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BENJAMIN CASTILLO

October 24, 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 Application

To the Local Government Assistance & Economic Analysis Division:

Enclosed is the Amendment002 to Andrews Independent School District from Prospero Energy Project, LLC. The following changes have been made:

- Updated schedule B
- Updated Schedule C
- Updated Question 9 and 10 to show the regional wage.
- Tabs 4, 7 8, and 13 have been updated.

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

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? 60,037.12
10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 60,037.12
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 4

Detailed description of the project

Prospero Energy Project, LLC, proposes to develop a utility-scale, grid-connected solar photovoltaic energy (PV) plant within the Andrews Independent School District.

The project will be constructed on approximately 11,520 acres, which is part of a larger, long-term lease agreement with local landowners. The project will be located entirely in Andrews County and within the Andrews Independent School District. The proposed project will include, but is not limited to, the following:

- Planned 250 MW-AC in size;
- PV modules;
- DC-to-AC inverters;
- Medium and high-voltage electric cabling;
- Single axis tracker racking system (mounting structures);
- Project substation which will include a high-voltage transformer, switchgear, transmission equipment, telecommunications and SCADA equipment, circuit breakers, switches, and control room;

- Operations and maintenance (O&M) facility and its Qualified Property;
- Meteorological equipment to measure solar irradiance and other weather conditions; and
- Associated equipment to safely operate, maintain and deliver electricity to the grid.

The parent company of Prospero Energy Project, LLC, is a national solar developer with project opportunities all across the United States. The ability to enter into a limited appraisal valuation agreement with the Andrews Independent School District is a motivating factor for constructing the project in Andrews County, Texas, as opposed to building and investing in another state or region where state tax incentives are available. Additional states where Applicant is considering include Tennessee, North Carolina, Mississippi, Virginia, Nevada, Georgia, Alabama, Utah, New Mexico, California and Arizona.

TAB 7

Description of Qualified Investment

Prospero Energy Project, LLC, anticipates constructing a solar photovoltaic (PV) electric generating facility with an operating capacity of approximately 250 MW ac. The exact capacity and the specific technology components will be determined during the development and design process.

A 250 MW solar PV generating facility may include a qualified investment consisting of the following improvements:

- PV modules;
- DC-to-AC inverters;
- Medium and high-voltage electric cabling;
- Single axis tracking racking system (mounting structures);
- Project substation which will include a high-voltage transformer, switchgear, transmission equipment, telecommunications and SCADA equipment, circuit breakers, switches, and control room;

- Operations and maintenance (O&M) facility and its Qualified Property;
- Meteorological equipment to measure solar irradiance and other weather conditions; and
- Associated equipment to safely operate, maintain and deliver electricity to the grid.

TAB 8

Description of Qualified Property

Prospero Energy Project, LLC, anticipates constructing a solar photovoltaic (PV) electric generating facility with an operating capacity of approximately 250MW ac. The exact capacity and the specific technology components will be determined during the development and design process.

A 250 MW solar PV generating facility may include a qualified investment consisting of the following improvements:

- PV modules;
- DC-to-AC inverters;
- Medium and high-voltage electric cabling;
- Single axis tracking racking system (mounting structures);
- Project substation which will include a high-voltage transformer, switchgear, transmission equipment, telecommunications and SCADA equipment, circuit breakers, switches, and control room;

- Operations and maintenance (O&M) facility and its Qualified Property;
- Meteorological equipment to measure solar irradiance and other weather conditions; and Associated equipment to safely operate, maintain and deliver electricity to the grid.

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
SUM:			\$4,834
CALCULATION:			$\$4834/4 = \$1,208.50$

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
SUM:			\$3,838
CALCULATION:			$(\$3,838/4)*1.1 = \$1,055.45$ 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
CALCULATION:			$\$1,049.60 * 1.1 = \$1,154.56$

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

TAB 14

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

See attached Excel Spreadsheet

Schedule B: Estimated Market And Taxable Value (of Qualified Property Only)

1281-andrews-prospiero-amendment002

October 18, 2018

Date

8/1/2018

Applicant Name

Prospero Energy Project, LLC

Form 50-296A

ISD Name

Andrews ISD

Revised May 2014

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Estimated Taxable Value		
				Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new buildings or "in or on the new improvements"	Market Value less any exemptions (such as pollution control) and before limitation	Final taxable value for I&S after all reductions	Final taxable value for M&O after all reductions
Each year prior to start of Value Limitation Period	0	2019-2020	2019	0	0	0	0	0	0
	0	2020-2021	2020	0	500,000	245,200,000	245,700,000	245,700,000	30,000,000
Value Limitation Period	1	2021-2022	2021	0	475,000	248,830,000	249,330,000	249,330,000	30,000,000
	2	2022-2023	2022	0	451,250	211,505,500	211,980,500	211,980,500	30,000,000
	3	2023-2024	2023	0	428,688	179,779,675	180,230,925	180,230,925	30,000,000
	4	2024-2025	2024	0	407,253	152,812,724	153,241,411	153,241,411	30,000,000
	5	2025-2026	2025	0	386,890	129,890,815	130,298,068	130,298,068	30,000,000
	6	2026-2027	2026	0	367,546	110,407,193	110,794,083	110,794,083	30,000,000
	7	2027-2028	2027	0	349,169	93,846,114	94,213,660	94,213,660	30,000,000
	8	2028-2029	2028	0	331,710	79,769,197	80,118,366	80,118,366	30,000,000
	9	2029-2030	2029	0	315,125	67,803,817	68,135,528	68,135,528	30,000,000
	10	2030-2031	2030	0	299,368	57,633,245	57,932,613	57,932,613	50,050,400
Continue to maintain viable presence	11	2031-2032	2031	0	284,400	49,766,000	50,050,400	50,050,400	50,036,180
	12	2032-2033	2032	0	270,180	49,766,000	50,036,180	50,036,180	50,022,671
	13	2033-2034	2033	0	256,671	49,766,000	50,022,671	50,022,671	50,009,837
	14	2034-2035	2034	0	243,837	49,766,000	50,009,837	50,009,837	49,997,646
	15	2035-2036	2035	0	231,646	49,766,000	49,997,646	49,997,646	49,986,063
	16	2036-2037	2036	0	220,063	49,766,000	49,986,063	49,986,063	49,975,060
Additional years for 25 year economic impact as required by 313.026(c)(1)	17	2037-2038	2037	0	209,060	49,766,000	49,975,060	49,975,060	49,964,607
	18	2038-2039	2038	0	198,607	49,766,000	49,964,607	49,964,607	49,954,677
	19	2039-2040	2039	0	188,677	49,766,000	49,954,677	49,954,677	49,945,243
	20	2040-2041	2040	0	179,243	49,766,000	49,945,243	49,945,243	49,936,281
	21	2041-2042	2041	0	170,281	49,766,000	49,936,281	49,936,281	49,927,767
	22	2042-2043	2042	0	161,767	49,766,000	49,927,767	49,927,767	49,919,678
	23	2043-2044	2043	0	153,678	49,766,000	49,919,678	49,919,678	49,911,995
	24	2044-2045	2044	0	145,995	49,766,000	49,911,995	49,911,995	49,911,955
	25	2045-2046	2045	0	138,695	49,766,000	49,911,995	49,911,995	49,911,955

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

Only include market value for eligible property on this schedule.

				Construction		Non-Qualifying Jobs	Qualifying Jobs	
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Actual tax year) YYYY	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	60,037.12
	2	2022-2023	2022	N/A	N/A	0	1	60,037.12
	3	2023-2024	2023	N/A	N/A	0	1	60,037.12
	4	2024-2025	2024	N/A	N/A	0	1	60,037.12
	5	2025-2026	2025	N/A	N/A	0	1	60,037.12
	6	2026-2027	2026	N/A	N/A	0	1	60,037.12
	7	2027-2028	2027	N/A	N/A	0	1	60,037.12
	8	2028-2029	2028	N/A	N/A	0	1	60,037.12
	9	2029-2030	2029	N/A	N/A	0	1	60,037.12
	10	2030-2031	2030	N/A	N/A	0	1	60,037.12
Years Following Value Limitation Period	11 through 25	2031-2045	2031-2045	N/A	N/A	0	1	60,037.12

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 in the city of Austin, if yes, answer the question in the box below)

Yes

No

C1a.

Will the applicant submit

Yes

No

Texas Comptroller of Public Accounts

Data Analysis and
Transparency
Form 50-296-A

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

Bobby Azam

Print Name (Authorized School District Representative)

Superintendent

Title

sign
here

Signature (Authorized School District Representative)

23 October 2018

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))

COO

Title

sign
here

Signature (Authorized Company Representative (Applicant))

Date

10.22.18

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 October 22, 2018

Date

before me,

Lis Q. Ungareti - Notary Public

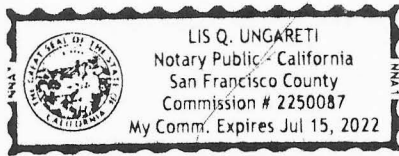
Here Insert Name and Title of the Officer

personally appeared

Michael V. 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.



Place Notary Seal and/or Stamp Above

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.

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: 1281-Andrews-Prospiero Amendment

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: _____