GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

January 12, 2018

Dr. Bobby Azam
Superintendent
Andrews Independent School District
405 NW 3rd Street
Andrews, Texas 79714

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Andrews Independent School District and Prospero Energy Project, LLC, Application 1218

Dear Superintendent Azam:

On November 17, 2017, the Comptroller issued written notice that Prospero Energy Project, LLC (applicant) submitted a completed application (Application 1218) for a limitation on appraised value under the provisions of Tax Code Chapter 313.[1] This application was originally submitted on September 12, 2017, to the Andrews 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 1218.

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 by December 31, 2018.

Note that any building or improvement existing as of the application review start date of November 17, 2017, 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,

Mike Reissig
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller's economic impact analysis of Prospero Energy Project, LLC (project) applying to Andrews 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 Prospero Energy Project LLC.

Applicant	Prospero Energy Project LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Andrews ISD
2016-2017 Average Daily Attendance	3,758
County	Andrews
Proposed Total Investment in District	$288,866,746
Proposed Qualified Investment	$249,330,000
Limitation Amount	$30,000,000
Qualifying Time Period (Full Years)	2019-2020
Number of new qualifying jobs committed to by applicant	1*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	$1,144
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)	$1,144
Minimum annual wage committed to by applicant for qualified jobs	$59,500
Minimum weekly wage required for non-qualifying jobs	$1,100
Minimum annual wage required for non-qualifying jobs	$57,201
Investment per Qualifying Job	$288,866,746
Estimated M&O levy without any limit (15 years)	$18,890,199
Estimated M&O levy with Limitation (15 years)	$6,233,348
Estimated gross M&O tax benefit (15 years)	$12,656,851

** 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 Prospero Energy Project, LLC (modeled).

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2018	100	93	193	$5,000,000	$7,085,000	$12,085,000
2019	350	326	675.781	$17,500,000	$27,788,000	$45,288,000
2020	1	20	21	$59,500	$5,799,500	$5,859,000
2021	1	5	6	$59,500	$3,846,500	$3,906,000
2022	1	(7)	-6	$59,500	$2,137,500	$2,197,000
2023	1	(9)	-8	$59,500	$1,039,500	$1,099,000
2024	1	(13)	-12	$59,500	$428,500	$488,000
2025	1	(7)	-6	$59,500	-$59,500	$0
2026	1	(13)	-12	$59,500	-$425,500	-$366,000
2027	1	(9)	-8	$59,500	-$547,500	-$488,000
2028	1	(7)	-6	$59,500	-$547,500	-$488,000
2029	1	(7)	-6	$59,500	-$547,500	-$488,000
2030	1	(5)	-4	$59,500	-$303,500	-$244,000
2031	1	(3)	-2	$59,500	-$303,500	-$244,000
2032	1	(1)	0	$59,500	-$303,500	-$244,000
2033	1	(1)	0	$59,500	-$303,500	-$244,000
2034	1	(3)	-2	$59,500	-$303,500	-$244,000

Source: CPA REMI, Prospero Energy Project, 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		Andrews ISD I&S Tax Levy	Andrews ISD M&O Tax Levy	Andrews ISD M&O and I&S Tax Levies	Andrews County Tax Levy	Andrews County Hospital District Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.1400	1.0600		0.5655	0.5417	
2019	$30,000,000	$30,000,000		$42,000	$318,000	$360,000	$169,650	$162,516	$692,166
2020	$215,700,000	$215,700,000		$301,980	$2,286,420	$2,588,400	$1,219,784	$1,168,490	$4,976,674
2021	$249,330,000	$249,330,000		$349,062	$2,642,898	$2,991,960	$1,409,961	$1,350,670	$5,752,592
2022	$211,980,500	$211,980,500		$296,773	$2,246,993	$2,543,766	$1,198,750	$1,148,341	$4,890,856
2023	$180,230,925	$180,230,925		$252,323	$1,910,448	$2,162,771	$1,019,206	$976,347	$4,158,324
2024	$153,241,411	$153,241,411		$214,538	$1,624,359	$1,838,897	$866,580	$830,139	$3,535,616
2025	$130,298,068	$130,298,068		$182,417	$1,381,160	$1,563,577	$736,836	$705,851	$3,006,263
2026	$110,794,083	$110,794,083		$155,112	$1,174,417	$1,329,529	$626,541	$600,194	$2,556,263
2027	$94,213,660	$94,213,660		$131,899	$998,665	$1,130,564	$532,778	$510,374	$2,173,716
2028	$80,118,366	$80,118,366		$112,166	$849,255	$961,420	$453,069	$434,017	$1,848,507
2029	$68,135,528	$68,135,528		$95,390	$722,237	$817,626	$385,306	$369,104	$1,572,037
2030	$57,932,613	$57,932,613		$81,106	$614,086	$695,191	$327,609	$313,833	$1,336,633
2031	$50,050,400	$50,050,400		$70,071	$530,534	$600,605	$283,035	$271,133	$1,154,773
2032	$50,036,180	$50,036,180		$70,051	$530,384	$600,434	$282,955	$271,056	$1,154,445
2033	$50,022,671	$50,022,671		$70,032	$530,240	$600,272	$282,878	$270,983	$1,154,133
2034	$50,009,837	$50,009,837		$70,014	$530,104	$600,118	$282,806	$270,913	$1,153,837
			Total	$2,494,932	$18,890,199	$21,385,131	$10,077,743	$9,653,961	$41,116,835

Source: CPA, Prospero Energy Project, LLC
*Tax Rate per $100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Andrews 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 and Andrews County Hospital District.

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		Andrews ISD I&S Tax Levy	Andrews ISD M&O Tax Levy	Andrews ISD M&O and I&S Tax Levies	Andrews County Tax Levy	Andrews County Hospital District Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.1400	1.0600		0.5655	0.5417	
2019	$30,000,000	$30,000,000		$42,000	$318,000	$360,000	$169,650	$162,516	$692,166
2020	$215,700,000	$30,000,000		$301,980	$318,000	$619,980	$243,957	$233,698	$1,097,635
2021	$249,330,000	$30,000,000		$349,062	$318,000	$667,062	$281,992	$270,134	$1,219,188
2022	$211,980,500	$30,000,000		$296,773	$318,000	$614,773	$239,750	$229,668	$1,084,191
2023	$180,230,925	$30,000,000		$252,323	$318,000	$570,323	$203,841	$195,269	$969,434
2024	$153,241,411	$30,000,000		$214,538	$318,000	$532,538	$173,316	$166,028	$871,882
2025	$130,298,068	$30,000,000		$182,417	$318,000	$500,417	$147,367	$141,170	$788,955
2026	$110,794,083	$30,000,000		$155,112	$318,000	$473,112	$125,308	$120,039	$718,459
2027	$94,213,660	$30,000,000		$131,899	$318,000	$449,899	$106,556	$102,075	$658,530
2028	$80,118,366	$30,000,000		$112,166	$318,000	$430,166	$90,614	$86,803	$607,583
2029	$68,135,528	$30,000,000		$95,390	$318,000	$413,390	$77,061	$73,821	$564,272
2030	$57,932,613	$57,932,613		$81,106	$614,086	$695,191	$327,609	$313,833	$1,336,633
2031	$50,050,400	$50,050,400		$70,071	$530,534	$600,605	$283,035	$271,133	$1,154,773
2032	$50,036,180	$50,036,180		$70,051	$530,384	$600,434	$282,955	$271,056	$1,154,445
2033	$50,022,671	$50,022,671		$70,032	$530,240	$600,272	$282,878	$270,983	$1,154,133
2034	$50,009,837	$50,009,837		$70,014	$530,104	$600,118	$282,806	$270,913	$1,153,837
			Total	$2,494,932	$6,233,348	$8,728,280	$3,318,694	$3,179,139	$15,226,114
			Diff	$0	$12,656,851	$12,656,851	$6,759,048	$6,474,822	$25,890,721

Assumes School Value Limitation and Tax Abatements with the County.

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

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2017	$0	$0	$0	$0
	2018	$0	$0	$0	$0
	2019	$318,000	$318,000	$0	$0
Limitation Period (10 Years)	2020	$318,000	$636,000	$1,968,420	$1,968,420
	2021	$318,000	$954,000	$2,324,898	$4,293,318
	2022	$318,000	$1,272,000	$1,928,993	$6,222,311
	2023	$318,000	$1,590,000	$1,592,448	$7,814,759
	2024	$318,000	$1,908,000	$1,306,359	$9,121,118
	2025	$318,000	$2,226,000	$1,063,160	$10,184,278
	2026	$318,000	$2,544,000	$856,417	$11,040,695
	2027	$318,000	$2,862,000	$680,665	$11,721,360
	2028	$318,000	$3,180,000	$531,255	$12,252,614
	2029	$318,000	$3,498,000	$404,237	$12,656,851
Maintain Viable Presence (5 Years)	2030	$614,086	$4,112,086	$0	$12,656,851
	2031	$530,534	$4,642,620	$0	$12,656,851
	2032	$530,384	$5,173,003	$0	$12,656,851
	2033	$530,240	$5,703,244	$0	$12,656,851
	2034	$530,104	$6,233,348	$0	$12,656,851
Additional Years as Required by 313.026(c)(1) (10 Years)	2035	$529,975	$6,763,323	$0	$12,656,851
	2036	$529,852	$7,293,175	$0	$12,656,851
	2037	$529,736	$7,822,911	$0	$12,656,851
	2038	$529,625	$8,352,536	$0	$12,656,851
	2039	$529,520	$8,882,055	$0	$12,656,851
	2040	$529,420	$9,411,475	$0	$12,656,851
	2041	$529,325	$9,940,800	$0	$12,656,851
	2042	$529,234	$10,470,034	$0	$12,656,851
	2043	$529,149	$10,999,182	$0	$12,656,851
	2044	$529,067	$11,528,250	$0	$12,656,851

$11,528,250 is less than **$12,656,851**

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

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

Source: CPA, Prospero Energy Project, LLC

	Employment			Personal Income			Revenue & Expenditure		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2018	100	93	193	$5,000,000	$7,085,000	$12,085,000	618000	-351000	$969,000
2019	350	326	675.781	$17,500,000	$27,788,000	$45,288,000	2289000	-1091000	$3,380,000
2020	1	20	21	$59,500	$5,799,500	$5,859,000	244000	626000	-$382,000
2021	1	5	6	$59,500	$3,846,500	$3,906,000	153000	565000	-$412,000
2022	1	(7)	-6	$59,500	$2,137,500	$2,197,000	61000	549000	-$488,000
2023	1	(9)	-8	$59,500	$1,039,500	$1,099,000	15000	465000	-$450,000
2024	1	(13)	-12	$59,500	$428,500	$488,000	23000	412000	-$389,000
2025	1	(7)	-6	$59,500	-$59,500	$0	-38000	336000	-$374,000
2026	1	(13)	-12	$59,500	-$425,500	-$366,000	-61000	282000	-$343,000
2027	1	(9)	-8	$59,500	-$547,500	-$488,000	-69000	198000	-$267,000
2028	1	(7)	-6	$59,500	-$547,500	-$488,000	-69000	122000	-$191,000
2029	1	(7)	-6	$59,500	-$547,500	-$488,000	-69000	92000	-$161,000
2030	1	(5)	-4	$59,500	-$303,500	-$244,000	-31000	53000	-$84,000
2031	1	(3)	-2	$59,500	-$303,500	-$244,000	-69000	15000	-$84,000
2032	1	(1)	0	$59,500	-$303,500	-$244,000	-84000	8000	-$92,000
2033	1	(1)	0	$59,500	-$303,500	-$244,000	-122000	-69000	-$53,000
2034	1	(3)	-2	$59,500	-$303,500	-$244,000	-175000	-84000	-$91,000
2035	1	(3)	-2	$59,500	-$547,500	-$488,000	-206000	-130000	-$76,000
2036	1	(5)	-4	$59,500	-$547,500	-$488,000	-198000	-206000	$8,000
2037	1	(3)	-2	$59,500	-$791,500	-$732,000	-229000	-252000	$23,000
2038	1	(5)	-4	$59,500	-$547,500	-$488,000	-214000	-282000	$68,000
2039	1	(7)	-6	$59,500	-$791,500	-$732,000	-259000	-343000	$84,000
2040	1	(7)	-6	$59,500	-$1,524,500	-$1,465,000	-275000	-389000	$114,000
2041	1	(7)	-6	$59,500	-$1,768,500	-$1,709,000	-305000	-412000	$107,000
2042	1	(9)	-8	$59,500	-$1,524,500	-$1,465,000	-336000	-458000	$122,000
2043	1	(13)	-12	$59,500	-$2,012,500	-$1,953,000	-366000	-496000	$130,000
2044	1	(17)	-16	$59,500	-$1,524,500	-$1,465,000	-351000	-496000	$145,000
2045	1	(15)	-14	$59,500	-$3,477,500	-$3,418,000	-443000	-572000	$129,000
						Total	**-$566,000**	**-$1,908,000**	**$1,342,000**
							$12,870,250	is greater than	**$12,656,851**

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

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 Prospero Energy Project 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 Prospero Energy Project LLC in Tab 5 of their Application for a Limitation on Appraised Value:
  A. "The applicant's parent company, Longroad Development, LLC, is a national solar developer with the ability to locate projects of this type in other counties and states in the US with strong solar characteristics. The applicant is actively developing other projects throughout the US. The applicant requires this appraised value limitation in order to move forward with constructing this project in Texas. Specifically, without the available tax incentives, the economics of the project become unappealing to investors and the likelihood of constructing the project in Texas becomes unlikely. In fact, the applicant owns interests in greenfield solar projects in more than twenty (20) states other than Texas. The additional places where Applicant is considering investing and developing projects include states that offer market incentives for generation resources like property tax incentives, including North Carolina, Mississippi, Nevada, Georgia, Alabama, Utah, New Mexico, California, Arizona, and Virginia."
  B. "Property taxes can be the highest operating expense for a solar generation facility as solar plants do not have any associated fuel costs for the production of electricity, and with Texas wholesale electricity prices already below the national average in Texas, it is necessary to limit the property tax liabilities for a solar project in order to be able to offer electricity at prices that are marketable to Texas customers at competitive rates, including power sales under a bi-lateral contract. Markets such as California that have state wide available subsidies for renewable energy projects, and which have higher average contracted power rates, offer an attractive incentive for developers to build projects in those markets over Texas."
  C. "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 power purchase agreement. As such, the applicant is not able to finance and build its project in Texas even with a signed power purchase agreement because of the low price in the power

purchase agreement. Without the tax incentive, the applicant would be forced to abandon the project and spend its development capital and prospective investment funds in other states where the rate of return is higher on a project basis."

D. "This is true even if the entity is able to contract with an off-taker under a power purchase agreement because the low rate contracted for is not financeable without the tax incentives. More specifically, a signed power purchase agreement in the Texas market is at a much lower rate than other states because of competitively low electricity prices. Other states have high electricity prices where a developer can obtain a PPA with a much higher contracted rate, combined with state subsidies, the other states offer a much higher rate of return for the project financiers."

E. "Without the tax incentives in Texas, a project with a power purchase agreement becomes non financeable and the developer would have to abandon the project and go to a different market."

- According to Regular Meeting of Andrews County Commissioners Court dated May 8, 2017, "Discuss and consider approving the application for Tax Abatement for Prospero Energy Project, LLC."
- A May 20-21, 2017 *Snyder Daily News* article states that Prospero Energy Project LLC, "County commissioners approved a reinvestment zone for a tax abatement for a proposed solar farm. Prospero Energy Project, LLC, has proposed building a 2,000-acre solar farm in the northwest part of Andrews County. It is the second solar project to come before the court in the past six weeks, according to an article in the *Andrews County News.*"
- Supplemental information provided by the applicant indicated the following:
  A. "No, the project is only known as Prospero or Prospero Energy Project."
  B. "The GINR # is 19INR0092."

Supporting Information

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

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

Supporting Information

Section 8 of the Application for a Limitation on Appraised Value

SECTION 6: Eligibility Under Tax Code Chapter 313.024

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

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:
   - [x] Land has no existing improvements
   - [ ] Land has existing improvements *(complete Section 13)*
   - [ ] Expansion of existing operation on the land *(complete Section 13)*
   - [ ] Relocation within Texas

SECTION 8: Limitation as Determining Factor

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

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

Supporting Information

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

TAB 5

Documentation to assist in determining if limitation is a determining factor

The applicant's parent company, Longroad Development, LLC, is a national solar developer with the ability to locate projects of this type in other counties and states in the US with strong solar characteristics. The applicant is actively developing other projects throughout the US. The applicant requires this appraised value limitation in order to move forward with constructing this project in Texas. Specifically, without the available tax incentives, the economics of the project become unappealing to investors and the likelihood of constructing the project in Texas becomes unlikely. In fact, the applicant owns interests in greenfield solar projects in more than twenty (20) states other than Texas. The additional places where Applicant is considering investing and developing projects include states that offer market incentives for generation resources like property tax incentives, including North Carolina, Mississippi, Nevada, Georgia, Alabama, Utah, New Mexico, California, Arizona, and Virginia.

Property taxes can be the highest operating expense for a solar generation facility as solar plants do not have any associated fuel costs for the production of electricity, and with Texas wholesale electricity prices already below the national average in Texas, it is necessary to limit the property tax liabilities for a solar project in order to be able to offer electricity at prices that are marketable to Texas customers at competitive rates, including power sales under a bi-lateral contract. Markets such as California that have state wide available subsidies for renewable energy projects, and which have higher average contracted power rates, offer an attractive incentive for developers to build projects in those markets over Texas.

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 power purchase agreement. As such, the applicant is not able to finance and build its project in Texas even with a signed power purchase agreement because of the low price in the power purchase agreement. Without the tax incentive, the applicant would be forced to abandon the project and spend its development capital and prospective investment funds in other states where the rate of return is higher on a project basis.

This is true even if the entity is able to contract with an off-taker under a power purchase agreement because the low rate contracted for is not financeable without the tax incentives. More specifically, a signed power purchase agreement in the Texas market is at a much lower rate than other states because of competitively low electricity prices. Other states have high electricity prices where a developer can obtain a PPA with a much higher contracted rate, combined with state subsidies, the other states offer a much higher rate of return for the project financiers. Without the tax incentives in Texas, a project with a power purchase agreement becomes non-financeable and the developer would have to abandon the project and go to a different market.

Supporting Information

Additional information provided by the Applicant or located by the Comptroller

NOTICE OF REGULAR MEETING

OF

ANDREWS COUNTY COMMISSIONERS COURT

There will be a Regular Meeting of Andrews County Commissioners Court on Monday, May 8, 2017, beginning 9:00 A.M. in the Commissioners Courtroom, Room 107, Andrews County Courthouse, Andrews, Texas. The purpose of this meeting will be to consider the following agenda:

1. Call to Order

2. Pledge of Allegiance

3. Invocation

4. Approve the minutes from the previous meeting of Commissioners Court held on May 1, 2017.

5. Conduct Public hearing to designate the August Reinvestment Zone under the provisions of the Texas Tax Code §312.401 9:00A.M.

6. Discuss and consider approving the Resolution designating a Reinvestment Zone for property tax abatement for the August Reinvestment Zone under the Tax Abatement Act Chapter 312 Texas Tax Code.

7. Discuss and consider approving the application for Tax Abatement for Prospero Energy Project, LLC.

8. Hear request from Shiloh Mullican with the Texas A&M Forrest Service to approve a Proclamation to participate in the development of a countywide community Wildfire Protection Plan and take action as necessary.

9. Hear report from Andrews County Commissioners regarding blow sand removal and take action as necessary.

10. Discuss and consider approving the donation of materials in the amount of $523.72 from Randall Roberts for use on the construction of the Press Box at the Andrews County Ace Arena.

11. Hear request from Rod Ruthardt to move his trailer inside the fence and place picnic tables at the East side of the Andrews County Ace Arena and take action as necessary.

12. Discuss and consider approving an Order Authorizing Memorial Day Fireworks Sales in Andrews County during the Memorial Day period beginning May 24, 2017 and ending at midnight May 29, 2017 Occupations Code §2154.202(h)(1).

13. Discuss and consider approving the Texas DPS Highway Patrol Office to move their office from the basement of the Andrews County Courthouse to the second floor vacated by the Texas Department of Public Safety Drivers License Office and the Sheriff's Office to utilize the basement offices vacated by Texas DPS Highway Patrol LGC §291.003

14. Consider and approve the County Auditor's Monthly Report to Commissioners Court and District Judge as provided by Local Government Code 114.024 and 114.025 hereby identified in the Auditor's Red Book.

15. Open the floor for public forum.

16. Consider approving various budget amendments for the 2016-2017 Budget years under Local Government Code 111.010(d).

17. Consider approving the payment of financial obligations for Andrews County and cancel all warrants.

18. Entertain a motion to adjourn.

FILED FOR RECORD
ANDREWS COUNTY
2017 MAY -4 P 4 20
KENDA HECKLER
COUNTY CLERK
BY ______ DEPUTY

Richard H. Dolgener, County Judge

Area News

COLORADO CITY — Some 600 motorcycles were scheduled to stop in Colorado City today as part of the annual Run for the Wall. The group was expected to arrive in time for lunch and then planned to give a program about the POWs and MIA service men and women listed on the Vietnam Memorial Wall.

MITCHELL COUNTY — After more than 80 people voiced concerns about the county's plan to sell FGE Texas water for its proposed power plant in western Mitchell County, the company announced it would seek a different water source, according to an article in the *Colorado City Record*. The county had considered allowing the company to pump water from a 221-acre tract that it voted not to sell to Mickey Neff. The company said it is seeking a source for non-potable water. Many of those at the commissioners' meeting said the water in the proposed tract is fresh water.

FISHER COUNTY — County Clerk Pat Thompson told commissioners that her office was not receiving paperwork from the sheriff's department in a timely manner. According to an article in the *Fisher County Chronicle*, Thompson said she does not receive magistrate warnings or bond information and her requests for a jail log have gone unanswered.

SWEETWATER — Nolan County residents will be able to dispose of used tires for free until June 9 by taking them to a dropoff site at 807 West Broadway. Residents may not drop off more than 10 passenger tires at a time and businesses will not be able to participate. The project is a joint effort between the West Central Texas Council of Governments, the City of Sweetwater and Liberty Tire Disposal.

BIG SPRING — The Big Spring ISD board of trustees voted to outsource the district's food service program. Aramark was the low bidder, according to an article in the *Big Spring Herald*. Several current food service employees were at the meeting and voiced their disappointment after the vote, the newspaper reported.

LAMESA – Lamesa ISD officially became a District of Innovation during a recent school board meeting. The designation gives the school district the ability to balance out the first and second semesters by setting a beginning date before the state-mandated starting date of no sooner than Aug. 21. It also allows the district to hire professionals in their trade with proper industry certified credentials to teach classes, meaning the district could hire master electricians and master plumbers to teach their trades to high school students.

SEMINOLE — A report by the National Council for Home Safety and Security (NCHSS) ranked the City of Seminole as the 39th safest city in the State of Texas. The NCHSS, a trade association comprised of home security professionals across the United States, said they based their assessment of Texas cities upon combined data from the most recent Federal Bureau of Investigation (FBI) Crime Reports, population data and "their own research" to create the report. Kermit was listed as 2017's safest city in the State of Texas.

BROWNFIELD — The annual Ag Career Expo was held this week. The event was sponsored by the Terry County Ag Business Leaders, including representatives from South Plains Underground Water District, Soil and Water Conservation District, Brownfield Farmers Co-op, Bingham Family Vineyard, Westside Dairy, Meadow Co-op Gin, Ag Texas, Birdsong Peanuts, local ag teachers and West Texas Young Farmers

ANDREWS — County commissioners approved a reinvestment zone for a tax abatement for a proposed solar farm. Prospero Energy Project, LLC, has proposed building a 2,000-acre solar farm in the northwest part of Andrews County. It is the second solar project to come before the court in the past six weeks, according to an article in the *Andrews County News*.

COMPTROLLER QUERY RELATED TO TAX CODE CHAPTER 313.026(c)(2)
– Andrews ISD – Prospero Energy Project, LLC App. #1218

Comptroller Questions (via email on December 15, 2017):

1. *Is the Prospero Energy Project, LLC 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 GINR number.*

Applicant Response (via email on December 15, 2017):

1. *No, the project is only known as Prospero or Prospero Energy Project.*
2. *The GINR # is 19INR0092.*