

# O'HANLON, DEMERATH & CASTILLO

ATTORNEYS & COUNSELORS AT LAW

808 WEST AVE

AUSTIN, TEXAS 78701

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

**JUSTIN DEMERATH**

**BENJAMIN CASTILLO**

September 26, 2018

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

RE: 1281 Amended application to the Andrews Independent School District  
from Prospero Energy Project, LLC

To the Local Government Assistance & Economic Analysis Division:

Please find Amendment001 to Andrews ISD from Prospero Energy Project, LLC. The following Changes have been made:

1. Updated Section 9, Question 3 to 01/01/2020
2. Updated Section 14, Questions 7a, 7b and 7c
3. Updated Tab 2
4. Updated Tab 11
5. Updated Tab 13
6. Updated Tab 14
7. New Signature Pages

Please do not hesitate to call with any questions.

Sincerely,



Kevin O'Hanlon  
School District Consultant

Cc: Prospero Energy Project, LLC  
Andrews County Appraisal District

**TAB 1**

**Pages 1-9 of Application.**

Texas Comptroller of Public Accounts

Data Analysis and  
Transparency  
Form 50-296-A

SECTION 9: Projected Timeline

1. Application approval by school board ..... 1/2019
2. Commencement of construction ..... 7/2019
3. Beginning of qualifying time period ..... 01/01/2020
4. First year of limitation ..... 1/2021
5. Begin hiring new employees ..... 12/2020
6. Commencement of commercial operations ..... 12/2020
7. Do you propose to construct a new building or to erect or affix a new improvement after your application review start date (*date your application is finally determined to be complete*)? .....  Yes  No  
**Note:** Improvements made before that time may not be considered qualified property.
8. When do you anticipate the new buildings or improvements will be placed in service? ..... 12/2021

SECTION 10: The Property

1. Identify county or counties in which the proposed project will be located ..... Andrews County
2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property ..... Andrews CAD
3. Will this CAD be acting on behalf of another CAD to appraise this property? .....  Yes  No
4. List all taxing entities that have jurisdiction for the property, the portion of project within each entity and tax rates for each entity:  
 County: Andrews County, \$0.5655, 100% City: \_\_\_\_\_  
(Name, tax rate and percent of project) (Name, tax rate and percent of project)  
 Hospital District: ACHD, \$0.54172, 100% Water District: \_\_\_\_\_  
(Name, tax rate and percent of project) (Name, tax rate and percent of project)  
 Other (describe): \_\_\_\_\_ Other (describe): \_\_\_\_\_  
(Name, tax rate and percent of project) (Name, tax rate and percent of project)
5. Is the project located entirely within the ISD listed in Section 1? .....  Yes  No  
5a. If no, attach in **Tab 6** additional information on the project scope and size to assist in the economic analysis.
6. Did you receive a determination from the Texas Economic Development and Tourism Office that this proposed project and at least one other project seeking a limitation agreement constitute a single unified project (SUP), as allowed in §313.024(d-2)? .....  Yes  No  
6a. If yes, attach in **Tab 6** supporting documentation from the Office of the Governor.

SECTION 11: Investment

**NOTE:** The minimum amount of qualified investment required to qualify for an appraised value limitation and the minimum amount of appraised value limitation vary depending on whether the school district is classified as Subchapter B or Subchapter C, and the taxable value of the property within the school district. For assistance in determining estimates of these minimums, access the Comptroller's website at [comptroller.texas.gov/economy/local/ch313/](http://comptroller.texas.gov/economy/local/ch313/).

1. At the time of application, what is the estimated minimum qualified investment required for this school district? ..... 30,000,000.00
2. What is the amount of appraised value limitation for which you are applying? ..... 30,000,000.00  
**Note:** The property value limitation amount is based on property values available at the time of application and may change prior to the execution of any final agreement.
3. Does the qualified investment meet the requirements of Tax Code §313.021(1)? .....  Yes  No
4. Attach a description of the qualified investment [See §313.021(1).] The description must include:
  - a. a specific and detailed description of the qualified investment you propose to make on the property for which you are requesting an appraised value limitation as defined by Tax Code §313.021 (**Tab 7**);
  - b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your minimum qualified investment (**Tab 7**); and
  - c. a detailed map of the qualified investment showing location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period, with vicinity map (**Tab 11**).
5. Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or §313.053 for Subchapter C school districts) for the relevant school district category during the qualifying time period? .....  Yes  No

Texas Comptroller of Public Accounts

Data Analysis and  
Transparency  
Form 50-296-A

SECTION 14: Wage and Employment Information

1. What is the estimated number of permanent jobs (more than 1,600 hours a year), with the applicant or a contractor of the applicant, on the proposed qualified property during the last complete quarter before the application review start date (date your application is finally determined to be complete)? ..... 0
2. What is the last complete calendar quarter before application review start date:  
 First Quarter     Second Quarter     Third Quarter     Fourth Quarter of 2018  
(year)
3. What were the number of permanent jobs (more than 1,600 hours a year) this applicant had in Texas during the most recent quarter reported to the Texas Workforce Commission (TWC)? ..... 0  
**Note:** For job definitions see TAC §9.1051 and Tax Code §313.021(3).
4. What is the number of new qualifying jobs you are committing to create? ..... 1
5. What is the number of new non-qualifying jobs you are estimating you will create? ..... 0
6. Do you intend to request that the governing body waive the minimum new qualifying job creation requirement, as provided under Tax Code §313.025(f-1)? .....  Yes     No
  - 6a. If yes, attach evidence in **Tab 12** documenting that the new qualifying job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards.
7. Attach in **Tab 13** the four most recent quarters of data for each wage calculation below, including documentation from the TWC website. The final actual statutory minimum annual wage requirement for the applicant for each qualifying job — which may differ slightly from this estimate — will be based on information from the four quarterly periods for which data were available at the time of the application review start date (date of a completed application). See TAC §9.1051(21) and (22).
  - a. Average weekly wage for all jobs (all industries) in the county is ..... 1,208.50
  - b. 110% of the average weekly wage for manufacturing jobs in the county is ..... 1,055.45
  - c. 110% of the average weekly wage for manufacturing jobs in the region is ..... 1,154.56
8. Which Tax Code section are you using to estimate the qualifying job wage standard required for this project? .....  §313.021(5)(A) or  §313.021(5)(B)
9. What is the minimum required annual wage for each qualifying job based on the qualified property? ..... 54,883.40
10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? ..... 59,500.00
11. Will the qualifying jobs meet all minimum requirements set out in Tax Code §313.021(3)? .....  Yes     No
12. Do you intend to satisfy the minimum qualifying job requirement through a determination of cumulative economic benefits to the state as provided by §313.021(3)(F)? .....  Yes     No
  - 12a. If yes, attach in **Tab 12** supporting documentation from the TWC, pursuant to §313.021(3)(F).
13. Do you intend to rely on the project being part of a single unified project, as allowed in §313.024(d-2), in meeting the qualifying job requirements? .....  Yes     No
  - 13a. If yes, attach in **Tab 6** supporting documentation including a list of qualifying jobs in the other school district(s).

SECTION 15: Economic Impact

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

**TAB 2**

**See Attached**



**INDEPENDENT SCHOOL DISTRICT**

ANDREWS, TEXAS

September 17, 2018

Michael Alvarez  
Chief Operating Officer  
Longroad Development Company, LLC  
133 Federal Street, Suite 1202  
Boston, MA 02110

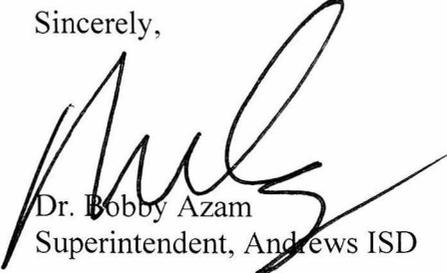
RE: Application Fee for Application to the Andrews Independent School District from Prospero Energy Project, LLC

Mr. Alvarez,

As you know, Prospero Energy Project, LLC ("Prospero") withdrew its application (Application #1218) to the Andrews Independent School District for a limitation of appraised value pursuant to Texas Tax Code Chapter 313.

Prospero formally resubmitted an application to the Andrews ISD. The new application has been assigned Comptroller Application Number 1281. At the Board meeting to accept the new application, the Board's consultants notified the District that they would not charge for any of the work performed for Application 1218. The Board determined that it would apply the nonrefundable application fee submitted with Application 1218 to the new Application. The District considers the application fee submitted for Comptroller Application 1218 sufficient to cover any costs associated with the new Application submitted by Prospero Energy Project, LLC. Therefore, a second application fee has not been assessed by the District.

Sincerely,



Dr. Bobby Azam  
Superintendent, Andrews ISD

**TAB 11**

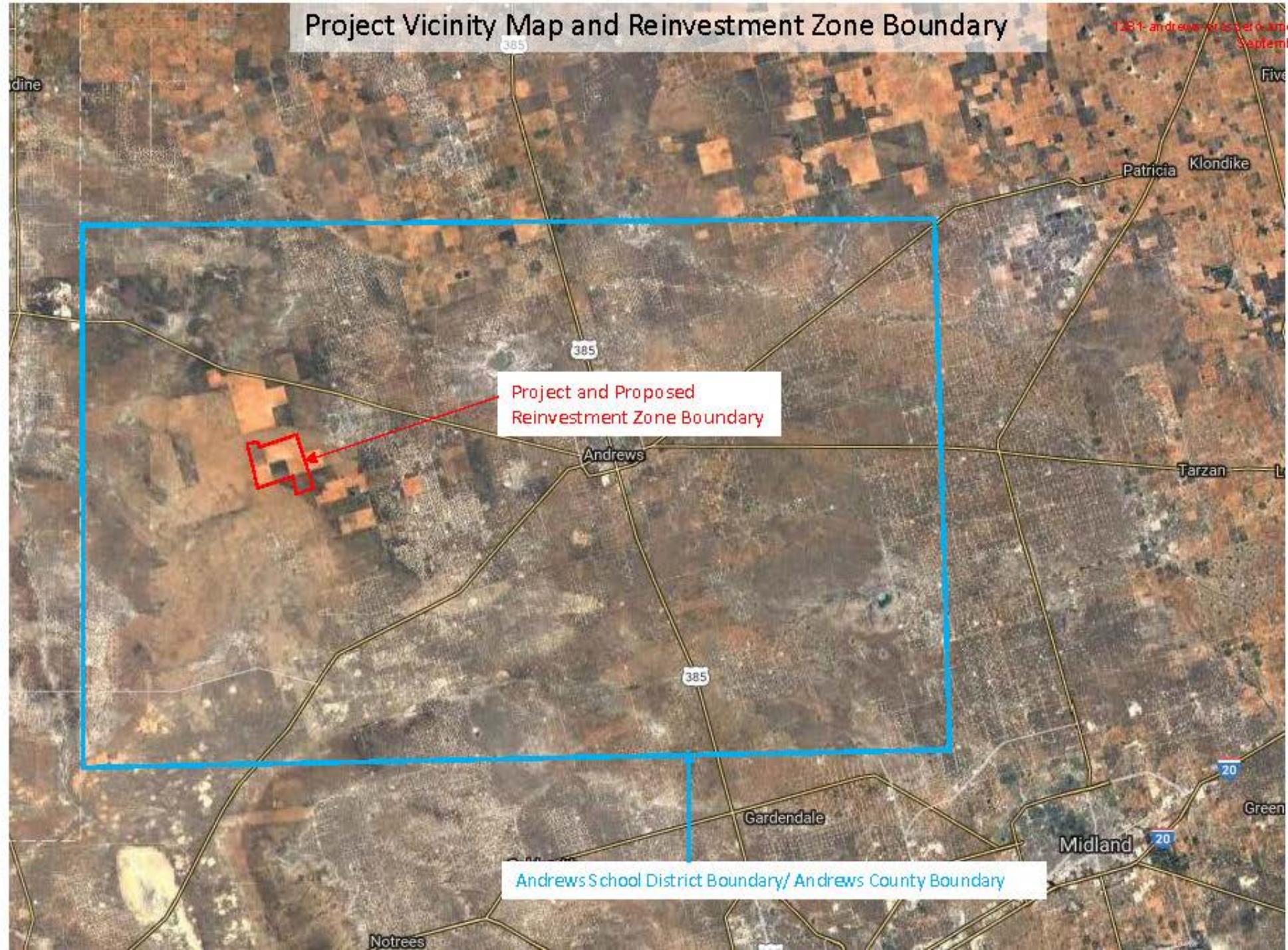
*Maps that clearly show:*

- *Project vicinity, Qualified investment & property, Existing Property, Land Location, and Reinvestment Zone*

*SEE ATTACHED MAPS*

# Project Vicinity Map and Reinvestment Zone Boundary

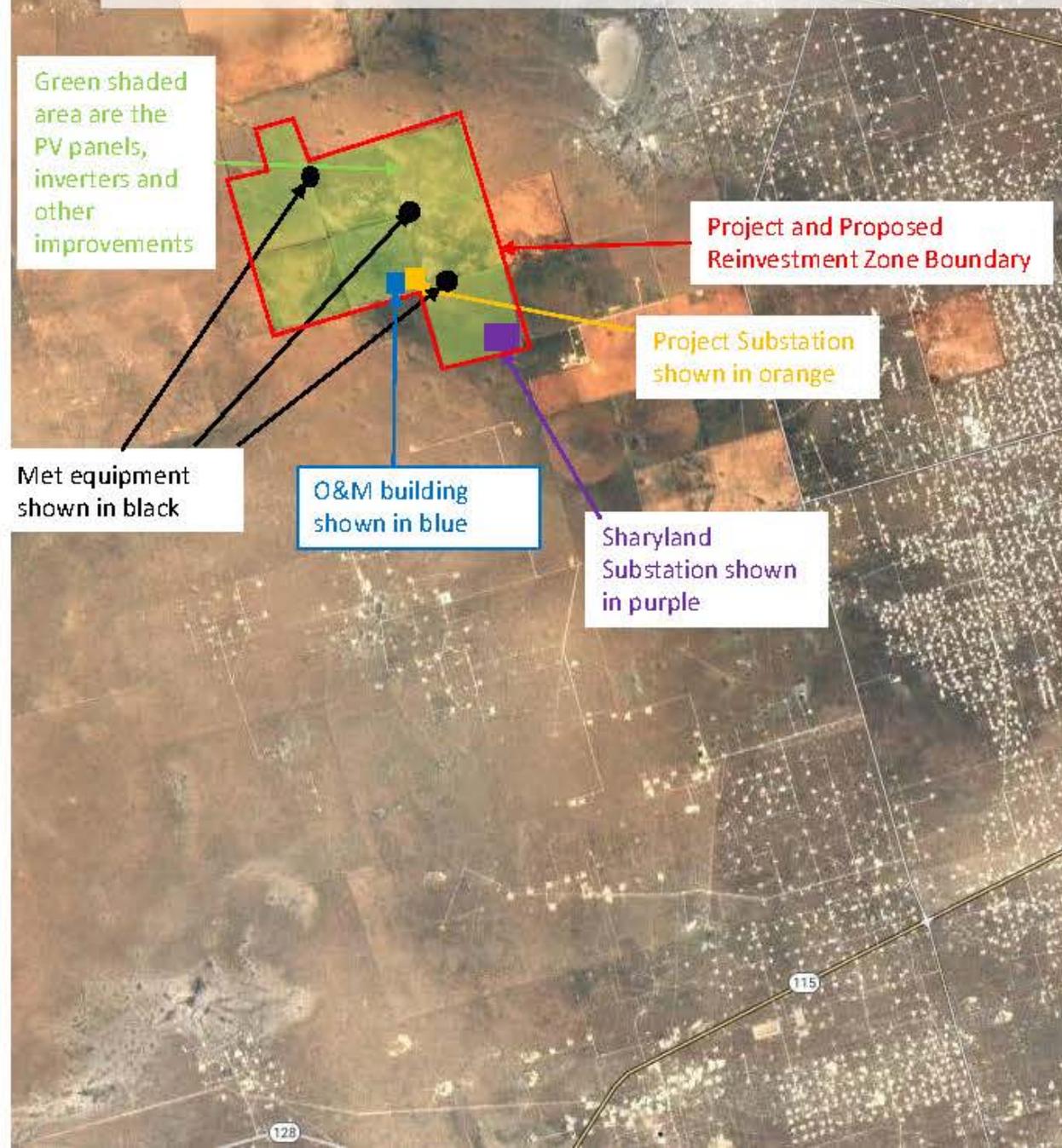
1231-andrews-street-amendment001  
September 26, 2018



Project and Proposed Reinvestment Zone Boundary

Andrews School District Boundary/ Andrews County Boundary

# Map of Qualified Investment and Qualified Property



Green shaded area are the PV panels, inverters and other improvements

Project and Proposed Reinvestment Zone Boundary

Project Substation shown in orange

Met equipment shown in black

O&M building shown in blue

Sharyland Substation shown in purple

**TAB 13**

*Calculation of three possible wage requirements with supporting documentation*

**AVERAGE WEEKLY WAGES FOR ALL JOBS, ALL INDUSTRIES IN ANDREWS COUNTY**  
*FOUR MOST RECENT QUARTERS*

COUNTY	YEAR	QUARTER	Avg. Weekly Wage
Andrews	2018	Q1	\$1,261
Andrews	2017	Q2	\$1,135
Andrews	2017	Q3	\$1,167
Andrews	2017	Q4	\$1,271
<b>SUM:</b>			\$4,834
<b>CALCULATION:</b>			\$4834/4 = <b>\$1,208.50</b>

**AVERAGE WEEKLY WAGES FOR MANUFACTURING JOBS IN ANDREWS COUNTY**  
*FOUR MOST RECENT QUARTERS*

COUNTY	YEAR	QUARTER	Avg. Weekly Wage
Andrews	2018	Q1	\$992
Andrews	2017	Q2	\$952
Andrews	2017	Q3	\$893
Andrews	2017	Q4	\$1,001
<b>SUM:</b>			\$3,838
<b>CALCULATION:</b>			$(\$3,838/4)*1.1 = \$1,055.45$ Annual 54,883.40

**AVERAGE WEEKLY WAGES FOR MANUFACTURING JOBS IN THE PERMIAN BASIN REGION (WDA)**  
*FOUR MOST RECENT QUARTERS*

REGION / WDA	YEAR	Hourly/Annual	Avg. Weekly Wage
Permian Basin	2017	\$26.24/\$54,576	\$1,049.60
<b>CALCULATION:</b>			<b>\$1,049.60 * 1.1 = \$1,154.56</b>

Please refer to the attached TWC & Council of Governments documentation below.

# Quarterly Employment and Wages (QCEW)

[Back](#)

## D.PERIODYEAR

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2018	1st Qtr	Andrews County	Total All	00	0	10	Total, all industries	\$1,261
2017	1st Qtr	Andrews County	Total All	00	0	10	Total, all industries	\$1,150
2017	2nd Qtr	Andrews County	Total All	00	0	10	Total, all industries	\$1,135
2017	3rd Qtr	Andrews County	Total All	00	0	10	Total, all industries	\$1,167
2017	4th Qtr	Andrews County	Total All	00	0	10	Total, all industries	\$1,271

# Quarterly Employment and Wages (QCEW)

[Back](#)

## D.PERIODYEAR

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2018	1st Qtr	Andrews County	Private	31	2	31-33	Manufacturing	\$992
2017	1st Qtr	Andrews County	Private	31	2	31-33	Manufacturing	\$876
2017	2nd Qtr	Andrews County	Private	31	2	31-33	Manufacturing	\$952
2017	3rd Qtr	Andrews County	Private	31	2	31-33	Manufacturing	\$893
2017	4th Qtr	Andrews County	Private	31	2	31-33	Manufacturing	\$1,001

**TAB 14**

*Schedules A1, A2, B, C, and D completed and signed Economic Impact*

See attached Excel Spreadsheet

Date 8/1/2018  
 Applicant Name Prospero Energy Project, LLC  
 ISD Name Andrews ISD

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

1281-andrews-prospero-amendment001  
 September 26, 2018 Form 50-296A  
 Revised May 2014

PROPERTY INVESTMENT AMOUNTS								
(Estimated Investment in each year. Do not put cumulative totals.)								
	Year	School Year (YYYY)	Tax Year (Fill in actual tax year below) (YYYY)	Column A New investment (original cost) in <b>tangible personal property</b> placed in service during this year that will become Qualified Property	Column B New investment made during this year in <b>buildings or permanent nonremovable components of buildings</b> that will become Qualified Property	Column C Other new investment made during this year that will <u>not</u> become Qualified Property [SEE NOTE]	Column D Other new investment made during this year that may become Qualified Property [SEE NOTE]	Column E <b>Total Investment</b> (Sum of Columns A+B+C+D)
Investment made before filing complete application with district				Not eligible to become Qualified Property			[The only other investment made before filing complete application with district that may become Qualified Property is land.]	0
Investment made after filing complete application with district, but before final board approval of application	--	Year preceding the first complete tax year of the qualifying time period (assuming no deferrals of qualifying time period)	2019	0	0	0	0	0
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period				245,200,000	500,000	0	0	245,700,000
Complete tax years of qualifying time period	QTP1	2020-2021	2020	3,630,000	0	0	0	3,630,000
	QTP2	2021-22	2021	0	0	0	0	0
<b>Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]</b>				248,830,000	500,000	0	0	249,330,000
<b>Total Qualified Investment (sum of green cells)</b>				Enter amounts from TOTAL row above in Schedule A2				
				249,330,000				

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

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

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

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

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

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

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

Date 8/1/2018  
Applicant Name Prospero Energy Project, LLC  
ISD Name Andrews ISD

Schedule C: Employment Information

Form 50-296A  
Revised May 2014

	Year	School Year (YYYY-YYYY)	Tax Year (Actual tax year) YYYY	Construction		Non-Qualifying Jobs	Qualifying Jobs	
				Column A	Column B	Column C	Column D	Column E
				Number of Construction FTE's or man-hours (specify)	Average annual wage rates for construction workers	Number of non-qualifying jobs applicant estimates it will create (cumulative)	Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Average annual wage of new qualifying jobs
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2019-2020	2019	100 FTE	50,000	0	0	0
	1	2020-2021	2020	350 FTE	50,000	0	0	0
Value Limitation Period <i>The qualifying time period could overlap the value limitation period.</i>	1	2021-2022	2021	N/A	N/A	0	1	59,500
	2	2022-2023	2022	N/A	N/A	0	1	59,500
	3	2023-2024	2023	N/A	N/A	0	1	59,500
	4	2024-2025	2024	N/A	N/A	0	1	59,500
	5	2025-2026	2025	N/A	N/A	0	1	59,500
	6	2026-2027	2026	N/A	N/A	0	1	59,500
	7	2027-2028	2027	N/A	N/A	0	1	59,500
	8	2028-2029	2028	N/A	N/A	0	1	59,500
	9	2029-2030	2029	N/A	N/A	0	1	59,500
	10	2030-2031	2030	N/A	N/A	0	1	59,500
Years Following Value Limitation Period	11 through 25	2031-2045	2031-2045	N/A	N/A	0	1	59,500

Notes:  
See TAC 9.1051 for definition of non-qualifying jobs.

Only include jobs on the project site in this school district.

C1.

Are the cumulative number of qualifying jobs listed in Column D less than the number of qualifying jobs required by statute? (25 qualifying jobs in Subchapter B districts, 10 qualifying jobs if yes)

Yes  No

Yes No

C1a. answer the question

C1b.

Will the applicant

Yes  No

**SECTION 16: Authorized Signatures and Applicant Certification**

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

**1. Authorized School District Representative Signature**

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

print  
here

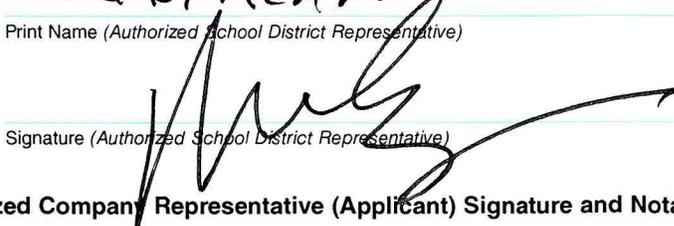
BOB BYAZAM

Print Name (Authorized School District Representative)

SUPERINTENDENT

Title

sign  
here



Signature (Authorized School District Representative)

9-17-18

Date

**2. Authorized Company Representative (Applicant) Signature and Notarization**

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

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

print  
here

Print Name (Authorized Company Representative (Applicant))

Title

sign  
here

Signature (Authorized Company Representative (Applicant))

Date

GIVEN under my hand and seal of office this, the

\_\_\_\_\_ day of \_\_\_\_\_,

Notary Public in and for the State of Texas

(Notary Seal)

My Commission expires: \_\_\_\_\_

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

SECTION 16: Authorized Signatures and Applicant Certification

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

1. Authorized School District Representative Signature

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

print here

Print Name (Authorized School District Representative)

Title

sign here

Signature (Authorized School District Representative)

Date

2. Authorized Company Representative (Applicant) Signature and Notarization

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

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

print here

Michael U. Alvarez

Print Name (Authorized Company Representative (Applicant))

Title

COO

sign here

Signature (Authorized Company Representative (Applicant))

Date

9.20.18

GIVEN under my hand and seal of office this, the

day of

Notary Public in and for the State of Texas

My Commission expires:

(Notary Seal)

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

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

**CIVIL CODE § 1189**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California }  
County of San Francisco }

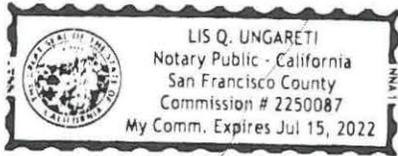
On September 20, 2018 before me, Lis Q. Ungareti - Notary Public  
Date Here Insert Name and Title of the Officer

personally appeared Michael U. Alvarez  
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Place Notary Seal and/or Stamp Above

Signature Lis Ungareti  
Signature of Notary Public

**OPTIONAL**

Completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

**Description of Attached Document**

Title or Type of Document: Application for Appraised Value Limitation on Qualified Property - TX Comptroller

Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: \_\_\_\_\_  
 Corporate Officer – Title(s): \_\_\_\_\_  
 Partner –  Limited  General  
 Individual  Attorney in Fact  
 Trustee  Guardian of Conservator  
 Other: \_\_\_\_\_  
Signer is Representing: \_\_\_\_\_

Signer's Name: \_\_\_\_\_  
 Corporate Officer – Title(s): \_\_\_\_\_  
 Partner –  Limited  General  
 Individual  Attorney in Fact  
 Trustee  Guardian of Conservator  
 Other: \_\_\_\_\_  
Signer is Representing: \_\_\_\_\_