DELIVERY.

A. This Agreement may be duly executed and delivered in person, by mail, or by facsimile or other electronic format (including portable document format (pdf) transmitted by e-mail). The executing Party must promptly deliver a complete, executed original or counterpart of this

Agreement to the other executing Parties. This Agreement shall be binding on and enforceable against the executing Party whether or not it delivers such original or counterpart.

B. Delivery is deemed complete as follows:

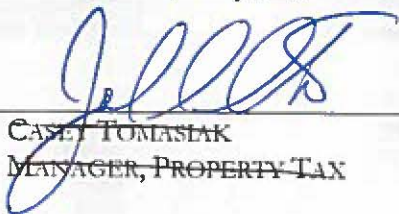
- i. When delivered if delivered personally or sent by express courier service;
- ii. Three (3) business days after the date of mailing if sent by registered or certified U.S. mail, postage prepaid, with return receipt requested;
- iii. When transmitted if sent by facsimile, provided a confirmation of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

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 26th day of August, 2019.

BLUE SUMMIT III WIND, LLC

QUANAH INDEPENDENT SCHOOL DISTRICT

By:


CASEY TOMASIAK
MANAGER, PROPERTY TAX

By:


STEVEN SPARKMAN
PRESIDENT, BOARD OF TRUSTEES

John Di Donato
Vice President

ATTEST:


SETH MANNEY
SECRETARY, BOARD OF TRUSTEES

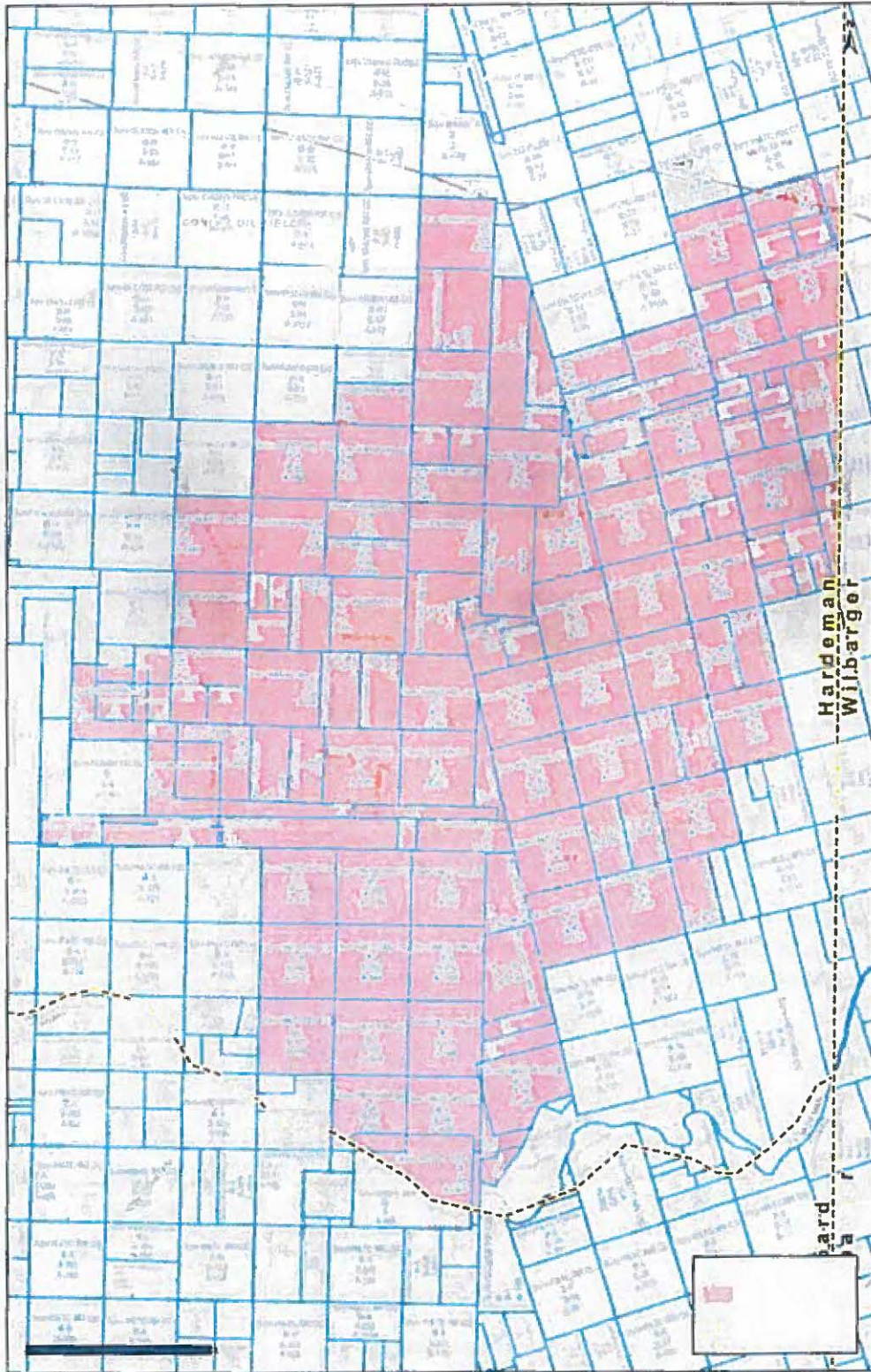
EXHIBIT 1

DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE

ABSTRACT	SURVEY	BLOCK	SECTION	ABSTRACT	SURVEY	BLOCK	SECTION	ABSTRACT	SURVEY	BLOCK	SECTION
34	H&TC RR CO	10	29	1365	W&NW RR CO	H	44	698	RICE, J J		21
1475	H&TC RR CO	10	40	532	EL&RR RR CO	1	1	1507	H&TC RR CO	16	74
1833	H&TC RR CO	10	40	636	EL&RR RR CO		1	123	H&TC RR CO	16	101
1797	H&TC RR CO	10	40	1885	H&TC RR CO	16	70	1788	PULLIAM, W H	A	5
74	H&TC RR CO	10	28	1168	WALKER, MRS R			1209	TT RR CO		4
47	H&TC RR CO	10	41	1290	WALKER, MRS R			1481	TT RR CO		4
1817	H&TC RR CO	10	42	261	H&TC RR CO	16	57	629	TT RR CO		
11	EDWARDS, W C			1281	W&NW RR CO	H	44	851	TT RR CO		2
257	H&TC RR CO	16	55	1137	H&TC RR CO	16	71	850	H&TC RR CO	16	100
1864	H&TC RR CO	16	56	942	H&TC RR CO	16	106	580	EL&RR RR CO		3
1853	H&TC RR CO	16	56	1682	H&TC RR CO	16	68	630	TT RR CO		3
1708	H&TC RR CO	16	56	1527	W&NW RR CO	H	62	1804	H&TC RR CO	16	98
1621	H&TC RR CO		54	514	W&NW RR CO	H	61	1544	H&TC RR CO	16	98
1832	H&TC RR CO	16	54	1058	H&TC RR CO	16	68	1776	BAKER, J F		4
989	H&TC RR CO	16	68	1721	W&NW RR CO	H	54	124	H&TC RR CO	16	99
1136	H&TC RR CO	16	53	506	W&NW RR CO	H	45	1198	RICE, J J		22
1440	H&TC RR CO	16	58	534	WEST, B L			1787	GC&SF RR CO		2
1803	H&TC RR CO	16	58	259	H&TC RR CO	16	67	1473	EL&RR RR CO		2
1403	H&TC RR CO	16	58	1485	W&NW RR CO	H	54	562	EL&RR RR CO		1
1714	H&TC RR CO	16	58	962	H&TC RR CO	16	72	1468	H&TC RR CO	16	76
1897	H&TC RR CO	16	58	121	H&TC RR CO	16	105	1122	GC&SF RR CO		1
1402	H&TC RR CO	16	58	1531	W&NW RR CO	H	46	148	H&TC RR CO	A	321
1479	H&TC RR CO	16	56	509	W&NW RR CO	H	51	1474	H&TC RR CO	A	284
1131	H&TC RR CO	16	75	1904	W&NW RR CO	H	52	167	H&TC RR CO	A	283
46	H&TC RR CO	10	43	1367	W&NW RR CO	H	52	1625	WHITE, W W		2
504	W&NW RR CO	H	41	811	W&NW RR CO	H	52	125	H&TC RR CO	16	97
918	W&NW RR CO	H	42	510	W&NW RR CO	H	53	126	H&TC RR CO	16	95
750	H&TC RR CO	10	42	1806	H&TC RR CO	16	104	1671	H&TC RR CO	16	96
1278	EL&RR RR CO		2	924	H&TC RR CO	16	104	1521	H&TC RR CO	A	320
701	SMITH, W		6	954	H&TC RR CO	16	66	166	H&TC RR CO	A	285
1443	H&TC RR CO	10	42	1238	W&NW RR CO	H	52	1408	H&TC RR CO	A	282
1842	H&TC RR CO	10	56	1547	H&TC RR CO	16	104	149	H&TC RR CO	A	319
505	W&NW RR CO	H	43	1130	H&TC RR CO	16	73	1522	H&TC RR CO	A	286
1188	EL&RR RR CO		2	1000	H&TC RR CO	16	102	1530	H&TC RR CO	16	92
40	H&TC RR CO	10	55	1532	W&NW RR CO	H	50	1735	H&TC RR CO	16	92
821	H&TC RR CO	10	56	508	W&NW RR CO	H	49	168	H&TC RR CO	A	281
843	DONNELL, W R		56	1525	W&NW RR CO	H	48	1520	H&TC RR CO	A	280
1082	H&TC RR CO	16	56	1077	W&NW RR CO	H	48	128	H&TC RR CO	16	91
258	H&TC RR CO	16	69	507	W&NW RR CO	H	47	1780	H&TC RR CO	16	92
1813	H&TC RR CO	16	56	122	H&TC RR CO	16	103	165	H&TC RR CO	A	287
1794	TAYLOR, J P		7	1422	TT RR CO		4	267	LEWIS, M B		
1634	H&TC RR CO	16	56	571	EL&RR RR CO		7	1444	H&TC RR CO	16	92
802	H&TC RR CO	16	70	1620	TT RR CO		4	1865	H&TC RR CO	A	279
944	W&NW RR CO	H	60	1653	W&NW RR CO	H	50	707	WHITE, W W		1
511	W&NW RR CO	H	55	260	H&TC RR CO	16	65				
835	W&NW RR CO		44	1892	W&NW RR CO	H	50				
				1895	H&TC RR CO	16	74				

Agreement for Limitation on Appraised Value
Between Quanah ISD and Blue Summit III Wind, LLC, #1245
August __, 2019
Exhibit I

Texas Economic Development Act Agreement
Comptroller Form 50-826 (May 2015)



Agreement for Limitation on Appraised Value
Between Quanah ISD and Blue Summit III Wind, LLC, #1245
August 26, 2019
Exhibit I

EXHIBIT 2

DESCRIPTION AND LOCATION OF LAND

Not Applicable.

EXHIBIT 3

APPLICANT'S QUALIFIED INVESTMENT

Blue Summit III Wind, LLC plans to construct a 55 MW wind farm in Hardeman County.

This application covers all qualified property within Quanah ISD necessary for the commercial operations of the proposed wind farm. Fifty-five megawatts (55 MW) will be located in Quanah ISD. Turbine placement is subject to change but for purposes of this application, the Project anticipates using 22 of the 2.50 MW turbines manufactured by GE.

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

Qualified Investment and qualified property includes, but is not limited to, turbines, towers, foundations, transformers, pad mounts, underground collection systems, transmission lines, electrical interconnections, met towers, roads, and control systems necessary for commercial generation of electricity.

*NOTE: The map in BELOW shows the potential locations of 22 of the wind turbines within Quanah ISD boundaries; however, the final number of turbines and the location of each of these facilities is dependent upon ongoing negotiations with power purchasers and other factors.

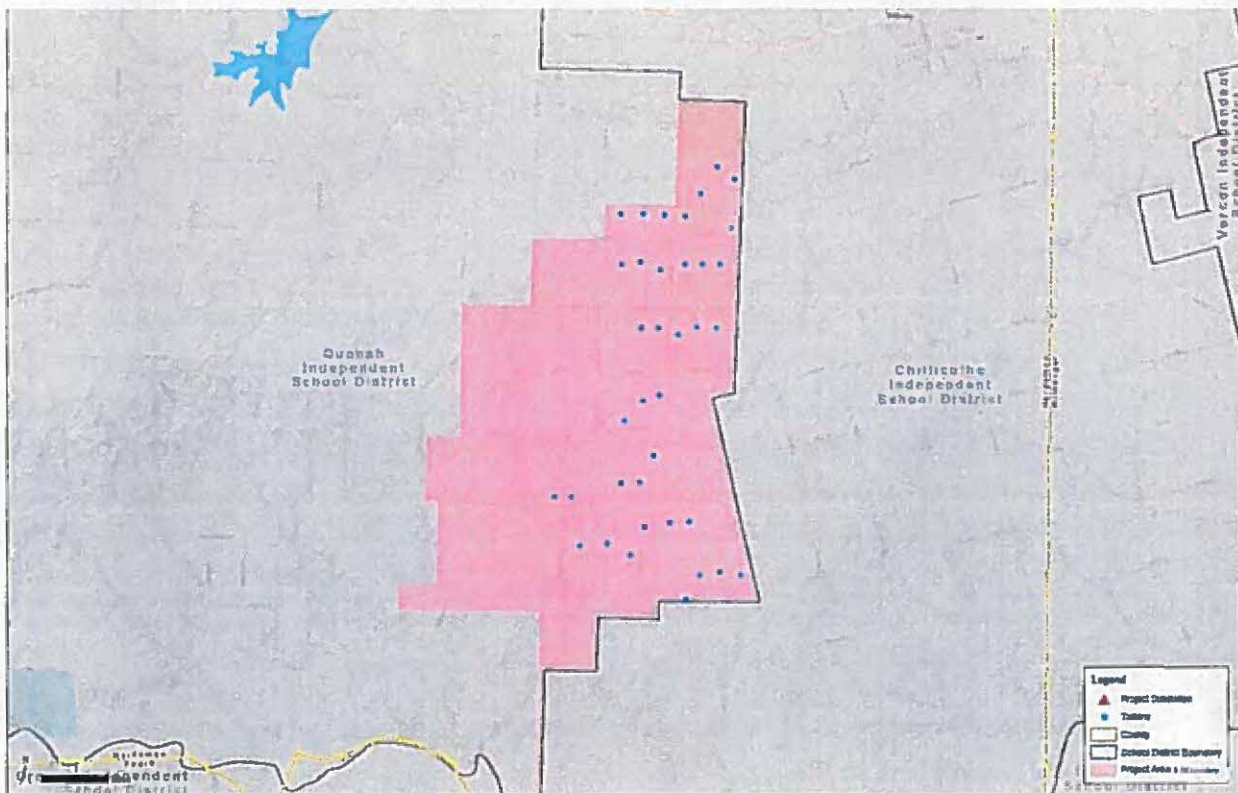


EXHIBIT 4

DESCRIPTION AND LOCATION OF QUALIFIED PROPERTY

Blue Summit III Wind, LLC plans to construct a 55 MW wind farm in Hardeman County.

This application covers all qualified property within Quanah ISD necessary for the commercial operations of the proposed wind farm. Fifty-five megawatts (55 MW) will be located in Quanah ISD. Turbine placement is subject to change but for purposes of this application, the Project anticipates using 22 of the 2.50 MW turbines manufactured by GE.

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