

**FINDINGS OF THE ANDREWS
INDEPENDENT SCHOOL DISTRICT BOARD
OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE
APPLICATION SUBMITTED
BY
PROSPERO SOLAR II, LLC (#1463)**



May 12, 2020

**FINDINGS OF THE
ANDREWS INDEPENDENT SCHOOL DISTRICT
BOARD OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY
PROSPERO SOLAR II, LLC (#1463)**

MAY 12, 2020

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

The Application was reviewed by the Comptroller pursuant to Texas Tax Code §313.026, and a Comptroller Certificate was issued on April 8, 2020, in which the Comptroller has determined, inter alia, that: 1) Application is subject to the provisions of Chapter 171, Texas Tax Code; 2) the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised values; 3) the proposed project is reasonably likely to generate 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 before the 25th anniversary of the beginning of the limitation period; and, 4) the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state. A copy of the Certificate is attached to the findings as **Attachment C**.

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

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

The Texas Education Agency has evaluated the impact of the project on the District's facilities. TEA's determination is to be attached to these findings as **Attachment F**.

The Board has adopted the Texas Economic Development Agreement (Form 50-826) as promulgated by the Comptroller's Office. Form 50-826 has been altered only in accordance only the provisions of the template that the Comptroller permitted. The proposed Agreement is attached to these findings as **Attachment G**.

After review of the Comptroller's Certificate and economic analysis, and in consideration of its own studies the Board finds:

Board Finding Number 1.

The Board finds that the property described in the Application meets the requirements of Tex. Tax Code §313.024 for eligibility for a limitation on appraised value.

In support of Finding 1, the Application indicates that:

Prospero Solar II, LLC, is requesting an appraised value limitation from Andrews ISD for the Prospero Solar II Project. The proposed Project is anticipated to have a capacity of approximately 250 MW located in Andrews ISD. The exact number and location of panels and inverters will vary depending upon ongoing citing analysis, manufacturer's availability, pricing, and the megawatt generating capacity of the project when completed. Current estimated plans are to install approximately 752,388 photovoltaic modules and 80 inverters with all improvements located in Andrews ISD. The Applicant requests a value limitation for all facilities and equipment installed for the project, including: solar modules/panels; racking and mounting structures; inverters; combiner boxes; meteorological equipment; foundations; roadways; an operations and maintenance building; paving; fencing; a collection system; electrical substations; generation transmission tie lines and associated towers; and interconnection facilities.

Full construction of the Project is anticipated to begin in the 3rd quarter of 2020 with completion at the end of 2021.

Property used for renewable electric energy generation is eligible for a limitation under §313.024(b) (5).

Board Finding Number 2.

The project proposed by the applicant is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue, including state tax revenue, school district maintenance and operations ad valorem tax revenue attributable to the project, and any other tax revenue attributable to the effect of the project on the economy of the state, in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement (as detailed in Attachment B of the Comptroller's Certification).

Board Finding Number 3.

Based on the information certified by the Comptroller, the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state (as detailed in Attachment C of the Comptroller's Certification).

Board Finding Number 4.

The Board finds that the Application Fee received was reasonable and only in such an amount as was necessary to cover the District's costs of processing the Application under consideration.

In support of Finding 4, the Board reviewed the Application Fee payment included in the Application at Attachment A, the contract with the District's consultants and the internal costs for processing the application, if any.

Board Finding Number 5.

Based upon the Application and in the Comptroller's Economic Impact Evaluation and Certification, Attachment A, the Board finds that the number of jobs to be created and the wages to be paid comply with the requirements of statute; and, the Board further finds that the Chapter 313 Tax Limitation Agreement (Attachment G) contains all required provisions and information related to job creation requirements, to wit: the provisions set forth in Subsections 9.1C&D of such Agreement.

In its Application, the Applicant has committed to creating one (1) new qualifying job. The average salary level of qualifying jobs must be at least \$58,100 per year. The review of the application by the Comptroller's Office indicated that this amount—based on Texas Workforce Commission data—complies with current Tex. Tax Code §313.021(5)(B) requirement that qualifying jobs must pay 110 percent of the county average manufacturing wage. As defined in Section 313.021 of the Tax Code, "Qualifying Job" means a permanent full-time job that:

- (A) requires at least 1,600 hours of work a year;
- (B) is not transferred from one area in this state to another area in this state;
- (C) is not created to replace a previous employee;
- (D) is covered by a group health benefit plan for which the business offers to pay at least 80 percent of the premiums or other charges assessed for employee-only coverage under the plan, regardless of whether an employee may voluntarily waive the coverage; and
- (E) pays at least 110 percent of the county average weekly wage for manufacturing jobs in the county where the job is located.

Board Finding Number 6.

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

Board Finding Number 7.

The Applicant does not intend to create any non-qualifying jobs.

In its Application, Applicant has indicated that it does not intend to create any non-qualifying jobs. For any non-qualifying jobs the Applicant should create, the Applicant will be required to pay at least the county average wage of \$69,797 for all jobs in the county in accordance with the provisions of Tex. Tax Code §313.024(d).

Board Finding Number 8.

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

In support of this finding, the analysis prepared by Moak, Casey & Associates projects that the project would initially add \$137.1 million to the tax base that would be available for debt service purposes at the peak investment level for the 2022-23 school year. An expansion of the I&S tax base creates the potential of a modest benefit for the District and its taxpayers in addressing its debt service needs, at least in the early years of the project.

Board Finding Number 9.

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

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

Board Finding Number 10.

The Board finds that with the adoption of District Policy CCGB (Local), implemented in conformance with both Comptroller and Texas Education Agency Rules governing Chapter 313 Agreements, it has developed a process to verify, either directly or through its consultants, the accuracy and completeness of information in annual eligibility reports and biennial progress reports regarding (1) the reported number of jobs created and (2) the reported amount invested in the property.

Board Finding Number 11.

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

The Board has developed a written policy CCGB (Local) which requires, upon the filing of an Application under Tax Code Chapter 313, the retention of consultants in order to verify: (1) that Applicant's information contained in the Application as to existing facts is true and correct; (2) that Applicant's information contained in the Application with respect to projections of future events are commercially reasonable and within the ability of Applicant to execute; (3) that information related to job creation is commercially reasonable and within the ability of Applicant to execute; (4) that Applicant's representations concerning and economic incentives being offered, if any, and (5) the proposed project meets eligibility requirements.

As a part of its verification process the Board notes that the Chapter 313 Application for which these Findings are being made has been submitted by the Applicant under oath. Chapter 313 Applications are governmental records under Tex. Penal Code §37.01(2)(A); as a result, all statements contained therein are representations of fact within the meaning

of Tex. Penal Code § 37.01(3). Since Board action upon the adoption of these Findings and the approval of the Chapter 313 Tax Limitation Agreement (**Attachment G**) is an “official proceeding,” a false statement on a Chapter 313 application constitutes perjury under Tex. Penal Code § 37.03.

The Board finds that sworn statements are routinely used as an acceptable verification method for reliance by fact finders in each of the three separate branches of government, including trials.

The consultants have prepared signed statements that the consultants have reviewed and verified the contents of the Application and have determined that the current statements of fact contained in the Application are true and correct. (**Attachment H**) The Board finds that reliance by the Board and its consultants upon verified statements of the Applicant, especially as to Applicant’s future intentions which cannot be objectively verified is reasonable and within the intent of Chapter 313, Texas Tax Code.

Board Finding Number 12.

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

The Board finds that the Chapter 313 Tax Limitation Agreement (**Attachment G**), in accordance with Comptroller’s Form 50-826, contains all required provisions and information related to the required investment amount, to wit: the amount set forth in Section 2.5 of said Agreement. According to the Texas Comptroller of Public Accounts’ School and Appraisal Districts’ Property Value Study 2018 Final Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year (**Attachment E**). The total industrial value for the District is \$479.2 million. The District is categorized as Subchapter C, which applies only to a school district that has territory in a strategic investment area, as defined under Subchapter O, Chapter 171, Tax Code or in a county: (1) that has a population of less than 50,000 and (2) in which, from 1990 to 2000, according to the federal decennial census, the population: (A) remained the same; (B) decreased; or

(C) increased, but at a rate of not more than three percent per annum. The District is classified as a “rural” district due to its demographic characteristics. Given that the value of industrial property is \$200 million or more, it is classified as a Category I district which can offer a minimum value limitation of \$30 million.

Board Finding Number 13.

The Board finds that the Chapter 313 Tax Limitation Agreement (Attachment G) contains all necessary provisions and information related to establishing the required investment amount, to wit: the amount set forth in Section 2.5 of said Agreement.

The Board relies on the certifications of its consultants and the Comptroller’s Approval of the Agreement form to make this Finding. (**Attachment I**)

Board Finding Number 14.

The Applicant (Taxpayer No. 32072568044) is eligible for the limitation on appraised value of qualified property as an active franchise-tax paying entity.

The Applicant, (Texas Taxpayer No. 32072568044), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be an active franchise taxpayer by the Comptroller. See **Attachment B**. The Board also finds that the Chapter 313 Tax Limitation Agreement (**Attachment G**) contains all required provisions necessary for the Board to assess eligibility of any business to which an agreement is transferred.

Board Finding Number 15.

The project will be located within an area that is designated as a reinvestment zone, pursuant to Chapter 312 of the Texas Tax Code.

Board Finding Number 16.

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

In support of this finding, the finance report prepared by Moak, Casey & Associates, Inc. shows that the District will incur revenue losses in the initial years that the value limitation is in effect without the proposed Agreement under current law. With this Agreement, the negative consequences of granting the value limitation are offset through the revenue protection provisions agreed to by the Applicant and the District. The Agreement contains adequate revenue protection measures for the duration of the Agreement. In support of this Finding, the Board relies upon the recommendation of its consultants. (**Attachment H**)

Board Finding Number 17.

The Board finds that the Chapter 313 Tax Limitation Agreement (Attachment G) contains all required provisions necessary for the Board to assess performance standards and to require periodic deliverables that will enable it to hold businesses accountable for achieving desired results, to wit: the reporting requirements set forth in Article VIII of said Agreement.

Board Finding Number 18.

The Board finds that there are no conflicts of interest at the time of considering the agreement.

The Board finds that with the adoption of District Policies BBFA and BBFB, both (Legal) and (Local), set forth at <https://pol.tasb.org/Home/Index/124>, that it has taken appropriate action to ensure that all District Trustees and the Superintendent, have disclosed any potential conflicts of interest, and that such disclosures will be made if any conflict of interest arises in the future, in compliance with the requirements of Texas Local Gov't Code §171.004.

In addition, at the public hearing, the Board caused the statement set forth in **Attachment J** to be read into the public record and that only Board members audibly responding that no conflict of interest existed either deliberated or voted on the Tax Limitation Agreement, these Findings or any matter relating to the Application upon which these Findings have been premised.

The Board finds that with the adoption of District Policies DBD, DGA, DH, and BBFB, both (Legal) and (Local) that it has taken appropriate action to ensure that all District employees and/or consultants, have disclosed any potential conflicts of interest, and that such disclosures will be made if any conflict of interest arises in the future, in compliance with the requirements of Texas Local Gov't Code §171.004.

The Board finds that that no non-disclosed conflicts of interest exist as to the Application for which these Findings are being made, as of the time of action on these Findings.

Board Finding Number 19.

The Board directs that a link on its Website be established to the Comptroller's Office Website where appraisal-limitation-related documents are made available to the public.

Board Finding Number 20.

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

It is therefore ORDERED that the Agreement attached hereto as **Attachment G** is approved and hereby authorized to be executed and delivered by and on behalf of the 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 District.

Dated the 12th day of May 2020.

ANDREWS INDEPENDENT SCHOOL DISTRICT

By: Kari Walinder
Kari Walinder
President, Board of Trustees

ATTEST:

By: Jim Leach
Jim Leach
Secretary, Board of Trustees

Attachment A

Application

O'HANLON, DEMERATH & CASTILLO

ATTORNEYS AND COUNSELORS AT LAW

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

January 17, 2020

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

RE: Application to the Andrews Independent School District from Prospero Solar II, LLC

To the Local Government Assistance & Economic Analysis Division:

By copy of this letter transmitting the application for review to the Comptroller's Office, the Andrews Independent School District is notifying Prospero Solar II, LLC of its intent to consider the application for appraised value limitation on qualified property should a positive certificate be issued by the Comptroller. Please prepare the Economic Impact Report.

The Applicant submitted the Application to the school district on January 14, 2020. The Board voted to accept the application on January 14, 2020. The application has been determined complete as of January 17, 2020. The Applicant has provided the schedules in both electronic format and paper copies. The electronic copy is identical to the hard copy that will be hand delivered.

A copy of the application will be submitted to the Andrews County Appraisal District.

Sincerely,



Kevin O'Hanlon
School District Consultant

Cc: Andrews County Appraisal District
Prospero Solar II, LLC

PROSPERO SOLAR II, LLC

CHAPTER 313 APPLICATION FOR APPRAISED VALUE LIMITATION TO ANDREWS ISD

Comptroller

Prospero Solar II, LLC

Chapter 313 Application to Andrews ISD

Cummings Westlake, LLC

TAB 1

Pages 1 through 7 of application.

Application for Appraised Value Limitation on Qualified Property (Tax Code, Chapter 313, Subchapter B or C)

INSTRUCTIONS: This application must be completed and filed with the school district. In order for an application to be processed, the governing body (school board) must elect to consider an application, but — by Comptroller rule — the school board may elect to consider the application only after the school district has received a completed application. Texas Tax Code, Section 313.025 requires that any completed application and any supplemental materials received by the school district must be forwarded within seven days to the Comptroller of Public Accounts.

If the school board elects to consider the application, the school district must:

- notify the Comptroller that the school board has elected to consider the application. This notice must include:
 - the date on which the school district received the application;
 - the date the school district determined that the application was complete;
 - the date the school board decided to consider the application; and
 - a request that the Comptroller prepare an economic impact analysis of the application;
- provide a copy of the notice to the appraisal district;
- must complete the sections of the application reserved for the school district and provide information required in the Comptroller rules located at 34 Texas Administrative Code (TAC) Section 9.1054; and
- forward the original hard copy of the completed application to the Comptroller in a three-ring binder with tabs, as indicated on page 9 of this application, separating each section of the documents, in addition to an electronic copy on CD. See 34 TAC Chapter 9, Subchapter F.

The governing body may, at its discretion, allow the applicant to supplement or amend the application after the filing date, subject to the restrictions in 34 TAC Chapter 9, Subchapter F.

When the Comptroller receives the notice and required information from the school district, the Comptroller will publish all submitted application materials on its website. The Comptroller is authorized to treat some application information as confidential and withhold it from publication on the Internet. To do so, however, the information must be segregated and comply with the other requirements set out in the Comptroller rules. For more information, see guidelines on Comptroller's website.

The Comptroller will independently determine whether the application has been completed according to the Comptroller's rules (34 TAC Chapter 9, Subchapter F). If the Comptroller finds the application is not complete, the Comptroller will request additional materials from the school district. Pursuant to 9.1053(a)(1)(C), requested information shall be provided within 20 days of the date of the request. When the Comptroller determines that the application is complete, it will send the school district a notice indicating so. The Comptroller will determine the eligibility of the project, issue a certificate for a limitation on appraised value to the school board regarding the application and prepare an economic impact evaluation by the 90th day after the Comptroller receives a complete application—as determined by the Comptroller.

The school board must approve or disapprove the application not later than the 150th day after the application review start date (the date the application is finally determined to be complete), unless an extension is granted. The Comptroller and school district are authorized to request additional information from the applicant that is reasonably necessary to issue a certificate, complete the economic impact evaluation or consider the application at any time during the application review period.

Please visit the Comptroller's website to find out more about the program at comptroller.texas.gov/economy/local/ch313/. There are links to the Chapter 313 statute, rules, guidelines and forms. Information about minimum limitation values for particular districts and wage standards may also be found at that site.

SECTION 1: School District Information

1. Authorized School District Representative

January 14, 2020

Date Application Received by District

Dr. Bobby

First Name

Superintendent

Title

Andrews ISD

School District Name

405 NW 3rd Street

Street Address

405 NW 3rd Street

Mailing Address

Andrews

City

432-523-3640 ext.1756

Phone Number

Mobile Number (optional)

Azam

Last Name

TX

State

432-523-3343

Fax Number

bazam@andrews.esc18.net

Email Address

79714

ZIP

2. Does the district authorize the consultant to provide and obtain information related to this application? ☒ Yes ☐ No

SECTION 1: School District Information *(continued)*3. Authorized School District Consultant *(If Applicable)*

Mali Hanley
First Name Last Name
Consultant
Title
O'Hanlon, Demerath & Castillo
Firm Name
512-494-9949 512-494-9919
Phone Number Fax Number
N/A mhanley@808west.com
Mobile Number *(optional)* Email Address

4. On what date did the district determine this application complete? January 17, 2020
5. Has the district determined that the electronic copy and hard copy are identical? ☒ Yes ☐ No

SECTION 2: Applicant Information

1. Authorized Company Representative *(Applicant)*

Michael U. Alvarez
First Name Last Name
COO Longroad Energy
Title Organization
330 Congress St., 6th Floor
Street Address
same
Mailing Address
Boston MA 02210
City State ZIP
415-792-6074 N/A
Phone Number Fax Number
N/A contracts@longroadenergy.com
Mobile Number *(optional)* Business Email Address

2. Will a company official other than the authorized company representative be responsible for responding to future information requests? ☒ Yes ☐ No

2a. If yes, please fill out contact information for that person.

Bryan Harris
First Name Last Name
Director, Development Longroad Energy
Title Organization
330 Congress St., 6th Floor
Street Address
same
Mailing Address
Boston MA 02210
City State ZIP
435-421-9300
Phone Number Fax Number
bryan.harris@longroadenergy.com
Mobile Number *(optional)* Business Email Address

3. Does the applicant authorize the consultant to provide and obtain information related to this application? ☒ Yes ☐ No

SECTION 2: Applicant Information (continued)

4. Authorized Company Consultant (If Applicable)

Brandon

Westlake

First Name

Last Name

Senior Consultant

Title

Cummings Westlake LLC

Firm Name

713-266-4456 x3

713-266-2333

Phone Number

Fax Number

bwestlake@cwlp.net

Business Email Address

SECTION 3: Fees and Payments

1. Has an application fee been paid to the school district? ☒ Yes ☐ No

The total fee shall be paid at time of the application is submitted to the school district. Any fees not accompanying the original application shall be considered supplemental payments.

1a. If yes, attach in **Tab 2** proof of application fee paid to the school district.

For the purpose of questions 2 and 3, "payments to the school district" include any and all payments or transfers of things of value made to the school district or to any person or persons in any form if such payment or transfer of thing of value being provided is in recognition of, anticipation of, or consideration for the agreement for limitation on appraised value.

2. Will any "payments to the school district" that you may make in order to receive a property tax value limitation agreement result in payments that are not in compliance with Tax Code §313.027(i)? ☐ Yes ☒ No ☐ N/A
3. If "payments to the school district" will only be determined by a formula or methodology without a specific amount being specified, could such method result in "payments to the school district" that are not in compliance with Tax Code §313.027(i)? ☐ Yes ☒ No ☐ N/A

SECTION 4: Business Applicant Information

1. What is the legal name of the applicant under which this application is made? Prospero Solar II, LLC
2. List the Texas Taxpayer I.D. number of entity subject to Tax Code, Chapter 171 (11 digits) 32072568044
3. List the NAICS code 221114
4. Is the applicant a party to any other pending or active Chapter 313 agreements? ☐ Yes ☒ No
- 4a. If yes, please list application number, name of school district and year of agreement

SECTION 5: Applicant Business Structure

1. Identify Business Organization of Applicant (corporation, limited liability corporation, etc) Limited Liability Corporation
2. Is applicant a combined group, or comprised of members of a combined group, as defined by Tax Code §171.0001(7)? ☒ Yes ☐ No
- 2a. If yes, attach in **Tab 3** a copy of Texas Comptroller Franchise Tax Form No. 05-165, No. 05-166, or any other documentation from the Franchise Tax Division to demonstrate the applicant's combined group membership and contact information.
3. Is the applicant current on all tax payments due to the State of Texas? ☒ Yes ☐ No
4. Are all applicant members of the combined group current on all tax payments due to the State of Texas? ☒ Yes ☐ No ☐ N/A
5. If the answer to question 3 or 4 is no, please explain and/or disclose any history of default, delinquencies and/or any material litigation, including litigation involving the State of Texas. (If necessary, attach explanation in **Tab 3**)

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:

☒ Land has no existing improvements	☐ Land has existing improvements (<i>complete Section 13</i>)
☐ Expansion of existing operation on the land (<i>complete Section 13</i>)	☐ 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.

SECTION 9: Projected Timeline

1. Application approval by school board August 2020
2. Commencement of construction 3Q - 2020
3. Beginning of qualifying time period January 1, 2021
4. First year of limitation January 1, 2022
5. Begin hiring new employees December 2021
6. Commencement of commercial operations December 2021
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? December 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, \$0.005099, 100% N/A
(Name, tax rate and percent of project)
 Hospital District: Andrews CHD, \$0.0046923, 100% N/A
(Name, tax rate and percent of project)
 Other (describe): N/A N/A
(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/.

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

SECTION 12: Qualified Property

1. Attach a detailed description of the qualified property. [See §313.021(2)] (If qualified investment describes qualified property exactly, you may skip items a, b and c below.) The description must include:
- a specific and detailed description of the qualified property for which you are requesting an appraised value limitation as defined by Tax Code §313.021 (Tab 8);
 - a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your qualified property (Tab 8); and
 - a map of the qualified property showing location of new buildings or new improvements with vicinity map (Tab 11).
2. Is the land upon which the new buildings or new improvements will be built part of the qualified property described by §313.021(2)(A)? ☐ Yes ☒ No
- 2a. If yes, attach complete documentation including:
- legal description of the land (Tab 9);
 - each existing appraisal parcel number of the land on which the new improvements will be constructed, regardless of whether or not all of the land described in the current parcel will become qualified property (Tab 9);
 - owner (Tab 9);
 - the current taxable value of the land. Attach estimate if land is part of larger parcel (Tab 9); and
 - a detailed map showing the location of the land with vicinity map (Tab 11).
3. Is the land on which you propose new construction or new improvements currently located in an area designated as a reinvestment zone under Tax Code Chapter 311 or 312 or as an enterprise zone under Government Code Chapter 2303? ☐ Yes ☒ No
- 3a. If yes, attach the applicable supporting documentation:
- evidence that the area qualifies as a enterprise zone as defined by the Governor's Office (Tab 16);
 - legal description of reinvestment zone (Tab 16);
 - order, resolution or ordinance establishing the reinvestment zone (Tab 16);
 - guidelines and criteria for creating the zone (Tab 16); and
 - a map of the reinvestment zone or enterprise zone boundaries with vicinity map (Tab 11)
- 3b. If no, submit detailed description of proposed reinvestment zone or enterprise zone with a map indicating the boundaries of the zone on which you propose new construction or new improvements to the Comptroller's office within 30 days of the application date. What is the anticipated date on which you will submit final proof of a reinvestment zone or enterprise zone? May 2020

SECTION 13: Information on Property Not Eligible to Become Qualified Property

1. In Tab 10, attach a specific and detailed description of all **existing property**. This includes buildings and improvements existing as of the application review start date (the date the application is determined to be complete by the Comptroller). The description must provide sufficient detail to locate all existing property on the land that will be subject to the agreement and distinguish existing property from future proposed property.
2. In Tab 10, attach a specific and detailed description of all **proposed new property that will not become new improvements** as defined by TAC 9.1051. This includes proposed property that: functionally replaces existing or demolished/removed property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property; or is otherwise ineligible to become qualified property. The description must provide sufficient detail to distinguish existing property (question 1) and all proposed new property that cannot become qualified property from proposed qualified property that will be subject to the agreement (as described in Section 12 of this application).
3. For the property not eligible to become qualified property listed in response to questions 1 and 2 of this section, provide the following supporting information in Tab 10:
- maps and/or detailed site plan;
 - surveys;
 - appraisal district values and parcel numbers;
 - inventory lists;
 - existing and proposed property lists;
 - model and serial numbers of existing property; or
 - other information of sufficient detail and description.
4. Total estimated market value of existing property (that property described in response to question 1): \$ 0.00
5. In Tab 10, include an appraisal value by the CAD of all the buildings and improvements existing as of a date within 15 days of the date the application is received by the school district.
6. Total estimated market value of proposed property not eligible to become qualified property (that property described in response to question 2): \$ 0.00

Note: Investment for the property listed in question 2 may count towards qualified investment in Column C of Schedules A-1 and A-2, if it meets the requirements of 313.021(1). Such property cannot become qualified property on Schedule B.

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 2019
(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 1,341.25
 - b. 110% of the average weekly wage for manufacturing jobs in the county is 1,117.05
 - c. 110% of the average weekly wage for manufacturing jobs in the region is 1,139.81
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? 58,087.00
10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 58,100.00
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**.

Proof of payment of filing fee received by the
Comptroller of Public Accounts per TAC Rule
§9.1054 (b)(5)

*(Page Inserted by Office of Texas Comptroller of
Public Accounts)*

Prospero Solar II, LLC

Chapter 313 Application to Andrews ISD

Cummings Westlake, LLC

TAB 3

*Documentation of Combined Group membership under Texas Tax Code 171.0001(7),
history of tax default, delinquencies and/or material litigation (if applicable)*

See Attached

**Documentation of combined
group received by the
Texas Comptroller
of Public Accounts**

TAB 4

Detailed Description of the Project

Provide a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.

Prospero Solar II, LLC (Prospero Solar II) is requesting an appraised value limitation from Andrews Independent School District (ISD) for the Prospero Solar II Project (the "Project"), a proposed solar powered electric generating facility in Andrews County. The proposed Andrews ISD Project (this application) will be constructed within a Reinvestment Zone that will be established by Andrews County. A map showing the location of the project is included in TAB 11.

The proposed Project is anticipated to have a capacity of approximately 250 MW located in Andrews ISD. The exact number and location of panels and inverters will vary depending upon ongoing siting analysis, manufacturer's availability, prices, and the megawatt generating capacity of the Project when completed. Current estimated plans are to install approximately 752,388 PV modules and 80 inverters with all improvements located in Andrews ISD. The Applicant requests a value limitation for all facilities and equipment installed for the Project, including; solar modules/panels, racking and mounting structures, inverters, combiner boxes, meteorological equipment, foundations, roadways, O&M building, paving, fencing, collection system, electrical substations, generation transmission tie line and associated towers, interconnection facilities and all eligible ancillary and necessary equipment.

Full construction of the Project is anticipated to begin in the 3rd Quarter of 2020 with completion by December 31, 2021.

**NOTE:* The map in TAB 11 shows the potential locations of improvements within Andrews ISD boundaries; however, the final number of panels and inverters and the location of each of these facilities is dependent upon ongoing negotiations with power purchasers and other factors.

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.

Longroad is keen to develop and build the proposed Prospero Solar II 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 solar projects. Longroad is active in states throughout the United States, 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. Longroad has various projects 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, Longroad currently has ongoing project developments in many states, including but not limited to, Alabama, Arizona, California, Nevada, North Carolina and Utah.

Due to the extremely competitive power market in Texas 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.

TAB 6

Description of how project is located in more than one district, including list of percentage in each district and, if determined to be a single unified project, documentation from the Office of the Governor (if applicable)

- | | |
|------------------------------|--------|
| 1) Andrews County | - 100% |
| 2) Andrews ISD | - 100% |
| 3) Andrews Hospital District | - 100% |

TAB 7

Description of Qualified Investment

Prospero Solar II, LLC plans to construct a 250 MW solar farm in Andrews County.

This application covers all qualified property within Andrews ISD necessary for the commercial operations of the proposed solar farm described in Tab 4. Two hundred and fifty megawatts (250 MW) will be located in Andrews ISD. Panel placement is subject to change but for purposes of this application, the Project anticipates using approximately 752,388 PV modules or equivalent and 80 inverters.

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

Qualified Investment and qualified property includes; solar modules/panels, racking and mounting structures, inverters, combiner boxes, meteorological equipment, foundations, roadways, O&M building, paving, fencing, collection system, electrical substations, generation transmission tie line and associated towers, interconnection facilities, control systems necessary for commercial generation of electricity and all eligible ancillary and necessary equipment.

**NOTE:* The map in TAB 11 shows the potential locations of improvements within Andrews ISD boundaries; however, the final number of panels and inverters and the location of each of these facilities is dependent upon ongoing negotiations with power purchasers and other factors.

TAB 8

Description of Qualified Property

Prospero Solar II, LLC plans to construct a 250 MW solar farm in Andrews County.

This application covers all qualified property within Andrews ISD necessary for the commercial operations of the proposed solar farm described in Tab 4. Two hundred and fifty megawatts (250 MW) will be located in Andrews ISD. Panel placement is subject to change but for purposes of this application, the Project anticipates using approximately 752,388 PV modules or equivalent and 80 inverters.

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

Qualified Investment and qualified property includes; solar modules/panels, racking and mounting structures, inverters, combiner boxes, meteorological equipment, foundations, roadways, O&M building, paving, fencing, collection system, electrical substations, generation transmission tie line and associated towers, interconnection facilities, control systems necessary for commercial generation of electricity and all eligible ancillary and necessary equipment.

**NOTE:* The map in TAB 11 shows the potential locations of improvements within Andrews ISD boundaries; however, the final number of panels and inverters and the location of each of these facilities is dependent upon ongoing negotiations with power purchasers and other factors.

Prospero Solar II, LLC

Chapter 313 Application to Andrews ISD

Cummings Westlake, LLC

TAB 9

Description of Land

Not Applicable

TAB 10

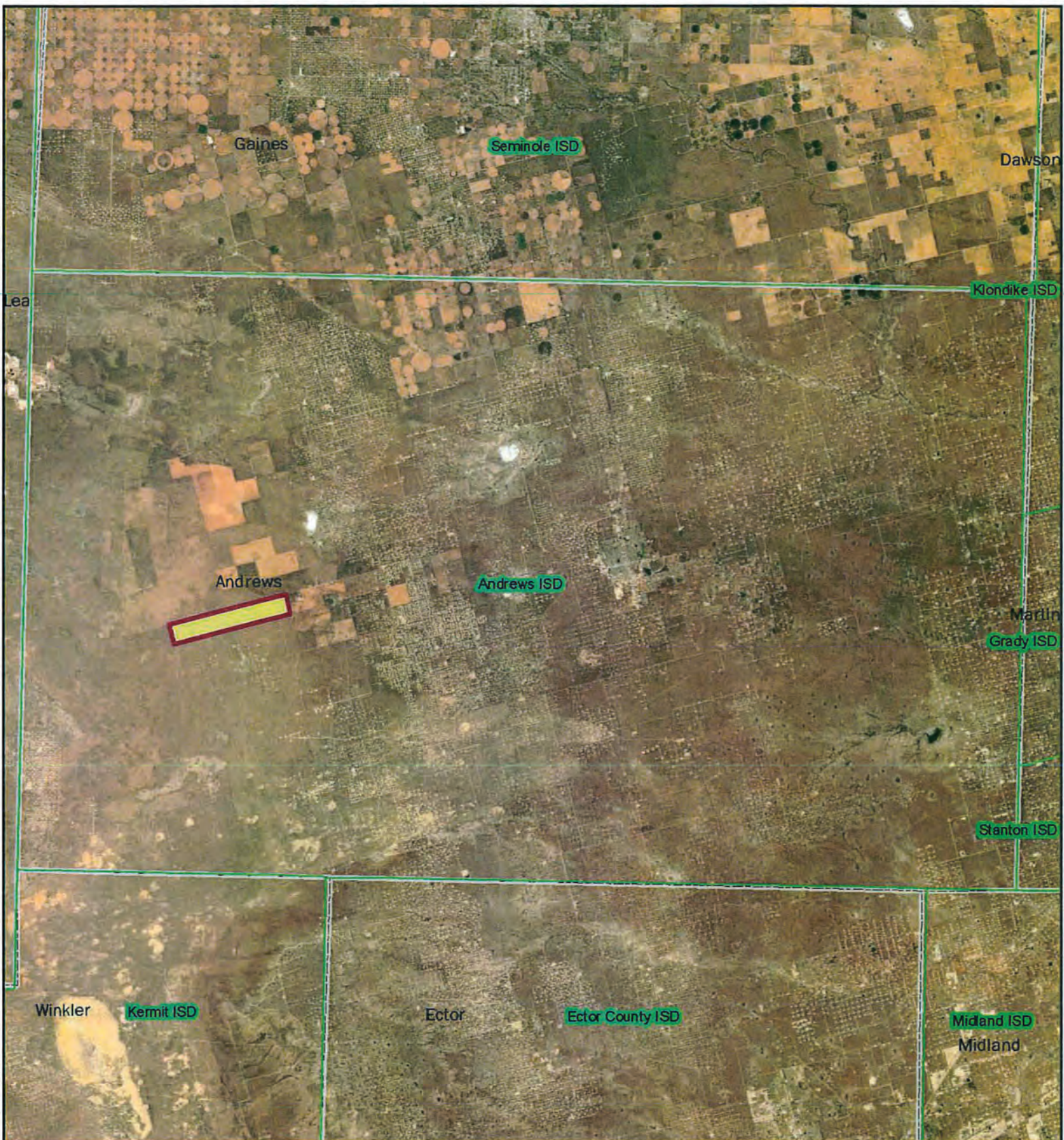
Description of all property not eligible to become qualified property (if applicable)

Not Applicable

TAB 11

Maps that clearly show:

- a) Project vicinity
- b) Qualified investment including location of new building or new improvements
- c) Qualified property including location of new building or new improvements
- d) Existing property
- e) Land location within vicinity map
- f) Reinvestment or Enterprise Zone within vicinity map, showing the actual or proposed boundaries and size



Prospero II Solar
Andrews CO, Texas

Vicinity Map

-  County Boundary
-  Reinvestment Zone
-  School Disricts
-  Project Boundary

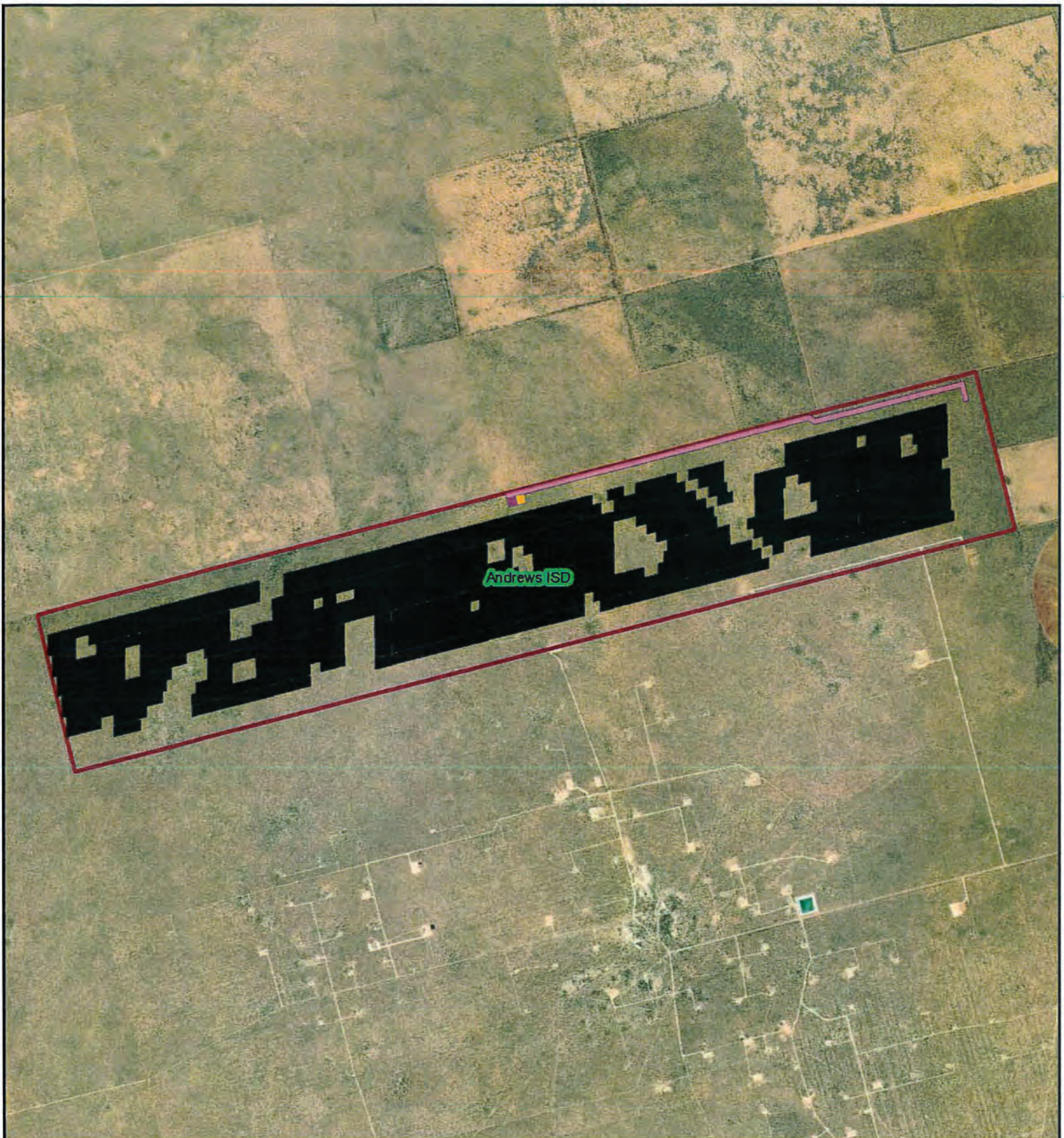


Date - 11/8/2019
Creator - tom.mulcahy

Miles 0 3 6



longroad
ENERGY



Prospero II Solar
Andrews CO, Texas

Qualified Property &
Qualified Investment Map

- Solar Project Layout
- Substation
- O&M Building
- School Districts
- Transmission Line Right of Way
- Project Boundary & Reinvestment Zone Boundary



Date - 11/8/2019
Creator - tom.mulcahy

Miles 0 0.75



longroad
ENERGY

TAB 12

Request for Waiver of Job Creation Requirement and supporting information (if applicable)

See Attached



CUMMINGS WESTLAKE

PROPERTY TAX ADVISORS

January 14, 2020

Dr. Bobby Azam, Superintendent
Andrews Independent School District
405 NW 3rd St.
Andrews, TX 79714

Re: Chapter 313 Job Waiver Request

Dear Dr. Azam,

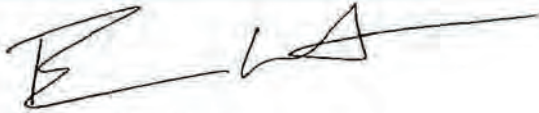
Prospero Solar II, LLC requests that the Andrews Independent School District's Board of Trustees waive the job requirement provision as allowed by Section 313.025(f-1) of the tax code. This waiver would be based on the school district's board findings that the jobs creation requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility of the property owner that is described in the application.

Prospero Solar II, LLC requests that the Andrews ISD makes such a finding and waive the job creation requirement for 10 permanent jobs. In line with industry standards for job requirements, Prospero Solar II, LLC has committed to create one qualified job in Andrews ISD.

Solar projects create a large number of full and part-time, but temporary, jobs during the construction phase of the project, but require a relatively small number of highly skilled technicians to operate and maintain the project after commercial operation commences. The number of jobs committed to in this application is in line with the industry standards for a solar project this size. This is evidenced by previously certified limitation agreement applications by solar developers who also requested a waiver of the job requirements. In addition, there are educational materials and other documentation that also suggest that Prospero Solar II, LLC has the appropriate number of jobs for this project at one permanent job per 250MW of installed capacity.

The permanent employees of a solar project maintain and service PV panels, and inverters, underground electrical connections, substations and other infrastructure associated with the safe and reliable operation of the project. In addition to the onsite employees, there may be managers or technicians who support the project from offsite locations.

Sincerely,

A handwritten signature in black ink, appearing to read 'B. Westlake', with a long horizontal line extending to the right.

Branon Westlake
Senior Tax Consultant

TAB 13

Calculation of three possible wage requirements with TWC documentation

- Andrews County average weekly wage for all jobs (all industries)
- Andrews County average weekly wage for all jobs (manufacturing)
- See attached Council of Governments Regional Wage Calculation and Documentation

ANSON SOLAR CENTER, LLC
TAB 13 TO CHAPTER 313 APPLICATION

ANDREWS COUNTY
CHAPTER 313 WAGE CALCULATION - ALL JOBS - ALL INDUSTRIES

QUARTER	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
FIRST	2019	\$ 1,316	\$ 68,432
SECOND	2019	\$ 1,332	\$ 69,264
THIRD	2018	\$ 1,289	\$ 67,028
FOURTH	2018	\$ 1,428	\$ 74,256
AVERAGE		\$ 1,341.25	\$ 69,745

ANDREWS COUNTY
CHAPTER 313 WAGE CALCULATION - MANUFACTURING JOBS

QUARTER	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
FIRST	2019	\$ 1,055	\$ 54,860
SECOND	2019	\$ 985	\$ 51,220
THIRD	2018	\$ 971	\$ 50,492
FOURTH	2018	\$ 1,051	\$ 54,652
AVERAGE		\$ 1,016	\$ 52,806
X		110%	110%
		\$ 1,117.05	\$ 58,087

CHAPTER 313 WAGE CALCULATION - REGIONAL WAGE RATE

	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
Permian Basin	2018	\$ 1,036	\$ 53,882
X		110%	110%
		\$ 1,139.81	\$ 59,270

* SEE ATTACHED TWC DOCUMENTATION

Drag a column header and drop it here to group by that column

Year	Period	Area	Ownership	Industry Code	Industry	Average Weekly Wage
2018	01	Andrews	Total All	10	Total, All Industries	1,261
2018	02	Andrews	Total All	10	Total, All Industries	1,273
2018	03	Andrews	Total All	10	Total, All Industries	1,289
2018	04	Andrews	Total All	10	Total, All Industries	1,428
2019	01	Andrews	Total All	10	Total, All Industries	1,316
2019	02	Andrews	Total All	10	Total, All Industries	1,332

Showing 6 items



Follow the Texas Workforce Commission

Enter your email address

Submit

Drag a column header and drop it here to group by that column

Year	Period	Area	Ownership	Industry Code	Industry	Average Weekly Wage
2018	01	Andrews	Private	31-33	Manufacturing	992
2018	02	Andrews	Private	31-33	Manufacturing	1,060
2018	03	Andrews	Private	31-33	Manufacturing	971
2018	04	Andrews	Private	31-33	Manufacturing	1,051
2019	01	Andrews	Private	31-33	Manufacturing	1,055
2019	02	Andrews	Private	31-33	Manufacturing	985

Showing 6 items



Follow the Texas Workforce Commission

Enter your email address

Submit

**2018 Manufacturing Average Wages by Council of Government Region
Wages for All Occupations**

COG	COG Number	Wages	
		Hourly	Annual
Texas		\$27.04	\$56,240
<u>Alamo Area Council of Governments</u>	18	\$22.80	\$47,428
<u>Ark-Tex Council of Governments</u>	5	\$18.73	\$38,962
<u>Brazos Valley Council of Governments</u>	13	\$18.16	\$37,783
<u>Capital Area Council of Governments</u>	12	\$32.36	\$67,318
<u>Central Texas Council of Governments</u>	23	\$19.60	\$40,771
<u>Coastal Bend Council of Governments</u>	20	\$28.52	\$59,318
<u>Concho Valley Council of Governments</u>	10	\$21.09	\$43,874
<u>Deep East Texas Council of Governments</u>	14	\$18.28	\$38,021
<u>East Texas Council of Governments</u>	6	\$21.45	\$44,616
<u>Golden Crescent Regional Planning Commission</u>	17	\$28.56	\$59,412
<u>Heart of Texas Council of Governments</u>	11	\$22.71	\$47,245
<u>Houston-Galveston Area Council</u>	16	\$29.76	\$61,909
<u>Lower Rio Grande Valley Development Council</u>	21	\$17.21	\$35,804
<u>Middle Rio Grande Development Council</u>	24	\$20.48	\$42,604
<u>NORTEX Regional Planning Commission</u>	3	\$25.14	\$52,284
<u>North Central Texas Council of Governments</u>	4	\$27.93	\$58,094
<u>Panhandle Regional Planning Commission</u>	1	\$24.19	\$50,314
<u>Permian Basin Regional Planning Commission</u>	9	\$25.90	\$53,882
<u>Rio Grande Council of Governments</u>	8	\$18.51	\$38,493
<u>South East Texas Regional Planning Commission</u>	15	\$36.26	\$75,430
<u>South Plains Association of Governments</u>	2	\$20.04	\$41,691
<u>South Texas Development Council</u>	19	\$17.83	\$37,088
<u>Texoma Council of Governments</u>	22	\$21.73	\$45,198
<u>West Central Texas Council of Governments</u>	7	\$21.84	\$45,431

Calculated by the Texas Workforce Commission Labor Market and Career Information Department.

Data published: July 2019

Data published annually, next update will be July 31, 2020

Annual wage figure assumes a 40-hour work week.

Note: Data is not supported by the Bureau of Labor Statistics (BLS).

Wage data is produced from Texas Occupational Employment Statistics (OES) data, and is not to be compared to BLS estimates.

Data intended only for use in implementing Chapter 313, Tax Code.

TAB 14

Schedules A1, A2, B, C and D completed and signed Economic Impact (if applicable)

See attached Schedules A1, A2, B, C and D

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

Date 1/8/2020
Applicant Name Prospero Solar II, LLC
ISD Name Andrews ISD

PROPERTY INVESTMENT AMOUNTS						
(Estimated investment in each year. Do not put cumulative totals.)						
	Year	School Year (YYYY- YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	Column B New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Column C Other new investment made during this year that will not become Qualified Property [SEE NOTE]
						Column D Other new investment made during this year that may become Qualified Property [SEE NOTE]
						Column E Total investment (Sum of Columns A+B+C+D)
Investment made before filing complete application with district	-	Year preceding the first complete tax year of the qualifying time period (assuming no deferrals of qualifying time period)	2020	0	0	0
Investment made after filing complete application with district, but before final board approval of application	-			53,125,000	0	0
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period	-			158,675,000	700,000	0
Complete tax years of qualifying time period	QTP1	2021-2022	2021	0	0	0
	QTP2	2022-2023	2022	0	0	0
Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]				211,800,000	700,000	0
Total Qualified Investment (sum of green cells)				159,375,000		212,500,000

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.

Column B: Only tangible personal property that is specifically described in the application can become qualified property.

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

Column D: 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 E: 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.

Schedule A2: Total Investment for Economic Impact (Including Qualified Property and other investments)

Date 1/8/2020
Applicant Name Prospero Solar II, LLC
ISD Name Andrews ISD

Form 50-256A
Revised May 2014

PROPERTY INVESTMENT AMOUNTS									
(Estimated investment in each year. Do not put cumulative totals.)									
				Column A	Column B	Column C	Column D	Column E	
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below)	New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Other investment made during this year that will <u>not</u> become Qualified Property (SEE NOTE)	Other investment made during this year that will become Qualified Property (SEE NOTE)	Total Investment (A+B+C+D)	
Total Investment from Schedule A1*	-	TOTALS FROM SCHEDULE A1		211,800,000	700,000	0	0	212,500,000	
Each year prior to start of value limitation period** Insert an entry row as necessary	0	2021-2022	2021	0	0	0	0	0	
	1	2022-2023	2022	0	0	0	0	0	
	2	2023-2024	2023	0	0	0	0	0	
	3	2024-2025	2024	0	0	0	0	0	
	4	2025-2026	2025	0	0	0	0	0	
	5	2026-2027	2026	0	0	0	0	0	
	6	2027-2028	2027	0	0	0	0	0	
	7	2028-2029	2028	0	0	0	0	0	
	8	2029-2030	2029	0	0	0	0	0	
	9	2030-2031	2030	0	0	0	0	0	
Value limitation period***	10	2031-2032	2031	0	0	0	0	0	
	Total Investment made through limitation			211,800,000	700,000	0	0	212,500,000	
	Continue to maintain viable presence:	11	2032-2033	2032			0		0
		12	2033-2034	2033			0		0
		13	2034-2035	2034			0		0
		14	2035-2036	2035			0		0
		15	2036-2037	2036			0		0
	Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2037-2038	2037			0		0
		17	2038-2039	2038			0		0
		18	2039-2040	2039			0		0
19		2040-2041	2040			0		0	
20		2041-2042	2041			0		0	
21		2042-2043	2042			0		0	
22		2043-2044	2043			0		0	
23		2044-2045	2044			0		0	
24		2045-2046	2045			0		0	
25		2046-2047	2046			0		0	

* All investments made through the qualifying time period are captured and totaled on Schedule A1 (blue box) and incorporated into this schedule in the first row.

** Only investment made during deferrals of the start of the limitation (after the end of qualifying time period but before the start of the Value Limitation Period) should be included in the "year prior to start of value limitation period" row(s). If the limitation starts at the end of the qualifying time period or the qualifying time period overlaps the limitation, no investment should be included on this line.

*** If your qualifying time period will overlap your value limitation period, do not also include investment made during the qualifying time period in years 1 and/or 2 of the value limitation period, depending on the overlap. Only include investments/years that were not captured on Schedule A1.

For All Columns: List amount invested each year, not cumulative totals. Only include investments in the remaining rows of Schedule A2 that were not captured on Schedule A1.

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.

Column B: Only tangible personal property that is specifically described in the application can become qualified property.

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

Column D: 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 E: 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.

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

Date
Applicant Name
ISD Name

1/8/2020
Prospero Solar II, LLC

Andrews ISD

Form 50-296A
Revised May 2014

Qualified Property				Estimated Taxable Value		
Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	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
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2021-2022	2021	0	4,781,250	4,781,250
Value Limitation Period	1	2022-2023	2022	679,000	136,399,200	137,078,200
	2	2023-2024	2023	662,000	124,538,400	125,200,400
	3	2024-2025	2024	645,500	112,677,600	113,323,100
	4	2025-2026	2025	629,400	99,334,200	99,963,600
	5	2026-2027	2026	613,700	85,990,800	86,604,500
	6	2027-2028	2027	598,400	72,647,400	73,245,800
	7	2028-2029	2028	583,400	57,821,400	58,404,800
	8	2029-2030	2029	568,800	44,478,000	45,046,800
	9	2030-2031	2030	554,600	35,582,400	36,137,000
	10	2031-2032	2031	540,700	31,134,600	31,675,300
Continue to maintain viable presence	11	2032-2033	2032	527,200	31,134,600	31,661,800
	12	2033-2034	2033	514,000	31,134,600	31,648,600
	13	2034-2035	2034	501,200	31,134,600	31,635,800
	14	2035-2036	2035	488,700	31,134,600	31,623,300
	15	2036-2037	2036	476,500	31,134,600	31,611,100
	16	2037-2038	2037	464,600	31,134,600	31,599,200
	17	2038-2039	2038	453,000	31,134,600	31,587,600
	18	2039-2040	2039	441,700	31,134,600	31,576,300
	19	2040-2041	2040	430,700	31,134,600	31,565,300
	20	2041-2042	2041	419,900	31,134,600	31,554,500
Additional years for 25 year economic impact as required by 313.026(c)(1)	21	2042-2043	2042	409,400	31,134,600	31,544,000
	22	2043-2044	2043	399,200	31,134,600	31,533,800
	23	2044-2045	2044	389,200	31,134,600	31,523,800
	24	2045-2046	2045	379,500	31,134,600	31,514,100
	25	2046-2047	2046	370,000	31,134,600	31,504,600

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.

Date

1/8/2020

Applicant Name

Prospero Solar II, LLC

ISD Name

Andrews ISD

Schedule C: Employment Information

Form 50-296A

Revised May 2014

				Construction		Non-Qualifying Jobs		Qualifying Jobs	
	Year	School Year (YYYY-YYYY)	Tax Year (Actual tax year) YYYY	Column A Number of Construction FTE's or man-hours (specify)	Column B Average annual wage rates for construction workers	Column C Number of non-qualifying jobs applicant estimates it will create (cumulative)	Column D Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Column E 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	2020-2021	2020	50 FTE	50,000	0	0	0	
	0	2021-2022	2021	150 FTE	50,000	0	0	0	
	1	2022-2023	2022	N/A	N/A	0	1	58,100	
Value Limitation Period <i>The qualifying time period could overlap the value limitation period.</i>	2	2023-2024	2023	N/A	N/A	0	1	58,100	
	3	2024-2025	2024	N/A	N/A	0	1	58,100	
	4	2025-2026	2025	N/A	N/A	0	1	58,100	
	5	2026-2027	2026	N/A	N/A	0	1	58,100	
	6	2027-2028	2027	N/A	N/A	0	1	58,100	
	7	2028-2029	2028	N/A	N/A	0	1	58,100	
	8	2029-2030	2029	N/A	N/A	0	1	58,100	
	9	2030-2031	2030	N/A	N/A	0	1	58,100	
	10	2031-2032	2031	N/A	N/A	0	1	58,100	
	11 through 25	2032-2046	2032-2046	N/A	N/A	0	1	58,100	
Years Following Value Limitation Period									

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 Subchapter C districts)

If yes, answer the following two questions:

C1a. Will the applicant request a job waiver, as provided under 313.025(f-1)?

C1b. Will the applicant avail itself of the provision in 313.021(3)(F)?

(25

Yes

☐

No

Yes

☐

No

Yes

☒

No

Schedule D: Other Incentives (Estimated)

Date

1/8/2020

Applicant Name

Prospero Solar II, LLC

ISD Name

Andrews ISD

Form 50-296A

Revised May 2014

State and Local Incentives for which the Applicant intends to apply (Estimated)						
Incentive Description	Taxing Entity (as applicable)	Beginning Year of Benefit	Duration of Benefit	Annual Tax Levy without Incentive	Annual Incentive	Annual Net Tax Levy
Tax Code Chapter 311	County:	N/A	N/A	N/A	N/A	N/A
	City:	N/A	N/A	N/A	N/A	N/A
	Other:	N/A	N/A	N/A	N/A	N/A
Tax Code Chapter 312	County: Andrews County	2022	10 Years	Annual Avg. of \$411,300	80%	Annual Avg. of \$82,200
	City:	N/A	N/A	N/A	N/A	N/A
	County: Andrews County Hospital	2022	10 Years	Annual Avg. of \$378,500	80%	Annual Avg. of \$75,700
Local Government Code Chapters 380/381	County:	N/A	N/A	N/A	N/A	N/A
	City:	N/A	N/A	N/A	N/A	N/A
	Other:	N/A	N/A	N/A	N/A	N/A
Freeport Exemptions	N/A	N/A	N/A	N/A	N/A	N/A
Non-Annexation Agreements	N/A	N/A	N/A	N/A	N/A	N/A
Enterprise Zone/Project	N/A	N/A	N/A	N/A	N/A	N/A
Economic Development Corporation	N/A	N/A	N/A	N/A	N/A	N/A
Texas Enterprise Fund	N/A	N/A	N/A	N/A	N/A	N/A
Employee Recruitment	N/A	N/A	N/A	N/A	N/A	N/A
Skills Development Fund	N/A	N/A	N/A	N/A	N/A	N/A
Training Facility Space and Equipment	N/A	N/A	N/A	N/A	N/A	N/A
Infrastructure Incentives	N/A	N/A	N/A	N/A	N/A	N/A
Permitting Assistance	N/A	N/A	N/A	N/A	N/A	N/A
Other:	N/A	N/A	N/A	N/A	N/A	N/A
Other:	N/A	N/A	N/A	N/A	N/A	N/A
Other:	N/A	N/A	N/A	N/A	N/A	N/A
Other:	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL				789,800		157,900

Additional information on incentives for this project:

TAB 15

Economic Impact Analysis, other payments made in the state or other economic information (if applicable)

None

TAB 16

Description of Reinvestment Zone or Enterprise Zone, including:

- a) Evidence that the area qualifies as a enterprise zone as defined by the Governor's office*
- b) Legal description of reinvestment zone**
- c) Order, resolution, or ordinance established the reinvestment zone**
- d) Guidelines and criteria for creating the zone**

Will be submitted once Andrews County establishes the Reinvestment Zone

GUIDELINES AND CRITERIA GOVERNING TAX ABATEMENT I ANDREWS, TEXAS

SECTION I. General Purpose:

The City of Andrews, Andrews County and Andrews County Hospital District (hereinafter referred to as the Affected Jurisdictions) located within the County of Andrews, Texas, are committed to the promotion of business development and to an ongoing improvement in the quality of life for their citizens. The Affected Jurisdictions recognize that these objectives are generally served by enhancement and expansion of the local economy. The Affected Jurisdictions will, on a case by case basis, give consideration to providing tax abatement, as authorized by V.T.C.A., Tax Code, Chapter 312, as stimulation for economic development within the Affected Jurisdictions. It is the policy of the Affected Jurisdictions that said consideration will be provided in accordance with the guidelines and criteria herein set forth and in conformity with the Tax Code.

Nothing contained herein shall imply, suggest or be understood to mean that the Affected Jurisdictions are under any obligation to provide tax abatement to any applicant and attention is called to V.T.C.A., Tax Code, Section 312.002(d). With the above rights reserved all applications for tax abatement will be considered on a case by case basis.

SECTION II. Definitions:

As used within these guidelines and criteria, the following words or phrases shall have the following meaning:

1. **Abatement of Taxes:** To exempt from ad valorem taxation all or part of the value of certain Improvements placed on land located in a Reinvestment Zone designated for economic development purposes as of the date of execution of the Tax Abatement Agreement for a period of time not to exceed ten (10) years.
2. **Affected Jurisdiction:** The City of Andrews, County of Andrews, and the Andrews County Hospital District or any other governmental taxing unit located totally within or partially within the County of Andrews that has adopted these guidelines and criteria.
3. **Abatement Agreement:** (1) A contract between a property owner and an Affected Jurisdiction for the abatement of taxes on qualified Real Property located within the Reinvestment Zone, or tangible Personal Property, or both, as authorized by V.T.C.A., Tax Code, Section 312.204.
4. **Base Year Value:** The assessed value of property eligible for tax abatement as of January 1 preceding the execution of an Abatement Agreement as herein defined.
5. **Distribution Center Facility:** A building or structure including Tangible Personal Property used or to be used primarily to receive, store, service or distribute goods or materials.

6. **Expansion of Existing Facilities or Structures:** The addition of buildings, structures, machinery or equipment to a Facility after the date of execution of an Abatement Agreement.
7. **Existing Facility or Structure:** A facility as of the date of execution of the Tax Abatement Agreement, located in or on Real Property eligible for tax abatement.
8. **Facility:** The improvements made to Real Property eligible for tax abatement and including the building or structure erected on such Real Property and/or any Tangible Personal Property to be located in or on such property.
9. **Improvements to Real Property or Improvements:** The construction, addition to, structural upgrading of, replacement of, or completion of any facility located upon, or to be located upon, Real Property, as herein defined, or any Tangible Personal Property placed in or on said Real Property.
10. **Manufacturing Facility:** A Facility which is or will be used for the primary purpose of the production of goods or materials or the processing or change of goods or materials to a finished product.
11. **Modernization/Renovation of Existing Facilities:** The replacement or upgrading of existing facilities.
12. **New Facility:** The construction of a Facility on previously undeveloped real property eligible for tax abatement.
13. **New Permanent Job:** A new employment position created by a business that has provided employment to an employee of at least 1,820 hours annually and intended to be an employment position that exists during the life of the abatement.
14. **Other Basic Industry:** A Facility other than a distribution center facility, a regional service facility or a manufacturing facility which produces goods or services or which creates new or expanded job opportunities and services a market of which 50% of revenues come from outside of Andrews County, Texas.
15. **Owner:** The record title owner of Real Property or the legal owner of Tangible Personal Property. In the case of land leased from an Affected Jurisdiction, the lessee shall be deemed the owner of such leased property together with all improvements and Tangible Personal Property located thereon.
16. **Productive Life:** The number of years a Facility is expected to be in service.
17. **Real Property:** Land on which Improvements are to be made or fixtures placed.
18. **Regional Services Facility:** A Facility, the primary purpose of which is to service or repair goods or materials and which creates job opportunities within the Affected Jurisdictions.
19. **Reinvestment Zone:** Real Property designated as a Reinvestment Zone under the provisions of V.T.C.A., Tax Code, Section 312.

- 20. Tangible Personal Property:** Any Personal Property, not otherwise defined herein and which is necessary for the proper operation of any type of Facility.
- 21. Renewable Energy Facility:** a Facility that produces energy derived from renewable energy technologies, as defined in PUC Substantive Rule 25.5, specifically including a wind energy facility and a solar energy facility.

SECTION III. Intent of Criteria and Guidelines:

The Intent of the criteria and guidelines, as herein set forth, is to establish the minimum standards which an applicant for tax abatement must meet in order to be considered for such status by the Affected Jurisdictions.

SECTION IV. Criteria and Guidelines for Tax Abatement:

Any type of Facility will be eligible for tax abatement consideration provided such Facility meets the following guidelines and criteria:

1. To qualify for Tax Abatement, the company must meet **two or more of the following criteria:**
 - a) The modernization or expansion of an existing facility of any type as herein defined **or** construction of a new facility of any type as herein defined.
 - b) Producer, manufacturer or distributor of goods and services of which 50 percent or more are distributed outside of Andrews County.
 - c) The new business investment must clearly add to the Andrews economic base, not solely or primarily have the effect of transferring employment from one part of the local economy to another.
2. In addition to the aforementioned, the taxing jurisdiction will consider abatement only if the company meets **one of the following criteria:**
 - a) One of the following target industries:
 - i) Plastic Injection Molding
 - ii) Food Processing
 - iii) Back Office Operations
 - iv) Retiree Services
 - v) Oil & Gas Field Services
 - vi.) Supply, distribution or logistics facilities
 - vii.) Renewable energy facilities

or
 - b) The project is not included as a target industry, but has the potential of generating additional significant economic development opportunities to Andrews.

3. A company meeting the criteria and guidelines for tax abatement, as set forth herein, shall be eligible for tax abatement as follows:

	<u>Min. Investment</u>	OR	<u># Jobs</u>
▶ up to 3 yrs. @ 100%	\$50-100,000		5-10
▶ up to 5 yrs. @ 100%	\$100-250,000		11-25
▶ up to 10 yrs. @ 100%	\$250K - \$1 MIL		26-100+
Over \$1MIL. Or 100 jobs = individually negotiated			

Under this formula, tax abatement may be less than 100% (declining scale) after the initial year.

4. New or existing facilities, of any type herein defined, located in a Reinvestment Zone or upon Real Property eligible for such status will be eligible for consideration for tax abatement status provided that all other criteria and guidelines are satisfied.
5. Improvements to Real Property are eligible for tax abatement status.
6. The following types of Property shall be **ineligible** for tax abatement status and shall be fully taxed.
- a) Real Property;
 - b) hotel/motel accommodations
 - c) tools;
 - d) furnishings and other forms of movable personal property;
 - e) vehicles;
 - f) aircraft;
 - g) housing;
 - h) boats;
 - i) retail businesses;
 - j) property owned by the State of Texas or any State agency; and,
 - k) property owned or leased by a member of the affected Jurisdiction.
7. To qualify for tax abatement, one of the following conditions must apply:
- a) The Real Property and eligible improvements and Tangible Personal Property must be owned by the same person, corporation, partnership or other business entity; or,
 - b) In the case of Real Property leased from an Affected Jurisdiction, all improvements placed thereon together with all Tangible Personal Property used in conjunction with said improvements must be owned by the same person, corporation, partnership or other business entity and said owner must have a leased commitment for the full term of the abatement.
8. In Reinvestment Zones, the amount and term of abatement shall be determined on a case by case basis, however, in no event shall taxes be abated for a term in excess of ten (10) years. The amount of the taxable value of Improvements to be abated and the term of the abatement shall be determined by the City of Andrews in all cases where the

property for which tax abatement is applied for is within the City limits or extraterritorial jurisdiction of the City or by the County of Andrews in all cases where the property for which tax abatement is applied for is outside of these limits of the City of Andrews, but within the County of Andrews.

9. No property shall be eligible for tax abatement unless such property is located in a Reinvestment Zone in accordance with V.T.C.A., Tax Code, Section 312.
10. Notwithstanding any of the requirements set forth in Section IV Subsection 3, the governing body of an Affected Jurisdiction upon the affirmative vote of a three-fourths (3/4) of its members may vary any of the above requirements when variation is demonstrated by the applicant for Tax Abatement that variation is in the best interest of the Affected Jurisdiction to do so and will enhance the economic development of the Affected Jurisdiction. By way of example only and not by limitation, the governing body of an Affected Jurisdiction may consider the following or similar terms in determining whether a variance shall be granted:
 - a) That the increase in productivity of the Facility will be substantial and hence directly benefit the economy.
 - b) That the increase of goods or services produced by the Facility will be substantial and directly benefit the economy.
 - c) That the employment maintained at the Facility will be increased.
 - d) That the waiver of the requirement will contribute and provide for the retention of existing jobs within the Affected Jurisdiction.
 - e) That the applicant for tax abatement has demonstrated that if tax abatement is granted to his Facility even though his Facility will not employ additional personnel THAT nevertheless due to the existence of said Facility new jobs will be created as a direct result of his Facility in other facilities located within the Affected Jurisdiction.
 - f) Any other evidence tending to show a direct economic benefit to the Affected Jurisdiction.

11. Taxability:

- a) The portion of the value of Improvements to be abated shall be abated in accordance with the terms and provisions of a Tax Abatement Agreement executed between the Affected Jurisdiction and the owner of the Real Property and/or Tangible Personal Property, which agreement shall be in accord with the provisions of V.T.C.A., Tax Code, Section 312.205. The property eligible for abatement may be personal, real or mixed property. When an investment improves existing property, the portion of the value of property eligible for abatement is:
 1. For real property, the value of real property which has increased in market value because of the development, re-development or improvements specified in the abatement contract.

2. For personal property, the market value of the personal property at the location, other than inventory or supplies, purchased with new capital identified in the Tax Abatement Agreement contract. Personal property located at the site before the period covered by the agreement is not eligible for tax abatement.
- b) All ineligible property, if otherwise taxable as herein described, shall be fully taxed.
12. The governing body of each Affected Jurisdiction shall have total discretion as to whether tax abatement is to be granted. Such discretion, as herein retained, shall be exercised on a case by case basis. The adoption of these guidelines and criteria by the governing body of an Affected Jurisdiction does not:
 - a) Limit the discretion of the governing body to decide whether to enter into a specific tax abatement agreement;
 - b) Limit the discretion of the governing body to delegate to its employees the authority to determine whether or not the governing body should consider a particular application or request for tax abatement; or,
 - c) Create any property, contract, or other legal right in any person to have the governing body consider or grant a specific application or request for tax abatement.
13. The burden to demonstrate that an application for tax abatement should be granted shall be upon the applicant. Each Affected Jurisdiction to which the application has been directed shall have full authority to request any additional information from the applicant that the governing body of such Affected Jurisdiction deems necessary to assist it in considering such application.

SECTION V. Tax Abatement Agreement:

1. After the creation of a Reinvestment Zone, a Tax Abatement Agreement may be executed between the owner and any Affected Jurisdiction. A Tax Abatement Agreement shall:
 - a) Establish and set forth the Base Year assessed value of the property for which tax abatement is sought.
 - b) Provide that the taxes paid on the base year assessed value shall not be abated as a result of the execution of said Tax Abatement Agreement.
 - c) Provide that ineligible property as subscribed in Section IV, Subsection 6, hereinabove shall be fully taxed.
 - d) Provide for the exemption of Improvements in each year covered by the agreement only to the extent the value of such Improvements for each such year exceeds the value for the year in which the agreement is executed.
 - e) Fully describe and list the kind, number and location of all of the improvements to be made in or on the Real Property.

- f) Set forth the estimated value of all improvements to be made in or on the Real Property.
- g) Clearly provide that tax abatement shall be granted only to the extent:
 - 1. the Improvements to Real Property increase the value of the Real Property for the year in which the Tax Abatement Agreement is executed; and,
 - 2. that the Tangible Personal Property improvements to Real Property were not located on the Real Property prior to the execution of the Tax Abatement Agreement.
- h) Provide for the portion of the value of the improvements to Real Property of improvements to be abated.
- i) Provide for the commencement date and the termination date. In no event shall said dates exceed a period of ten (10) years.
- j) Describe the type and proposed use of the improvements to Real Property or improvements including:
 - 1. The type of facility.
 - 2. Whether the improvements are for a new facility, modernization of a facility, or expansion of a facility.
 - 3. The nature of the construction, proposed time table of completion, a map or drawings of the improvements above mentioned.
 - 4. The amount of investment and the commitment for the creation of new jobs.
 - 5. A list containing the kind, number and location of all proposed Improvements.
 - 6. Any other information required by the Affected Jurisdiction.
- k) Provide a legal description of the Real Property upon which improvements are to be made.
- l) Provide access to and authorize inspection of the Real Property or improvements by employees of the Affected Jurisdiction, who have executed a Tax Abatement Agreement with owner to insure improvements are made according to the specifications and conditions of the Tax Abatement Agreement.
- m) Provide for the limitation of the uses of the Real Property or improvements consistent with the general purpose of encouraging development or redevelopment of the zone during the period covered by the Tax Abatement Agreement.
- n) Provide for contractual obligations in the event of default by owner or violation of the terms or conditions by owner which allows for the recapturing of property tax revenue in the event owner defaults or otherwise fails to make improvements as provided in

said Tax Abatement Agreement, and any other provision as may be required or authorized by State Law.

- o) Contain each term agreed to by the owner of the property.
 - p) Require the owner of the property to certify annually to the governing body of each taxing unit that the owner is in compliance with each applicable term of the agreement.
 - q) Provide that the governing body of the City of Andrews may cancel or modify the agreement if the property owner fails to comply with the agreement.
2. Not later than the seventh day before the City of Andrews or the County of Andrews (as required by V.T.C.A., Tax Code, Section 312.2041 or Section 312.402) enters into an agreement for tax abatement under V.T.C.A., Tax Code, Section 312.204, the governing body of the City of Andrews or a designated officer or employee thereof or the governing body of the County of Andrews or a designated officer or employee thereof shall deliver to the presiding officer of the governing body of each of the taxing units in which the property to be subject to the agreement is located, a written notice that the City of Andrews or the County of Andrews as the case may be, intends to enter into the agreement. The notice must include a copy of the proposed Tax Abatement Agreement.
 3. A notice, as above described in Subparagraph 2, is presumed delivered when placed in the mail, postage paid and properly addressed to the appropriate presiding officer. A notice properly addressed and sent by registered or certified mail for which a return receipt is received by the sender is considered to have been delivered to the addressee.
 4. Failure to deliver the notice does not affect the validity of the agreement.

SECTION VI. Application:

1. Any present owner of taxable property located within an Affected Jurisdiction may apply for tax abatement by filing an application with the County Judge County of Andrews, when the Real Property or Tangible Personal Property for which abatement is sought is located within the County of Andrews but outside of the City limits or extraterritorial jurisdiction of the City of Andrews or with the City Manager when the Real Property or Tangible Personal Property for which abatement is sought is located within the City limits of the City of Andrews.
- 2) Information that is provided to an Affected Jurisdiction in connection with an application or request for tax abatement and which describes the specific processes or business activity to be conducted or the equipment or other property to be located on the property for which tax abatement is sought is confidential and not subject to public disclosure until the Tax Abatement Agreement is executed. Information in the custody of an Affected Jurisdiction after the agreement is executed is not confidential (V.T.C.A., Tax Code, Section 312.003).
- 3) The Affected Jurisdiction to whom the application for tax abatement has been directed shall determine if the property described in said application is within a designated Reinvestment Zone. If the Affected Jurisdiction determines that the property described

is not within a current Reinvestment Zone then they shall so notify the applicant and said application shall then be considered both as an application for the creation of a Reinvestment Zone and a request for tax abatement to be effective after the zone is created.

SECTION VII. Recapture:

1. In the event that any type of facility is completed and begins producing goods or services, but subsequently discontinues producing goods or services for any reason, excepting fire, explosion or other casualty or accident or natural disaster or other event beyond the reasonable control of applicant or owner for a period of 180 days during the term of a Tax Abatement Agreement, then in such event the Tax Abatement Agreement shall terminate and all abatement of taxes shall likewise terminate. Taxes abated during the calendar year in which termination takes place shall be payable to each Affected Jurisdiction by no later than January 31st of the following year. Taxes abated in years prior to the year of termination shall be payable to each Affected Jurisdiction within ninety (90) days of the date of termination. The burden shall be upon the applicant or owner to prove to the satisfaction of the Affected Jurisdiction to who the application for tax abatement was directed that the discontinuance of producing goods or services was as a result of fire, explosion, or other casualty or accident of natural disaster or other event beyond the control of applicant or owner. In the event that applicant or owner meets this burden and the Affected Jurisdiction is satisfied that the discontinuance of the production of goods or services was the result of events beyond the control of the applicant or owner, then such applicant or owner shall have a period of one (1) year in which to resume the production of goods and services. In the event that the applicant or owner fails to resume the production of goods or services within one (1) year, then the Tax Abatement Agreement shall terminate and the Abatement of all taxes shall likewise terminate. Taxes abated during the calendar year in which termination takes place shall be payable to each Affected Jurisdiction by no later than January 31st of the following year. Taxes abated in years prior to the year of termination shall be payable to each Affected Jurisdiction within ninety (90) days of the date of termination. The one year time period, hereinabove mentioned, shall commence upon written notification from the Affected Jurisdiction to the applicant or owner.
2. In the event that the applicant or owner has entered into a Tax Abatement Agreement to make improvements to a facility of any type described in Section 1 above, but fails to undertake or complete such improvements, then in such event the Affected Jurisdiction to whom the application for tax abatement was directed shall give the applicant or owner ninety (90) days notice of such failure. The applicant or owner shall demonstrate to the satisfaction of the Affected Jurisdiction, above mentioned, that the applicant or owner has commenced to cure such failure within the ninety (90) days above mentioned. In the event that the applicant or owner fails to demonstrate that he is taking affirmative action to cure his failure, then in such event the Tax Abatement Agreement shall terminate and all abatement of taxes shall likewise terminate. Taxes abated during the calendar year in which termination takes place shall be payable to each Affected Jurisdiction by no later than January 31st of the following year. Taxes abated in years prior to the year of termination shall be payable to each Affected Jurisdiction within ninety (90) days of the date of termination.

3. In the event that the Affected Jurisdiction to whom application for tax abatement was directed determines that the applicant or owner is in default of any of the terms or conditions contained in the Tax Abatement Agreement, then in such event the Affected Jurisdiction, shall give the applicant or owner ninety (90) days written notice to cure such default. In the event such default is not cured to the satisfaction of the Affected Jurisdiction within the ninety (90) days notice period, then the Tax Abatement Agreement shall terminate and all abatement of taxes shall likewise terminate. Taxes abated during the calendar year in which termination takes place shall be payable to each Affected Jurisdiction by no later than January 31st of the following year. Taxes abated in years prior to the year of termination shall be payable to each Affected Jurisdiction within ninety (90) days of the date of termination.
4. In the event that the applicant or owner allows ad valorem taxes on property ineligible for tax abatement owed to any Affected Jurisdiction to become delinquent and fails to timely and properly follow the legal procedures for their protest or contest, then in such event the Tax Abatement Agreement shall terminate and all abatement of taxes shall likewise terminate. Taxes abated during the calendar year in which termination, under this subparagraph, takes place shall be payable to each Affected Jurisdiction by no later than January 31st of the following year. Taxes abated in years prior to the year of termination shall be payable to each Affected Jurisdiction within ninety (90) days of the date of termination.
5. In the event that the applicant or owner, who has executed a Tax Abatement Agreement with any Affected Jurisdiction, relocates the business for which tax abatement has been granted to a location outside of the designated Reinvestment Zone, then in such event, the Tax Abatement Agreement shall terminate after ninety (90) days written notice by the Affected Jurisdiction to the Owner/Applicant. Taxes abated during the calendar year in which termination, under this subparagraph takes place shall be payable to each Affected Jurisdiction by no later than January 31st of the following year. Taxes abated in years prior to the year of termination shall be payable to each Affected Jurisdiction within ninety (90) days of the date of termination.
6. The date of termination as that term is used in this Subsection VII shall, in every instance, be the 60th day after the day the Affected Jurisdiction sends notice of default, in the mail to the address shown in the Tax Abatement Agreement to the Applicant or Owner. Should the default be cured by the owner or Applicant within the ninety (90) day notice period, the Owner/Applicant shall be responsible for so advising the Affected Jurisdiction and obtaining a release from the notice of default from the Affected Jurisdiction, failing in which, the abatement remains terminated and the abated taxes must be paid.
7. In every case of termination set forth above, the Affected Jurisdiction to which the application for tax abatement was directed shall determine whether default has occurred by Owner (Applicant) in the terms and conditions of the Tax Abatement Agreement and shall so notify all other Affected Jurisdictions. Termination of the Tax Abatement Agreement by the Affected Jurisdiction to which the application for tax abatement was directed shall constitute simultaneous termination of all Tax Abatement Agreements of all other Affected Jurisdictions.

8. In the event that a Tax Abatement Agreement is terminated for any reason whatsoever and taxes are not paid within the time period herein specified, then in such event, the provisions of V.T.C.A., Tax Code, Section 33.01 will apply.

SECTION VIII. Miscellaneous:

1. Any notice required to be given by these criteria or guidelines shall be given in writing to the addresses appearing on the Tax Abatement Agreement:
2. The Chief Appraiser of the Andrews County Appraisal District shall annually assess the Real and Personal Property comprising the Reinvestment Zone. Each year, the applicant or owner receiving tax abatement shall furnish the Chief Appraiser with such information as may be necessary for the abatement. Once value has been established, the Chief Appraiser shall notify the Affected Jurisdictions which levy taxes of the amount of assessment.
3. Upon the completion of improvements made to any type of Facility as set forth in these criteria and guidelines, a designated employee or employees of any Affected Jurisdiction having executed a Tax Abatement Agreement with applicant or owner shall have access to the Facility to insure compliance with the Tax Abatement Agreement.
4. A Tax Abatement Agreement may be assigned to a new owner but only after written consent has been obtained from all Affected Jurisdictions which have executed such an agreement with the applicant or owner.
5. These guidelines and criteria are effective upon the date of their adoption by an Affected Jurisdiction and shall remain in force for two (2) years. At the end of the two (2) year period these guidelines and criteria may be readopted, modified, amended or rewritten as the conditions may warrant.
6. Each Affected Jurisdiction shall determine whether or not said Affected Jurisdiction elects to become eligible to participate in tax abatement. In the event the Affected Jurisdiction elects by resolution to become eligible to participate in tax abatement, then such Affected Jurisdiction shall adopt these guidelines and criteria by separate resolution forwarding a copy of both resolutions to all other Affected Jurisdictions.
7. In the event of a conflict between these guidelines and criteria and V.T.C.A., Tax Code, Chapter 312, then in such event the Tax Code shall prevail and these guidelines and criteria interpreted accordingly.
8. The guidelines and criteria once adopted by an Affected Jurisdiction may be amended or repealed by a vote of three-fourths of the members of the governing body of an Affected Jurisdiction during the two (2) year term in which these guidelines and criteria are effective.

TAB 17

Signature and Certification page, signed and dated by Authorized School District Representative and Authorized Company Representative (applicant)

See Attached

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

Dr. Bobby Azam

Print Name (Authorized School District Representative)

Superintendent

Title

sign
here

Signature (Authorized School District Representative)

Date

1-14-20

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

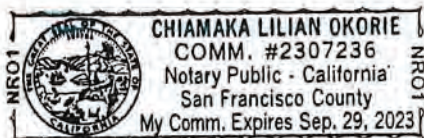
Title

sign
here

Signature (Authorized Company Representative (Applicant))

Date

1.8.20



(Notary Seal)

GIVEN under my hand and seal of office this, the

8th day of January, 2020

Chiamaka Lilian Okorie

Notary Public in and for the State of Texas, California

My Commission expires: September 29th, 2023

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.



CUMMINGS WESTLAKE

PROPERTY TAX ADVISORS

January 14, 2020

Dr. Bobby Azam, Superintendent
Andrews Independent School District
405 NW 3rd St.
Andrews, TX 79714

Re: Chapter 313 Job Waiver Request

Dear Dr. Azam,

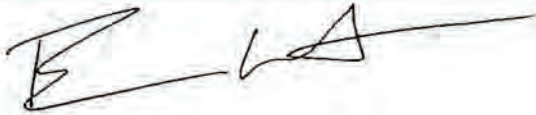
Prospero Solar II, LLC requests that the Andrews Independent School District's Board of Trustees waive the job requirement provision as allowed by Section 313.025(f-1) of the tax code. This waiver would be based on the school district's board findings that the jobs creation requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility of the property owner that is described in the application.

Prospero Solar II, LLC requests that the Andrews ISD makes such a finding and waive the job creation requirement for 10 permanent jobs. In line with industry standards for job requirements, Prospero Solar II, LLC has committed to create one qualified job in Andrews ISD.

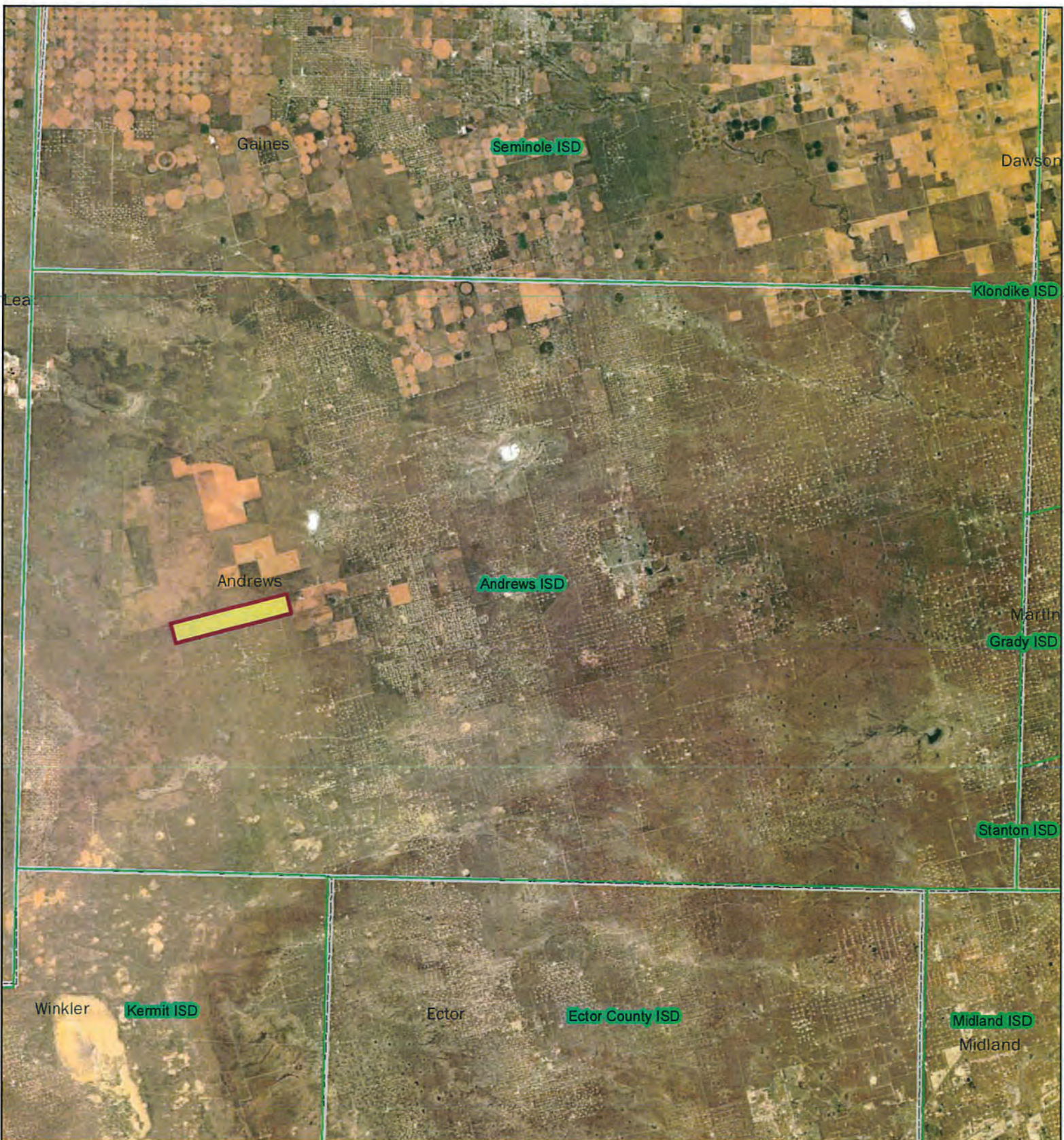
Solar projects create a large number of full and part-time, but temporary, jobs during the construction phase of the project, but require a relatively small number of highly skilled technicians to operate and maintain the project after commercial operation commences. The number of jobs committed to in this application is in line with the industry standards for a solar project this size. This is evidenced by previously certified limitation agreement applications by solar developers who also requested a waiver of the job requirements. In addition, there are educational materials and other documentation that also suggest that Prospero Solar II, LLC has met the industry standard of jobs for this project at one permanent job per 250MW of installed capacity.

The permanent employees of a solar project maintain and service PV panels, and inverters, underground electrical connections, substations and other infrastructure associated with the safe and reliable operation of the project. In addition to the onsite employees, there may be managers or technicians who support the project from offsite locations.

Sincerely,

A handwritten signature in black ink, appearing to read 'B. Westlake', with a long horizontal stroke extending to the right.

Branon Westlake
Senior Tax Consultant



Prospero II Solar
Andrews CO, Texas

Vicinity Map

-  County Boundary
-  Reinvestment Zone
-  School Districts
-  Project Boundary



Date - 11/8/2019
Creator - tom.mulcahy

Miles 0 3 6



 **longroad**
ENERGY

Truth in Taxation Summary
Texas Property Tax Code Section 26.16

County of Andrews

Taxing Entity	Adopted Tax Rate	Maintenance & Operations Rate	Debt Rate	Effective Tax Rate	Effective Maintenance & Operations Rate	Rollback Tax Rate
Andrews County						
Tax Year 2015	0.4355	0.4355	0	0.4299	0.4299	0.4642
Tax Year 2016	0.4805	0.4805	0	0.6187	0.6187	0.6681
Tax Year 2017	0.4384	0.4384	0	0.4061	0.4061	0.4385
Tax Year 2018	0.4599	0.4325	0.0274	0.3986	0.3986	0.4584
Tax Year 2019	0.4515	0.4282	0.0233	0.4224	0.3973	0.4523
Andrews Co R&B						
Tax Year 2015	0.075	0.075	0	0.0699	0.0699	0.0754
Tax Year 2016	0.085	0.085	0	0.1063	0.1063	0.1147
Tax Year 2017	0.0773	0.0773	0	0.0718	0.0718	0.0775
Tax Year 2018	0.059	0.059	0	0.0702	0.0702	0.0757
Tax Year 2019	0.0584	0.0584	0	0.0542	0.0542	0.0584
Andrews Co Hospital District						
Tax Year 2015	0.3865	0.2865	0.1	0.3865	0.2865	0.40942
Tax Year 2016	0.54172	0.43037	0.11135	0.54286	0.43152	0.54912
Tax Year 2017	0.49911	0.40603	0.09308	0.462256	0.376511	0.499706
Tax Year 2018	0.48455	0.39966	0.08489	0.455043	0.370222	0.484735
Tax Year 2019	0.46923	0.392332	0.076898	0.440451	0.363416	0.46938
Andrews ISD						
Tax Year 2015	1.17	1.06	0.11	1.70218	1.06	1.17
Tax Year 2016	1.2	1.06	0.14	1.32	1.13	1.25
Tax Year 2017	1.2	1.06	0.14	1.15514	1.0981	1.22179
Tax Year 2018	1.2	1.06	0.14	1.2164	1.06	1.2083
Tax Year 2019	1.13000	0.99000	0.14	1.07520	1.07520	1.13000
City of Andrews						
Tax Year 2015	0.189	0.189	0	0.18357	0.18357	0.21062
Tax Year 2016	0.189	0.189	0	0.188	0.188	0.212
Tax Year 2017	0.189	0.189	0	0.183637	0.183637	0.207143
Tax Year 2018	0.189	0.189	0	0.183637	0.183637	0.207143
Tax Year 2019	0.189	0.189	0	0.172400	0.180900	0.207143

The county is providing this table of property tax rate information as a service to the residents of the county. Each individual taxing unit is responsible for calculating the property tax rates listed in this table pertaining to that taxing unit and providing that information to the county.

O'HANLON, DEMERATH & CASTILLO

ATTORNEYS AND COUNSELORS AT LAW

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

February 12, 2020

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

RE: Supplement002 to the Andrews Independent School District from Prospero Solar II, LLC

To the Local Government Assistance & Economic Analysis Division:

Enclosed. Please find Supplement002 to the Andrews Independent School District from Prospero Solar II, LLC. The following changes have been made:

1. Updated Section 10: The Property – Question 4

A copy of the application will be submitted to the Andrews County Appraisal District.

Sincerely,



Kevin O'Hanlon
School District Consultant

Cc: Andrews County Appraisal District
Prospero Solar II, LLC

Texas Comptroller of Public Accounts

SECTION 9: Projected Timeline

1. Application approval by school board August 2020
2. Commencement of construction 3Q - 2020
3. Beginning of qualifying time period January 1, 2021
4. First year of limitation January 1, 2022
5. Begin hiring new employees December 2021
6. Commencement of commercial operations December 2021
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? December 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, \$0.5099, 100% N/A
(Name, tax rate and percent of project) (Name, tax rate and percent of project)
 Hospital District: Andrews CHD, \$0.46923, 100% N/A
(Name, tax rate and percent of project) (Name, tax rate and percent of project)
 Other (describe): N/A N/A
(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/.

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

Attachment B

Franchise Tax Account Status



Franchise Tax Account Status

As of : 04/27/2020 14:07:18

This page is valid for most business transactions but is not sufficient for filings with the
Secretary of State

PROSPERO SOLAR II, LLC

Texas Taxpayer Number 32072568044

Mailing Address 211 E 7TH ST STE 620 AUSTIN, TX 78701-3218

**Right to Transact Business in
Texas** ACTIVE

State of Formation DE

Effective SOS Registration Date 11/18/2019

Texas SOS File Number 0803473597

Registered Agent Name CORPORATION SERVICE COMPANY DBA
CSC - LAWYERS INCO

Registered Office Street Address 211 E. 7TH STREET, SUITE 620 AUSTIN, TX
78701

Attachment C

State Comptroller's Certification



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

April 8, 2020

Dr. Bobby Azam
Superintendent
Andrews Independent School District
405 NW 3rd Street
Andrews, TX 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 Solar II, LLC, Application 1463

Dear Superintendent Azam:

On February 7, 2020, the Comptroller issued written notice that Prospero Solar II, LLC (applicant) submitted a completed application (Application 1463) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on January 14, 2020, 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 1463.

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).

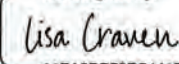
The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) executed 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, 2020.

Note that any building or improvement existing as of the application review start date of February 7, 2020, 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,

DocuSigned by:

11EA8DEF0EC441E...

Lisa Craven
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller's economic impact analysis of Prospero Solar II, 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 Solar II, LLC.

Applicant	Prospero Solar II, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Andrews ISD
2018-2019 Average Daily Attendance	4,085
County	Andrews
Proposed Total Investment in District	\$212,500,000
Proposed Qualified Investment	\$159,375,000
Limitation Amount	\$30,000,000
Qualifying Time Period (Full Years)	2021-2022
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	\$1,117
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(A)	\$1,117
Minimum annual wage committed to by applicant for qualified jobs	\$58,100
Minimum weekly wage required for non-qualifying jobs	\$1,342
Minimum annual wage required for non-qualifying jobs	\$69,797
Investment per Qualifying Job	\$212,500,000
Estimated M&O levy without any limit (15 years)	\$9,599,449
Estimated M&O levy with Limitation (15 years)	\$4,583,322
Estimated gross M&O tax benefit (15 years)	\$5,016,127

* 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 Solar II, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2020	50	63	113	\$2,500,000	\$5,500,000	\$8,000,000
2021	150	187	337	\$7,500,000	\$18,500,000	\$26,000,000
2022	1	20	21	\$58,100	\$3,941,900	\$4,000,000
2023	1	12	13	\$58,100	\$2,941,900	\$3,000,000
2024	1	2	3	\$58,100	\$1,941,900	\$2,000,000
2025	1	(3)	-2	\$58,100	-\$941,900	\$1,000,000
2026	1	(5)	-4	\$58,100	-\$58,100	\$0
2027	1	(5)	-4	\$58,100	-\$58,100	\$0
2028	1	(4)	-3	\$58,100	-\$58,100	\$0
2029	1	(2)	-1	\$58,100	-\$58,100	\$0
2030	1	0	1	\$58,100	-\$58,100	\$0
2031	1	1	2	\$58,100	-\$58,100	\$0
2032	1	2	3	\$58,100	\$941,900	\$1,000,000
2033	1	3	4	\$58,100	\$941,900	\$1,000,000
2034	1	4	5	\$58,100	\$941,900	\$1,000,000
2035	1	4	5	\$58,100	\$941,900	\$1,000,000

Source: CPA REMI, Prospero Solar II, 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 and Road&Bridge Tax Levy	Andrews County Hospital District Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.1400	0.9900		0.5099	0.4692	
2021	\$4,781,250	\$4,781,250		\$6,694	\$47,334	\$54,028	\$24,380	\$22,435	\$100,843
2022	\$137,078,200	\$137,078,200		\$191,909	\$1,357,074	\$1,548,984	\$698,962	\$643,212	\$2,891,157
2023	\$125,200,400	\$125,200,400		\$175,281	\$1,239,484	\$1,414,765	\$638,397	\$587,478	\$2,640,639
2024	\$113,323,100	\$113,323,100		\$158,652	\$1,121,899	\$1,280,551	\$577,834	\$531,746	\$2,390,131
2025	\$99,963,600	\$99,963,600		\$139,949	\$989,640	\$1,129,589	\$509,714	\$469,059	\$2,108,362
2026	\$86,604,500	\$86,604,500		\$121,246	\$857,385	\$978,631	\$441,596	\$406,374	\$1,826,601
2027	\$73,245,800	\$73,245,800		\$102,544	\$725,133	\$827,678	\$373,480	\$343,691	\$1,544,849
2028	\$58,404,800	\$58,404,800		\$81,767	\$578,208	\$659,974	\$297,806	\$274,053	\$1,231,833
2029	\$45,046,800	\$45,046,800		\$63,066	\$445,963	\$509,029	\$229,694	\$211,373	\$950,096
2030	\$36,137,000	\$36,137,000		\$50,592	\$357,756	\$408,348	\$184,263	\$169,566	\$762,176
2031	\$31,675,300	\$31,675,300		\$44,345	\$313,585	\$357,931	\$161,512	\$148,630	\$668,073
2032	\$31,661,800	\$31,661,800		\$44,327	\$313,452	\$357,778	\$161,444	\$148,567	\$667,789
2033	\$31,648,600	\$31,648,600		\$44,308	\$313,321	\$357,629	\$161,376	\$148,505	\$667,510
2034	\$31,635,800	\$31,635,800		\$44,290	\$313,194	\$357,485	\$161,311	\$148,445	\$667,240
2035	\$31,623,300	\$31,623,300		\$44,273	\$313,071	\$357,343	\$161,247	\$148,386	\$666,977
2036	\$31,611,100	\$31,611,100		\$44,256	\$312,950	\$357,205	\$161,185	\$148,329	\$666,719
			Total	\$1,357,498	\$9,599,449	\$10,956,947	\$4,944,201	\$4,549,848	\$20,450,997

Source: CPA, Prospero Solar II, 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 hospital.

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 and Road&Bridge Tax Levy	Andrews County Hospital District Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.1400	0.9900		0.5099	0.4692	
2021	\$4,781,250	\$4,781,250		\$6,694	\$47,334	\$54,028	\$24,380	\$22,435	\$100,843
2022	\$137,078,200	\$30,000,000		\$191,909	\$297,000	\$488,909	\$139,792	\$128,642	\$757,344
2023	\$125,200,400	\$30,000,000		\$175,281	\$297,000	\$472,281	\$127,679	\$117,496	\$717,455
2024	\$113,323,100	\$30,000,000		\$158,652	\$297,000	\$455,652	\$115,567	\$106,349	\$677,568
2025	\$99,963,600	\$30,000,000		\$139,949	\$297,000	\$436,949	\$101,943	\$93,812	\$632,704
2026	\$86,604,500	\$30,000,000		\$121,246	\$297,000	\$418,246	\$88,319	\$81,275	\$587,840
2027	\$73,245,800	\$30,000,000		\$102,544	\$297,000	\$399,544	\$74,696	\$68,738	\$542,978
2028	\$58,404,800	\$30,000,000		\$81,767	\$297,000	\$378,767	\$59,561	\$54,811	\$493,139
2029	\$45,046,800	\$30,000,000		\$63,066	\$297,000	\$360,066	\$45,939	\$42,275	\$448,279
2030	\$36,137,000	\$30,000,000		\$50,592	\$297,000	\$347,592	\$36,853	\$33,913	\$418,357
2031	\$31,675,300	\$30,000,000		\$44,345	\$297,000	\$341,345	\$32,302	\$29,726	\$403,374
2032	\$31,661,800	\$31,661,800		\$44,327	\$313,452	\$357,778	\$161,444	\$148,567	\$667,789
2033	\$31,648,600	\$31,648,600		\$44,308	\$313,321	\$357,629	\$161,376	\$148,505	\$667,510
2034	\$31,635,800	\$31,635,800		\$44,290	\$313,194	\$357,485	\$161,311	\$148,445	\$667,240
2035	\$31,623,300	\$31,623,300		\$44,273	\$313,071	\$357,343	\$161,247	\$148,386	\$666,977
2036	\$31,611,100	\$31,611,100		\$44,256	\$312,950	\$357,205	\$161,185	\$148,329	\$666,719
			Total	\$1,357,498	\$4,583,322	\$5,940,820	\$1,653,594	\$1,521,702	\$9,116,117
			Diff	\$0	\$5,016,127	\$5,016,127	\$3,290,607	\$3,028,146	\$11,334,880
Assumes School Value Limitation and Tax Abatements with the County.									

Source: CPA, Prospero Solar II, 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 Solar II, 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	2019	\$0	\$0	\$0	\$0
	2020	\$0	\$0	\$0	\$0
	2021	\$47,334	\$47,334	\$0	\$0
Limitation Period (10 Years)	2022	\$297,000	\$344,334	\$1,060,074	\$1,060,074
	2023	\$297,000	\$641,334	\$942,484	\$2,002,558
	2024	\$297,000	\$938,334	\$824,899	\$2,827,457
	2025	\$297,000	\$1,235,334	\$692,640	\$3,520,096
	2026	\$297,000	\$1,532,334	\$560,385	\$4,080,481
	2027	\$297,000	\$1,829,334	\$428,133	\$4,508,614
	2028	\$297,000	\$2,126,334	\$281,208	\$4,789,822
	2029	\$297,000	\$2,423,334	\$148,963	\$4,938,785
	2030	\$297,000	\$2,720,334	\$60,756	\$4,999,542
	2031	\$297,000	\$3,017,334	\$16,585	\$5,016,127
Maintain Viable Presence (5 Years)	2032	\$313,452	\$3,330,786	\$0	\$5,016,127
	2033	\$313,321	\$3,644,107	\$0	\$5,016,127
	2034	\$313,194	\$3,957,302	\$0	\$5,016,127
	2035	\$313,071	\$4,270,372	\$0	\$5,016,127
	2036	\$312,950	\$4,583,322	\$0	\$5,016,127
Additional Years as Required by 313.026(c)(1) (10 Years)	2037	\$312,832	\$4,896,154	\$0	\$5,016,127
	2038	\$312,717	\$5,208,872	\$0	\$5,016,127
	2039	\$312,605	\$5,521,477	\$0	\$5,016,127
	2040	\$312,496	\$5,833,973	\$0	\$5,016,127
	2041	\$312,390	\$6,146,363	\$0	\$5,016,127
	2042	\$312,286	\$6,458,649	\$0	\$5,016,127
	2043	\$312,185	\$6,770,833	\$0	\$5,016,127
	2044	\$312,086	\$7,082,919	\$0	\$5,016,127
	2045	\$311,990	\$7,394,908	\$0	\$5,016,127
	2046	\$311,896	\$7,706,804	\$0	\$5,016,127

\$7,706,804

is greater than

\$5,016,127

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

Source: CPA, Prospero Solar II, 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 Prospero Solar II, 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 Solar II, 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.”
 - B. “Due to the extremely competitive power market in Texas most if not all PP A'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.
- Comptroller Research
 - A. On May 30 2019 Longroad Energy announced that Facebook is investing \$416 million and Shell signed a 12-year Power Purchase Agreement with Propsero Solar in Andrews County, Texas. Paul Gaynor, CEO of Longroad stated, “We are extremely lucky to have had such great partners and are proud to bring this much needed clean energy to the market.”
 - B. The qualified property for Prospero Solar II, LLC (Application #1463) is adjacent to the qualified property of Prospero Energy Project (Application #1281). Construction for Prospero Energy

Project began 2019 and for Prospero Solar II, LLC will begin approximately the 3rd quarter of 2020. (See attached map provided by the Comptroller)

- Provided by Applicant
 - A. Facebook is only investing with App 1281 Prospero Energy Project.
 - B. The Power Purchase Agreement with Shell was signed May 2019 and only applies to App 1281 Prospero Energy Project.
 - C. No Qualified Property from Application 1463 (Prospero Solar II, LLC) will be shared with 1281 (Prospero Energy Project.)
 - D. The entity name (but not the project) was previously registered in Delaware as Sungold Renewables, LLC but a name change was filed November 2019. Prospero Solar II has been assigned project number 21INR0229 by Ercot on 11/29/2018, has completed its full interconnection studies with Oncor, and has an executed standard large generator interconnection agreement, which can be found in puct docket 35077-1051

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.

Attachment C – Limitation as a Determining Factor

Supporting Information

Section 8 of the Application for a Limitation on Appraised Value

Texas Comptroller of Public Accounts

Data Analysis and
Transparency
Form 50-296-A

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:

☒ Land has no existing improvements	☐ Land has existing improvements (<i>complete Section 13</i>)
☐ Expansion of existing operation on the land (<i>complete Section 13</i>)	☐ 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.

Attachment C – Limitation as a Determining Factor

Supporting Information

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

Prospero Solar II, LLC

Chapter 313 Application to Andrews ISD

Cummings Westlake, LLC

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.

Longroad is keen to develop and build the proposed Prospero Solar II 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 solar projects. Longroad is active in states throughout the United States, 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. Longroad has various projects 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, Longroad currently has ongoing project developments in many states, including but not limited to, Alabama, Arizona, California, Nevada, North Carolina and Utah.

Due to the extremely competitive power market in Texas 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 C – Limitation as a Determining Factor

Supporting Information

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

COMPTROLLER QUERY RELATED TO TAX CODE CHAPTER 313.026(c)(2)
– Andrews ISD– Prospero Solar II, LLC App. #1463

Comptroller Questions (via email on March 18, 2020):

1. Is Prospero Solar II, LLC currently known by any other project names?
2. Please also list any other names by which this project may have been known in the past--in media reports, investor presentations, or any listings with any federal or state agency.
3. Has this project applied to ERCOT at this time? If so, please provide the project's IGNR number and when was it assigned.

Comptroller Questions (via email on March 19, 2020):

4. Will there be any interconnections between App 1281 Prospero Energy Project and App 1463 Prospero Solar II, LLC (i.e will there be any shared qualified property.)
5. Per the Article Facebook is investing in Prospero solar farm, please confirm that this is referring to App 1281 Prospero Energy Project and App 1463 Prospero Solar II.
6. When was a purchase agreement with Shell signed? Also was it reached for both App 1281 Prospero Energy Project and App 1463 Prospero Solar II.

Comptroller Questions (via email on March 27, 2020):

7. Please state explicitly that no qualified property from application 1463 will be shared with 1281

Applicant Response (via email on March 27, 2020):

1. No
2. The entity name (but not the project) was previously registered in Delaware as Sungold Renewables, LLC but a name change was filed November 2019.
3. Prospero Solar II has been assigned project number 21INR0229 by Ercot on 11/29/2018, has completed its full interconnection studies with Oncor, and has an executed standard large generator interconnection agreement, which can be found in puct docket 35077-1051 at the link below:
<https://interchange.puc.texas.gov/Search/Documents?controlNumber=35077&itemNumber=1051>
4. There is a possibility that Prospero II could piggyback on some of Prospero Solar assets but no assets will be co-owed and both projects are stand alone projects. For example, Prospero II could possible use a storage warehouse that Prospero Solar owns.
5. No only app 1281.
6. The power purchase agreement with shell was signed in may 2019. It only applies to app 1281, not app 1463.
7. No qualified property from application 1463 will be shared with 1281.

Longroad Energy Partners with Facebook to Complete Financing for 379 MW Prospero Solar in Andrews County, Texas

Facebook commits to Tax Equity Investment

Shell signs Power Purchase Agreement



NEWS PROVIDED BY

Longroad Energy →

May 30, 2019, 06:00 ET

BOSTON, May 30, 2019 /PRNewswire/ -- Longroad Energy, a US-based renewable energy developer, owner and operator, announced today the financial close and start of construction of its Prospero Solar project in Andrews County, Texas with a total financing package of approximately \$416 million. When completed in 2020, Prospero will be one of the largest solar farms in the U.S., with a nameplate capacity 379 MWdc.

"From our community stakeholders, to our suppliers, energy off-takers and investors, it takes a lot of hard work and cooperation to complete a project of this magnitude," said Paul Gaynor, CEO of Longroad. "We are extremely lucky to have had such great partners and are proud to bring this much needed clean energy to the market."

Facebook will be the sole tax equity investor for the project. Facebook has been a global leader in the procurement of clean energy, but this will be the company's first direct investment in a renewable energy project.

"Facebook is excited to be one of the first companies to use a direct investment to meet our renewable energy goals," said Peter Freed, Energy Strategy Manager at Facebook. "We hope such investments can be a new avenue of meaningfully engaging with projects, which might be easier for some companies than a long-term power purchase agreement, thereby unlocking new options for more organizations to meet their goals and grow the market."

Shell Energy North America (SENA) signed a 12-year Power Purchase Agreement for the project's power off-take, which is one of the first off-take agreements of this type in the solar industry.

"Facebook is proud to have helped finance a solar project under this innovative off-take arrangement," said Freed, "we hope our participation will help validate the structure and bring many new solar projects to the grid."

The Prospero solar farm will cover approximately 4,600 acres in Andrews County, Texas. The project will deliver more than \$21 million in property taxes, including more than \$12 million to the Andrews ISD. The Project will also create several hundred construction jobs as well as jobs for the operating facility. All told, the Project expects to pay more than \$23 million in wages over the project life.

The project will deploy First Solar panels, TMEIC inverters, and NEXTracker tracking systems. Swinerton Renewable Energy will be the EPC contractor for the project and the interconnection will be through Sharyland Utilities.

Both Facebook and Shell will share the renewable energy attributes generated by the project's energy production.

"We are proud to add this project to our portfolio of zero carbon assets and to further Shell's efforts to reduce our carbon footprint," said Glenn Wright, President of SENA. "This is another great opportunity to be a part of increasing the supply of renewable power into the grid while also helping our assets in the Permian to meet their sustainability goals."

CIT Bank, N.A. is the Coordinating Lead Arranger, Administrative Agent and Collateral Agent on the project's construction and term financing. Silicon Valley Bank and Zion's Bancorporation N.A. are Joint Lead Arrangers, while National Australia Bank Ltd., Landesbank Hessen-Thüringen Girozentrale (Helaba), Rabobank and Commerzbank are also participating banks in the deal.

About Longroad Energy Holdings, LLC

Founded in 2016, Longroad Energy Holdings, LLC is focused on renewable energy project development, operating assets, and services. Today, Longroad owns 684 MW of operational wind and solar projects across the United States. Its services affiliate, Longroad Energy Services, operates and manages 1.49 GW comprised of these projects in addition to 805 MW of wind and solar projects on behalf of third parties. Longroad is owned by the New Zealand Superannuation Fund, Infratil Limited, and Longroad's management team. Web: longroadenergy.com Twitter: @LongroadTweet LinkedIn: [linkedin.com/company/longroad-energy-partners](https://www.linkedin.com/company/longroad-energy-partners)

About Shell Energy North America

With regional offices throughout the US and Canada, Shell Energy North America and its subsidiaries trade and market natural gas, wholesale power, environmental and risk management products with counterparties and customers throughout the region. Customers include large commercial and industrial users, local gas distribution companies, electric utilities, independent power producers, energy retailers, oil and gas producers, municipalities, and rural electric cooperatives.

Media Contact:

Jim Cabot, Cabot Strategies

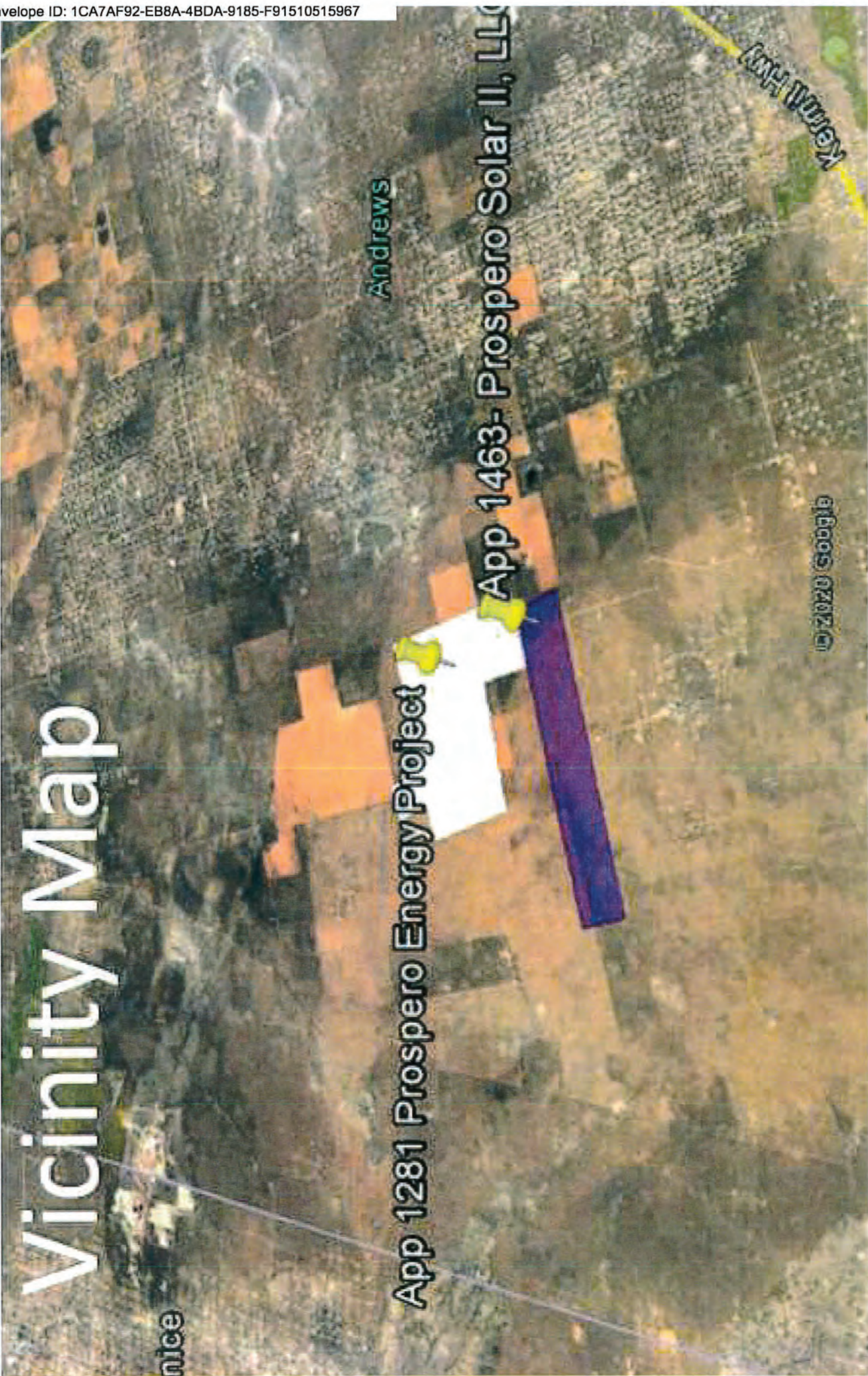
jim@cabotstrategies.com

978-764-1510

SOURCE Longroad Energy

Related Links

<http://longroadenergy.com>



Vicinity Map

App 1281 Prospero Energy Project

App 1463- Prospero Solar II, LLC

Andrews

Kern Hwy

© 2020 Google

Attachment D

Summary of Financial Impact

**CHAPTER 313 PROPERTY VALUE LIMITATION
FINANCIAL IMPACT OF THE PROPOSED
PROSPERO SOLAR II, LLC PROJECT IN THE
ANDREWS INDEPENDENT SCHOOL DISTRICT
(PROJECT # 1463)**

PREPARED BY



MARCH 3, 2020

Executive Summary

Prospero Solar II, LLC (Company) has requested that the Andrews Independent School District (AISD) consider granting a property value limitation under Chapter 313 of the Tax Code, also known as the Texas Economic Development Act. In an application submitted to AISD on January 14, 2020 the Company plans to invest \$137.1 million in additional taxable value to construct a renewable solar energy electric generation facility. Moak, Casey & Associates (MCA) has been retained to prepare an analysis of this value limitation and help the district navigate the overall application and agreement process.

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

Under the provisions of Chapter 313, AISD may offer a minimum value limitation of \$30 million. This value limitation, under the proposed application, will begin in the 2022-23 school year and remain at that level of taxable value for Maintenance and Operations (M&O) tax purposes for ten years. The entire project value will remain taxable for I&S or debt service purposes for the term of the agreement.

MCA's initial school finance analysis is detailed in this report. This analysis incorporates to the fullest extent possible the changes approved in House Bill 3 as approved in 2019, the most significant school finance revisions in more than 30 years. The overall conclusions are as follows, but please read all of the subsequent details in the report below for more information.

Total Revenue Loss Payment owed to AISD	\$85,097
Total Savings to Company after Revenue Loss Payment. (This does not include any supplemental benefit payments to the district.)	\$4.86 million

Application Process

After the school district has submitted an application to the Comptroller's Office (Comptroller), the Comptroller begins reviewing the application for completeness. The purpose of this review is to ensure all necessary information and attachments are included in the application before moving forward with the formal review process. A Completeness Letter was issued for this application on February 7, 2020.

The issuance of a Completeness Letter is important because it sets the timeline for the rest of process. From the date of issuance, the Comptroller has 90 days to conduct its full review of

the project and provide its certificate for a limitation on appraised value. After the certificate is received, the district has until the 150th day from the receipt of the Completeness Letter to adopt an agreement, although extensions may be requested by the Company and granted by the District.

After the Comptroller's certificate is received, O'Hanlon, Demerath & Castillo (ODC) will contact the school district to discuss the value limitation agreement and begin negotiations of the supplemental benefit payment with the Company. A final version of the agreement must be submitted to the Comptroller for review 30 days prior to final adoption by the school district's board of trustees.

Prior to final board meeting, ODC will provide the district with the necessary agenda language and any additional action items. The school board will review the Value Limitation Agreement and Findings of Fact that detail the project's conformance with state law. In some instances, the school board may also be required to adopt a job waiver or create a reinvestment zone during this meeting.

How the 313 Agreement Interacts with Texas School Finance

A taxpayer receiving a value limitation pays M&O taxes on the reduced value for the project in years 1-10 and receives a tax bill for I&S taxes based on the full project value throughout the qualifying and value limitation period (and thereafter).

M&O funding for Texas schools relies on two methods of finance: local school district property taxes and state aid. State aid consists of two components: Tier I (based on ADA, special student populations and M&O taxes at the compressed tax rate) and Tier II (based on weighted ADA for each penny of tax effort above a specified level). Recapture costs are primarily a Tier I issue, although Tier II also can involve recapture costs for some school districts.

The basic allotment is now set at \$6,160 per weighted ADA (WADA) and is the basis for Tier I calculations. In the case of Tier II, the first eight cents of additional tax effort can be used to generate state aid of up to \$98.56 per WADA for what are known as "golden" pennies. Tax effort for golden pennies is not subject to recapture. Up to an additional nine cents may be levied to generate \$49.28 per WADA for what are known as "copper" pennies (generating half the revenue per WADA of the golden pennies).

Changes in the recapture calculation are an important part of HB 3, for those districts subject to recapture under the new law. Rather than being tied to property wealth exceeding an equalized wealth level per WADA, recapture is now defined as the amount of revenue collected in excess of a district's Tier I allotment, or for Tier II the amount of collections in excess of the entitlement provided for tax effort generating copper-penny level state aid. (Golden pennies are not subject to recapture.) The changes in the recapture methodology may affect the results of revenue protection payments relative to what was calculated when the equalized wealth level was used to determine the amount of recapture owed the state by school districts subject to recapture. It does not appear to be an issue for AISD, based on the calculations shown below.

Another significant school funding change is establishing current-year property values to determine state funding and recapture under the Foundation School Program. The traditional

approach for the last 30 years has been to rely upon prior-year state property values as determined annually under the Comptroller's State Property Value Study (Section 403 of the Government Code). The change in House Bill 3 calls for using current-year property values as determined by the Comptroller's Property Value Study, without an explanation as to how the property value study is to be completed on a real-time basis.

While school district funding will now be determined based on current-year property values, House Bill 3 included language that addressed the property values to be used in determining calculating revenue protection payments under Chapter 313 agreements. This information is contained in Section 48.256(d), Education Code, as shown below:

- d) This subsection applies to a school district in which the board of trustees entered into a written agreement with a property owner under Section 313.027, Tax Code, for the implementation of a limitation on appraised value under Subchapter B or C, Chapter 313, Tax Code. For purposes of determining "DPV" under Subsection (a) for a school district to which this subsection applies, the commissioner shall exclude a portion of the market value of property not otherwise fully taxable by the district under Subchapter B or C, Chapter 313, Tax Code, before the expiration of the subchapter. The comptroller shall provide information to the agency necessary for this subsection. **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 [emphasis added].**

Given the directive with regard to the use of preceding-tax-year values to calculate revenue protection payments required under Chapter 313 agreements, the amounts collected are expected to be consistent with the patterns shown since these calculations were first calculated under the standard Chapter 313 agreement language, dating back to 2004. The most significant impact is typically in the first limitation year, although major value increases in project values in later limitation years may also trigger a revenue protection payment. The additional factor that may generate a variance with the traditional pattern of revenue protection amounts is the new methodology in the calculation of recapture, as noted previously.

The calculations shown below are based on the Section 48.256(d), Education Code directive to use preceding-tax-year property values to determine the revenue protection payment, if any, owed to the school district under the terms of the Chapter 313 Agreement between the Applicant and the School District. These calculations are to be made for each of the 10 limitation years under the terms of the Agreement. Chapter 313 will be subject to legislative renewal in 2021 and any changes made may impact these calculations moving forward.

(For more detailed information on the school finance funding system, please review the Texas Education Agency's (TEA) website. The current information is expected to be updated as the details of House Bill 3 implementation are determined by TEA.

The implementation of recent legislative action on school funding in House Bill 3 could potentially affect the impact of the value limitation on the school district's finances and result in revenue-loss estimates that differ from the estimates presented in this report.

Underlying School District Data Assumptions

The agreement between the school district and the applicant calls for a calculation of the revenue impact of the value limitation in years 1-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. The Basic Allotment is now set to \$6,160, the Tier II golden penny yield is set to \$98.56 per WADA for up to eight cents, while the copper penny yield is \$49.28 per WADA for up to nine cents of local tax effort. These are maintained for future years at this time.

Static school district enrollment and property values are used to isolate the effects of the value limitation under the school finance system. Any previously approved Chapter 313 projects are also factored into the M&O tax bases used.

ADA:	4,078
Local M&O Tax Base	\$4.3634 billion
2019-20 M&O Tax Rate:	\$0.9900 per \$100 of Taxable Value
2020-21 Projected M&O Tax Rate:	\$0.9765 per \$100 of Taxable Value
I&S Tax Rate:	\$0.1400 per \$100 of Taxable Value

Table 1 summarizes the enrollment and property value assumptions for the 15 years that are the subject of this analysis.

Table 1 – Base District Information with Prospero Solar II Project Value and Limitation Values

Year of Agreement	School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	Sec. 48.256(d) District Revenue Protection District Property Value with Project	Sec. 48.256(d) District Revenue Protection District Property Value with Limitation	DPV Value with Project per WADA	DPV Value with Limitation per WADA
QTP0	2020-21	4,077.71	5,171.89	\$0.9765	\$0.1400	\$4,858,857,333	\$4,858,857,333	\$939,474	\$939,474
QTP1	2021-22	4,077.71	5,171.89	\$0.9765	\$0.1400	\$4,918,857,333	\$4,918,857,333	\$951,075	\$951,075
QTP2/VL1	2022-23	4,077.71	5,171.89	\$0.9765	\$0.1400	\$5,008,857,333	\$5,008,857,333	\$968,477	\$968,477
VL2	2023-24	4,077.71	5,171.89	\$0.9765	\$0.1400	\$5,175,935,533	\$5,068,857,333	\$1,000,782	\$980,078
VL3	2024-25	4,077.71	5,171.89	\$0.9765	\$0.1400	\$5,164,057,733	\$5,068,857,333	\$998,485	\$980,078
VL4	2025-26	4,077.71	5,171.89	\$0.9765	\$0.1400	\$5,152,180,433	\$5,068,857,333	\$996,189	\$980,078
VL5	2026-27	4,077.71	5,171.89	\$0.9765	\$0.1400	\$5,138,820,933	\$5,068,857,333	\$993,605	\$980,078
VL6	2027-28	4,077.71	5,171.89	\$0.9765	\$0.1400	\$5,125,461,833	\$5,068,857,333	\$991,022	\$980,078
VL7	2028-29	4,077.71	5,171.89	\$0.9765	\$0.1400	\$5,112,103,133	\$5,068,857,333	\$988,439	\$980,078
VL8	2029-30	4,077.71	5,171.89	\$0.9765	\$0.1400	\$5,097,262,133	\$5,068,857,333	\$985,570	\$980,078
VL9	2030-31	4,077.71	5,171.89	\$0.9765	\$0.1400	\$5,081,855,729	\$5,066,808,929	\$982,591	\$979,682
VL10	2031-32	4,077.71	5,171.89	\$0.9765	\$0.1400	\$5,072,747,173	\$5,066,610,173	\$980,830	\$979,643
VP1	2032-33	4,077.71	5,171.89	\$0.9765	\$0.1400	\$5,138,426,858	\$5,136,751,558	\$993,529	\$993,205
VP2	2033-34	4,077.71	5,171.89	\$0.9765	\$0.1400	\$5,180,588,027	\$5,180,588,027	\$1,001,681	\$1,001,681
VP3	2034-35	4,077.71	5,171.89	\$0.9765	\$0.1400	\$5,175,326,026	\$5,175,326,026	\$1,000,664	\$1,000,664
VP4	2035-36	4,077.71	5,171.89	\$0.9765	\$0.1400	\$5,170,469,371	\$5,170,469,371	\$999,725	\$999,725
VP5	2036-37	4,077.71	5,171.89	\$0.9765	\$0.1400	\$5,165,998,414	\$5,165,998,414	\$998,860	\$998,860

*Basic Allotment: \$6,160; Golden Penny Yield: \$98.56; Copper Penny Yield: \$49.28

QTP=	Qualifying Time Period
VL=	Value Limitation
VP=	Viable Presence

M&O Impact of the Prospero Solar II Project on AISD

A model is established to make a calculation of the "Baseline Revenue Model" (Table 2) by adding the total value of the project to the model, without assuming a value limitation is approved. A separate model is established to make a calculation of the "Value Limitation Revenue Model" (Table 3) by adding the project's limited value of \$30 million to the model. The difference between the two models (Table 4) indicates there will be a total revenue loss of \$85,097 over the course of the Agreement, beginning with the third year of the limitation (2024-25).

Table 2- "Baseline Revenue Model" --Project Value Added to DPV with No Value Limitation

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Recapture Costs	Additional Local M&O Collections	State Aid from Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Other State Aid (includes HH Funds)	Total General Fund
QTP0	2020-21	\$44,098,209	\$1,834,967	-\$13,457,864	\$2,886,959	\$141,705	\$0	\$2,070,950	\$37,574,926
QTP1	2021-22	\$44,906,560	\$1,009,587	-\$13,440,835	\$2,939,879	\$106,779	\$0	\$2,052,956	\$37,574,926
QTP2/VL1	2022-23	\$46,426,831	\$1,834,967	-\$15,265,745	\$3,039,406	\$53,757	\$0	\$1,485,710	\$37,574,926
VL2	2023-24	\$46,317,971	\$1,009,587	-\$14,852,246	\$3,032,279	\$0	\$0	\$2,067,335	\$37,574,926
VL3	2024-25	\$46,209,116	\$1,834,967	-\$15,568,771	\$3,025,152	\$0	\$0	\$0	\$35,500,464
VL4	2025-26	\$46,086,676	\$1,009,587	-\$14,620,951	\$3,017,137	\$0	\$0	\$0	\$35,492,449
VL5	2026-27	\$45,964,240	\$1,834,967	-\$15,323,895	\$3,009,121	\$0	\$0	\$0	\$35,484,433
VL6	2027-28	\$45,841,808	\$1,009,587	-\$14,376,083	\$3,001,106	\$0	\$0	\$0	\$35,476,418
VL7	2028-29	\$45,705,791	\$1,834,967	-\$15,065,446	\$2,992,201	\$0	\$0	\$0	\$35,467,513
VL8	2029-30	\$45,564,967	\$1,009,587	-\$14,099,242	\$2,982,982	\$91	\$0	\$0	\$35,458,385
VL9	2030-31	\$45,481,523	\$1,834,967	-\$14,841,178	\$2,977,519	\$9,120	\$0	\$0	\$35,461,951
VL10	2031-32	\$46,070,620	\$1,009,587	-\$14,604,895	\$3,016,086	\$14,679	\$0	\$0	\$35,506,077
VP1	2032-33	\$46,448,991	\$1,834,967	-\$15,808,646	\$3,040,856	\$0	\$0	\$0	\$35,516,168
VP2	2033-34	\$46,401,729	\$1,009,587	-\$14,936,004	\$3,037,762	\$0	\$0	\$0	\$35,513,074
VP3	2034-35	\$46,358,108	\$1,834,967	-\$15,717,763	\$3,034,906	\$0	\$0	\$0	\$35,510,218
VP4	2035-36	\$46,317,951	\$1,009,587	-\$14,852,226	\$3,032,278	\$0	\$0	\$0	\$35,507,590
VP5	2036-37	\$46,280,966	\$1,834,967	-\$15,640,621	\$3,029,856	\$0	\$0	\$0	\$35,505,168

QTP= Qualifying Time Period
VL= Value Limitation
VP= Viable Presence

Based on the information provided in Table 4, hold-harmless funds provided by the state offset what would generally be revenue-loss amounts in the amount of \$626,495 for the first two limitation years. (This includes the 2022-23 and 2023-24 school years.)

Table 3- "Value Limitation Revenue Model" --Project Value Added to DPV with Value Limitation in Effect

Year of Agreement	School Year	M&O Taxes @ Compressed Rate		State Aid	Recapture Costs	Additional Local M&O Collections	State Aid from Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Other State Aid (includes HH Funds)	Total General Fund
QTP0	2020-21	\$44,098,209	\$1,834,967		-\$13,457,864	\$2,886,959	\$141,705	\$0	\$2,070,950	\$37,574,926
QTP1	2021-22	\$44,906,560	\$1,009,587		-\$13,440,835	\$2,939,879	\$106,779	\$0	\$2,052,956	\$37,574,926
QTP2/VL1	2022-23	\$45,445,461	\$1,834,967		-\$14,805,116	\$2,975,159	\$52,605	\$0	\$2,071,850	\$37,574,926
VL2	2023-24	\$45,445,461	\$1,009,587		-\$13,979,736	\$2,975,159	\$16,765	\$0	\$2,107,690	\$37,574,926
VL3	2024-25	\$45,445,461	\$1,834,967		-\$14,805,116	\$2,975,159	\$16,765	\$0	\$0	\$35,467,236
VL4	2025-26	\$45,445,461	\$1,009,587		-\$13,979,736	\$2,975,159	\$16,765	\$0	\$0	\$35,467,236
VL5	2026-27	\$45,445,461	\$1,834,967		-\$14,805,116	\$2,975,159	\$16,765	\$0	\$0	\$35,467,236
VL6	2027-28	\$45,445,461	\$1,009,587		-\$13,979,736	\$2,975,159	\$16,765	\$0	\$0	\$35,467,236
VL7	2028-29	\$45,445,461	\$1,834,967		-\$14,805,116	\$2,975,159	\$16,765	\$0	\$0	\$35,467,236
VL8	2029-30	\$45,427,063	\$1,009,587		-\$13,961,338	\$2,973,954	\$16,765	\$0	\$0	\$35,466,031
VL9	2030-31	\$45,425,278	\$1,834,967		-\$14,784,933	\$2,973,837	\$17,967	\$0	\$0	\$35,467,116
VL10	2031-32	\$46,055,265	\$1,009,587		-\$14,589,540	\$3,015,080	\$18,331	\$0	\$0	\$35,508,723
VP1	2032-33	\$46,448,991	\$1,834,967		-\$15,808,646	\$3,040,856	\$0	\$0	\$0	\$35,516,168
VP2	2033-34	\$46,401,729	\$1,009,587		-\$14,936,004	\$3,037,762	\$0	\$0	\$0	\$35,513,074
VP3	2034-35	\$46,358,108	\$1,834,967		-\$15,717,763	\$3,034,906	\$0	\$0	\$0	\$35,510,218
VP4	2035-36	\$46,317,951	\$1,009,587		-\$14,852,226	\$3,032,278	\$0	\$0	\$0	\$35,507,590
VP5	2036-37	\$46,280,966	\$1,834,967		-\$15,640,621	\$3,029,856	\$0	\$0	\$0	\$35,505,168

QTP= Qualifying Time Period
VL= Value Limitation
VP= Viable Presence

Table 4 - Value Limitation Revenue Model Less Baseline Revenue Model with No Limitation

Year of Agreement	School Year	M&O Taxes @ Compressed Rate		State Aid	Recapture Costs	Additional Local M&O Collections	State Aid from Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Other State Aid (includes HH Funds)	Total General Fund
QTP0	2020-21	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0
QTP1	2021-22	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0
QTP2/VL1	2022-23	-\$981,370	\$0		\$460,629	-\$64,247	-\$1,152	\$0	\$586,140	\$0
VL2	2023-24	-\$872,510	\$0		\$872,510	-\$57,120	\$16,765	\$0	\$40,355	\$0
VL3	2024-25	-\$763,655	\$0		\$763,655	-\$49,993	\$16,765	\$0	\$0	-\$33,228
VL4	2025-26	-\$641,215	\$0		\$641,215	-\$41,978	\$16,765	\$0	\$0	-\$25,213
VL5	2026-27	-\$518,779	\$0		\$518,779	-\$33,962	\$16,765	\$0	\$0	-\$17,197
VL6	2027-28	-\$396,347	\$0		\$396,347	-\$25,947	\$16,765	\$0	\$0	-\$9,182
VL7	2028-29	-\$260,330	\$0		\$260,330	-\$17,042	\$16,765	\$0	\$0	-\$277
VL8	2029-30	-\$137,904	\$0		\$137,904	-\$9,028	\$16,674	\$0	\$0	\$7,646
VL9	2030-31	-\$56,245	\$0		\$56,245	-\$3,682	\$8,847	\$0	\$0	\$5,165
VL10	2031-32	-\$15,355	\$0		\$15,355	-\$1,006	\$3,652	\$0	\$0	\$2,646
VP1	2032-33	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0
VP2	2033-34	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0
VP3	2034-35	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0
VP4	2035-36	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0
VP5	2036-37	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0

QTP= Qualifying Time Period
VL= Value Limitation
VP= Viable Presence

M&O Impact on the Taxpayer

Under the assumptions used here, the potential tax savings from the value limitation total \$4.9 million over the life of the agreement. The AISD revenue losses are expected to total approximately \$85,097 over the course of the agreement. (Please see the earlier note on state formula hold-harmless funding.) The total potential net tax benefits (after hold-harmless payments are made) are estimated to reach \$4.86 million prior to any negotiations with Prospero Solar II on supplemental payments.

It should be noted that a key element in the revenue-loss calculation appears to be linked to the retention of prior-year property values in the calculation of the revenue protection amount. Under the standard agreement, these calculations are based on whatever school finance and property tax laws are in effect each year. With a legislative session occurring in 2021, there could be changes made to current school finance law. While the District will still be protected against revenue losses, these calculations may be reduced below what we are projecting under what is now current law.

Table 5 - Estimated Financial Impact of the Prospero Solar II Project Property Value Limitation Request Submitted to AISD at \$0.97650 M&O Tax Rate

Year of Agreement	School Year	Project Taxable Value for M&O If No Limitation	Project Taxable Value for M&O with Limitation	Assumed M&O Tax Rate	Tax Savings to Company	School District Revenue Protection	Estimated Net Tax Benefits
QTP0	2020-21	\$0	\$0	\$0.97650	\$0	\$0	\$0
QTP1	2021-22	\$4,781,250	\$4,781,250	\$0.97650	\$0	\$0	\$0
QTP2/VL1	2022-23	\$137,078,200	\$30,000,000	\$0.97650	\$1,045,617	\$0	\$1,045,617
VL2	2023-24	\$125,200,400	\$30,000,000	\$0.97650	\$929,630	\$0	\$929,630
VL3	2024-25	\$113,323,100	\$30,000,000	\$0.97650	\$813,649	-\$33,228	\$780,421
VL4	2025-26	\$99,963,600	\$30,000,000	\$0.97650	\$683,193	-\$25,213	\$657,980
VL5	2026-27	\$86,604,500	\$30,000,000	\$0.97650	\$552,742	-\$17,197	\$535,545
VL6	2027-28	\$73,245,800	\$30,000,000	\$0.97650	\$422,294	-\$9,182	\$413,112
VL7	2028-29	\$58,404,800	\$30,000,000	\$0.97650	\$277,372	-\$277	\$277,095
VL8	2029-30	\$45,046,800	\$30,000,000	\$0.97650	\$146,932	\$0	\$146,932
VL9	2030-31	\$36,137,000	\$30,000,000	\$0.97650	\$59,928	\$0	\$59,928
VL10	2031-32	\$31,675,300	\$30,000,000	\$0.97650	\$16,359	\$0	\$16,359
VP1	2032-33	\$31,661,800	\$31,661,800	\$0.97650	\$0	\$0	\$0
VP2	2033-34	\$31,648,600	\$31,648,600	\$0.97650	\$0	\$0	\$0
VP3	2034-35	\$31,635,800	\$31,635,800	\$0.97650	\$0	\$0	\$0
VP4	2035-36	\$31,623,300	\$31,623,300	\$0.97650	\$0	\$0	\$0
VP5	2036-37	\$31,611,100	\$31,611,100	\$0.97650	\$0	\$0	\$0
					\$4,947,717	-\$85,097	\$4,862,620

QTP= Qualifying Time Period
 VL= Value Limitation
 VP= Viable Presence

Note: School district revenue-loss estimates are subject to change based on numerous factors, including:

- Legislative and Texas Education Agency administrative changes to the underlying school finance formulas used in these calculations, which could be significant under HB 3.
- Legislative changes addressing property value appraisals and exemptions.
- Year-to-year appraisals of project values and district taxable values.
- Changes in school district tax rates and student enrollment.

I&S Funding Impact on School District

The project remains fully taxable for debt services taxes, with AISD currently levying a \$0.1400 per \$100 I&S rate. As shown in the Table 6 below, local taxpayers could receive very modest benefits from the addition of the Prospero Solar II project to the local I&S tax roll. AISD is too wealthy in terms of property wealth per student to be eligible for state facilities report.

The project is not expected to affect school district enrollment and is expected to depreciate over the life of the agreement and beyond. Continued expansion of the project and related development could result in additional employment in the area and an increase in the school-age population, but this project is unlikely to have much impact on a stand-alone basis.

Table 6 - Estimated Impact of the Prospero Solar II Project Property Value Limitation Request on AISD I&S Tax Rate

Year of Agreement	School Year	I&S Rate w/out Project	Local Value w/out Project	I&S Taxes w/out Project	Project Full Taxable Value	I&S Rate with Project Value	Change in I&S Rate
QTP0	2020-21	\$0.1400	\$5,092,198,268	\$7,129,078	\$0	\$0.140000	\$0.0000
QTP1	2021-22	\$0.1400	\$5,647,905,255	\$7,907,067	\$4,781,250	\$0.139882	-\$0.0001
QTP2/VL1	2022-23	\$0.1400	\$5,901,220,252	\$8,261,708	\$137,078,200	\$0.136822	-\$0.0032
VL2	2023-24	\$0.1400	\$5,782,758,346	\$8,095,862	\$125,200,400	\$0.137033	-\$0.0030
VL3	2024-25	\$0.1400	\$5,670,019,232	\$7,938,027	\$113,323,100	\$0.137257	-\$0.0027
VL4	2025-26	\$0.1400	\$5,560,003,007	\$7,784,004	\$99,963,600	\$0.137527	-\$0.0025
VL5	2026-27	\$0.1400	\$5,453,969,821	\$7,635,558	\$86,604,500	\$0.137812	-\$0.0022
VL6	2027-28	\$0.1400	\$5,352,537,723	\$7,493,553	\$73,245,800	\$0.138110	-\$0.0019
VL7	2028-29	\$0.1400	\$5,258,422,489	\$7,361,791	\$58,404,800	\$0.138462	-\$0.0015
VL8	2029-30	\$0.1400	\$5,182,676,722	\$7,255,747	\$45,046,800	\$0.138794	-\$0.0012
VL9	2030-31	\$0.1400	\$5,131,215,387	\$7,183,702	\$36,137,000	\$0.139021	-\$0.0010
VL10	2031-32	\$0.1400	\$5,103,585,721	\$7,145,020	\$31,675,300	\$0.139136	-\$0.0009
VP1	2032-33	\$0.1400	\$5,094,001,381	\$7,131,602	\$31,661,800	\$0.139135	-\$0.0009
VP2	2033-34	\$0.1400	\$5,088,752,580	\$7,124,254	\$31,648,600	\$0.139135	-\$0.0009
VP3	2034-35	\$0.1400	\$5,083,908,725	\$7,117,472	\$31,635,800	\$0.139134	-\$0.0009
VP4	2035-36	\$0.1400	\$5,079,450,268	\$7,111,230	\$31,623,300	\$0.139134	-\$0.0009
VP5	2036-37	\$0.1400	\$5,075,344,541	\$7,105,482	\$31,611,100	\$0.139133	-\$0.0009

IFA and EDA state aid are now based on current-year values, which could affect the tax rate needed for bond payments in districts eligible for these funds.

Attachment E

Taxable Value of Property

002-Andrews

002-901/Andrews ISD

Category	Local Tax Roll Value	2018 WTD Mean Ratio	2018 PTAD Value Estimate	2018 Value Assigned
A. SINGLE-FAMILY RESIDENCES	742,343,247	0.9273	800,542,701	742,343,247
B. MULTIFAMILY RESIDENCES	22,434,066	N/A	22,434,066	22,434,066
C1. VACANT LOTS	14,375,946	N/A	14,375,946	14,375,946
C2. COLONIA LOTS	0	N/A	0	0
D1. QUALIFIED AG LAND	15,078,685	0.7622	19,781,811	15,078,685
D2. REAL PROP:FARM & RANCH	929,542	N/A	929,542	929,542
E. REAL PROP NONQUAL ACREAGE	35,984,413	N/A	35,984,413	35,984,413
F1. COMMERCIAL REAL	106,018,518	N/A	106,018,518	106,018,518
F2. INDUSTRIAL REAL	143,765,597	N/A	143,765,597	143,765,597
G. OIL,GAS,MINERALS	2,837,208,248	1.0121	2,803,288,458	2,837,208,248
J. UTILITIES	288,574,036	0.9471	304,692,256	288,574,036
L1. COMMERCIAL PERSONAL	41,531,914	N/A	41,531,914	41,531,914
L2. INDUSTRIAL PERSONAL	335,471,881	N/A	335,471,881	335,471,881
M. MOBILE HOMES	19,391,449	N/A	19,391,449	19,391,449
N. INTANGIBLE PERSONAL PROP	0	N/A	0	0
O. RESIDENTIAL INVENTORY	0	N/A	0	0
S. SPECIAL INVENTORY	9,092,199	N/A	9,092,199	9,092,199
Subtotal	4,612,199,741	0	4,657,300,751	4,612,199,741
Less Total Deductions	198,094,994	0	210,604,769	198,094,994
Total Taxable Value	4,414,104,747	0	4,446,695,982	4,414,104,747

The taxable values shown here will not match the values reported by your appraisal district

See the ISD DEDUCTION Report for a breakdown of deduction values

Government code subsections 403.302(J) AND(K) require the Comptroller to certify alternative measures of school district wealth. These measures are reported for taxable values for maintenance and operation(M & O) tax purposes and for interest and sinking fund(I & S) tax purposes. For districts that have not entered into value limitation agreements, T1 through T4 will be the same as T7 through T10.

Value Taxable For M & O Purposes

T1	T2	T3	T4
4,449,511,245	4,414,104,747	4,392,529,848	4,357,123,350

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
35,406,498	56,981,397

T1 = School district taxable value for M & O purposes before the loss to the additional \$10,000 homestead exemption

T2 = School district taxable value for M & O purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T3 = T1 minus 50% of the loss to the local optional percentage homestead exemption

T4 = T2 minus 50% of the loss to the local optional percentage homestead exemption

Value Taxable For I & S Purposes

T7	T8	T9	T10
4,449,511,245	4,414,104,747	4,392,529,848	4,357,123,350

T7 = School district taxable value for I & S purposes before the loss to the additional \$10, 000 homestead exemption

T8 = School district taxable value for I & S purposes after the loss to the additional \$10, 000 homestead exemption and the tax ceiling reduction

T9 = T7 minus 50 % of the loss to the local optional percentage homestead exemption

T10 = T8 minus 50 % of the loss to the local optional percentage homestead exemption

THE PVS FOUND YOUR LOCAL VALUE TO BE VALID, AND LOCAL VALUE WAS CERTIFIED

002-901-02/Andrews ISD

Category	Local Tax Roll Value	2018 WTD Mean Ratio	2018 PTAD Value Estimate	2018 Value Assigned
A. SINGLE-FAMILY RESIDENCES	742,343,247	0.9273	800,542,701	742,343,247
B. MULTIFAMILY RESIDENCES	22,434,066	N/A	22,434,066	22,434,066
C1. VACANT LOTS	14,375,946	N/A	14,375,946	14,375,946
C2. COLONIA LOTS	0	N/A	0	0
D1. QUALIFIED AG LAND	15,078,685	0.7622	19,781,811	15,078,685
D2. REAL PROP:FARM & RANCH	929,542	N/A	929,542	929,542
E. REAL PROP NONQUAL ACREAGE	35,984,413	N/A	35,984,413	35,984,413
F1. COMMERCIAL REAL	106,018,518	N/A	106,018,518	106,018,518
F2. INDUSTRIAL REAL	143,765,597	N/A	143,765,597	143,765,597
G. OIL,GAS,MINERALS	2,837,208,248	1.0121	2,803,288,458	2,837,208,248
J. UTILITIES	288,574,036	0.9471	304,692,256	288,574,036
L1. COMMERCIAL PERSONAL	41,531,914	N/A	41,531,914	41,531,914
L2. INDUSTRIAL PERSONAL	335,471,881	N/A	335,471,881	335,471,881
M. MOBILE HOMES	19,391,449	N/A	19,391,449	19,391,449
N. INTANGIBLE PERSONAL PROP	0	N/A	0	0
O. RESIDENTIAL INVENTORY	0	N/A	0	0
S. SPECIAL INVENTORY	9,092,199	N/A	9,092,199	9,092,199
Subtotal	4,612,199,741		4,657,300,751	4,612,199,741
Less Total Deductions	198,094,994		210,604,769	198,094,994
Total Taxable Value	4,414,104,747		4,446,695,982	4,414,104,747

The taxable values shown here will not match the values reported by your appraisal district

See the ISD DEDUCTION Report for a breakdown of deduction values

Government code subsections 403.302(J) AND(K) require the Comptroller to certify alternative measures of school district wealth. These measures are reported for taxable values for maintenance and operation(M & O) tax purposes and for interest and sinking fund(I & S) tax purposes. For districts that have not entered into value limitation agreements, T1 through T4 will be the same as T7 through T10.

Value Taxable For M & O Purposes

T1	T2	T3	T4
4,449,511,245	4,414,104,747	4,392,529,848	4,357,123,350

Loss To the Additional \$10,000 Homestead Exemption	50 % of the loss to the Local Optional Percentage Homestead Exemption
35,406,498	56,981,397

T1 = School district taxable value for M & O purposes before the loss to the additional \$10, 000 homestead exemption

T2 = School district taxable value for M & O purposes after the loss to the additional \$10, 000 homestead exemption and the tax ceiling reduction

T3 = T1 minus 50 % of the loss to the local optional percentage homestead exemption

T4 = T2 minus 50 % of the loss to the local optional percentage homestead exemption

Value Taxable For I & S Purposes

T7	T8	T9	T10
4,449,511,245	4,414,104,747	4,392,529,848	4,357,123,350

T7 = School district taxable value for I & S purposes before the loss to the additional \$10, 000 homestead exemption

T8 = School district taxable value for I & S purposes after the loss to the additional \$10, 000 homestead exemption and the tax ceiling reduction

T9 = T7 minus 50 % of the loss to the local optional percentage homestead exemption

T10 = T8 minus 50 % of the loss to the local optional percentage homestead exemption

Attachment F

TEA's Facilities Value

Attachment G

Participation Agreement

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

by and between

ANDREWS INDEPENDENT SCHOOL DISTRICT

and

PROSPERO SOLAR II, LLC

(Texas Taxpayer ID #32072568044)

Comptroller Application #1463

Dated

May 12, 2020

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

STATE OF TEXAS §

COUNTY OF ANDREWS §

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 **ANDREWS INDEPENDENT SCHOOL DISTRICT**, hereinafter referred to as the "District," a lawfully created [independent or consolidated] school district within the State of Texas operating under and subject to the TEXAS EDUCATION CODE, and **Prospero Solar II, LLC**, Texas Taxpayer Identification Number 32072568044 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 January 14, 2020, the Superintendent of Schools of the Andrews 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 January 14, 2020, 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 February 7, 2020 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 Andrews County Appraisal District established in Andrews County, Texas (the "Andrews 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 April 8, 2020, 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 May 12, 2020, 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 May 12, 2020, 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 May 12, 2020, 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 XXXX XX, 2020, 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 May 12, 2020, 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, or in the event the Board President and Secretary are unavailable or have disclosed a conflict of interest, the Board of Trustees has authorized the Board Vice President to execute and deliver such Agreement to the Applicant

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 Prospero Solar II, LLC, (*Texas Taxpayer ID #32072568044*), 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 4** 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 January 14, 2020. 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 Andrews County Appraisal District.

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

“Commercial Operation” means the date on which the project becomes commercially operational, has installed or constructed Qualified Property on the Land, 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 Andrews County, Texas.

“District” or “School District” means the Andrews 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 acts of God, war, fires, explosions, hurricanes, floods, or other causes that are beyond the reasonable control of either party and that by exercise of due foresight such party could not reasonably have been expected to avoid, and which, by the exercise of all reasonable due diligence, such party is unable to overcome. Each Party must inform the other in writing with proof of receipt within 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.

"Annual Limit" means the maximum annual benefit which can be paid directly to the District as a Supplemental Payment under the provisions of Texas Tax Code § 313.027(i). For purposes of this Agreement, the amount of the Annual Limit shall be calculated for each year by multiplying the District's average daily attendance of 3,840 for the 2017-2018 school year, as calculated pursuant to Texas Education Code §42.005, times the greater of \$100, or any larger amount allowed by Texas Tax Code § 313.027(i), if such limit amount is increased for any future year of this Agreement. The Annual Limit shall first be computed for Tax Year 2020, which includes the date on which the Qualifying Time Period begins under this Agreement.

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

"Applicable School Finance Law" means Chapters 41, 42, 48, and 49 of the TEXAS EDUCATION CODE, the Texas Economic Development Act (Chapter 313 of the TEXAS TAX CODE), Chapter 403, Subchapter M, of the TEXAS GOVERNMENT CODE applicable to District, and the Constitution and general laws of the State applicable to the school districts of the State for each and every year of this Agreement, including specifically, the applicable rules and regulations of the agencies of the State having jurisdiction over any matters relating to the public school systems and school districts of the State, and judicial decisions construing or interpreting any of the above. The term includes any and all amendments or successor statutes that may be adopted in the future that could impact or alter the calculation of Applicant's ad valorem tax obligation to District, either with or without the limitation of property values made pursuant to this Agreement. For each year of this Agreement, the "Applicable School Finance Law" shall be interpreted to include all provisions made applicable for any calculations made for the specific year for which calculations are being made.

"Maintenance and Operations Revenue" or "M&O Revenue" means (i) those revenues which the District receives from the levy of its annual ad valorem maintenance and operations tax pursuant to 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, plus (iii) any indemnity payments received by the District under other agreements similar to this Agreement to the extent that such payments are designed to replace the District's M&O Revenue lost as a result of such similar agreements, less (iv) any amounts necessary to reimburse the State of Texas or another school district for the education of additional students pursuant to Chapter 41 of the TEXAS EDUCATION CODE.

"New M&O Revenue" means the total State and local Maintenance and Operations Revenue that District would have actually received for such school year if calculated using prior year taxable values.

"Net Tax Benefit" means, as of any relevant date, 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 all 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 all 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.

"option to terminate" means Applicant's written notice to the District which: (i) in the event that Applicant determines that it will not commence or complete construction of the Applicant's Qualified Investment prior to the beginning of the Tax Limitation Period notifies the District of Applicant's unilateral determination to terminate this Agreement; or, (ii) with respect to each Tax Year of the Tax Limitation Period beginning after the first Tax Year of the Tax Limitation Period, where 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 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 Applicant may exercise the Subsection (ii) 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 where the payment otherwise due exceeded the amount of taxes that Applicant would have paid had it not entered into the Agreement. Any termination of this Agreement under Subsection (ii) of this provision shall be effective immediately prior to the second Tax Year next following the Tax Year in which notice is given.

"Original M&O Revenue" means the total State and local Maintenance and Operations Revenue that District would have received for the Tax 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 & operations tax at the rate applicable for such Tax Year. For purposes of this calculation, the Third Party will base its calculations upon actual local taxable values for the prior school year as certified by the County Appraisal District for all

other taxable accounts in the District, save and except for the Qualified Property subject to this Agreement, *plus* the total appraised value of the Qualified Property for the prior school year subject to this Agreement. In this calculation, the total appraised value of the Qualified Property subject to this Agreement will be used for the Qualified Property in lieu of the property's M&O taxable value. (For clarification, the taxable value used by the District in calculating the taxes payable for Interest and Sinking Fund taxation purposes on Applicant's Qualified Property will be used for the Qualified Property in lieu of the property's M&O taxable value.)

"Revenue Protection Amount" means the amount to be paid by Applicant to compensate District for loss of Maintenance and Operations Revenue resulting from, or on account of, this Agreement for each year starting in the year of the Application Review Start Date and ending on the Final Termination Date as set forth in Section 4.2 of this Agreement.

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 February 7, 2020, 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 May 12, 2020.

C. The Qualifying Time Period for this Agreement:

- i. Starts on May 12, 2020, the Application Approval Date; and
- ii. Ends on December 31, 2022; 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, 2022; first complete Tax Year that begins after the date of the commencement of Commercial Operation; and
- ii. Ends on December 31, 2031.

E. The Final Termination Date for this Agreement is December 31, 2036.

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. Thirty Million Dollars (\$30,000,000) based on Section 313.054 of the TEXAS TAX CODE

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 \$30,000,000 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 \$1,342 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 4**, which is attached hereto and incorporated herein by reference for all purposes. Property which is not specifically described in **EXHIBIT 4** 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 4**, 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) property used for renewable energy electric service.

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, be compensated by Applicant for any loss that District incurs in its Maintenance and Operations Revenue in each year of this Agreement for which this Agreement was, in any manner, a sole and direct producing cause. 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 Section 7.1 of this Agreement, it is the intent of the Parties that the risk of any and all negative financial consequences to the District's total annual Maintenance and Operations Revenue, for which the execution of this Agreement was a sole and direct producing cause will be borne solely by Applicant and not by District.

The Parties hereto expressly understand and agree that, for all years to which this Agreement may apply, the calculation of negative financial consequences will be defined for each applicable year in accordance with the Applicable School Finance Law, as defined in Section 1.2 above, and that such definition specifically contemplates that calculations made under this Agreement may well periodically change in accordance with changes made from time to time in the Applicable School Finance Law. The Parties further agree that the printouts and projections 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 to the Agreement; 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 AMOUNT OF LOSS OF REVENUES BY THE DISTRICT

A. Calculation of the Revenue Protection Amount.

The amount to be paid by the Applicant to compensate the District for loss of Maintenance and Operations Revenue resulting from, or on account of, this Agreement for each year during the term of this Agreement (the "Revenue Protection Amount") shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula:

The Revenue Protection Amount owed by the Applicant to District means the Original M&O Revenue minus the New M&O Revenue (as such terms are defined in Section 1.2);

B. In making the calculations required by this Section 4.2 of this Agreement:

- 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.

Section 4.3. CALCULATIONS TO BE MADE BY THIRD PARTY. All calculations under this Agreement shall be made annually by a qualified and experienced independent third party (the "Third Party") approved each year by the District. To the extent not inconsistent with a statutory change to Applicable School Finance Law, all calculations made by the Third Party under this Agreement shall be made using a methodology which isolates only the revenue impact caused by this Agreement. Applicant shall not be responsible to reimburse District for other revenue losses created by other agreements or any other factors.

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 tax 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 tax roll data shall form the basis of the calculation of any and all amounts due under this Agreement. All other data utilized by the Third Party to make the calculations contemplated by this Agreement shall be based upon the best available current estimates. The data utilized by the Third Party shall be adjusted from time to time by the Third Party to reflect actual amounts, subsequent adjustments by the Appraisal District to the District's certified tax 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 appointed pursuant to Section 4.3 of this Agreement shall forward to the Parties a certification containing the calculations required under Sections 4.2, Article 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 pay 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 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 an aggregate amount of fees and expenses under this Section 4.6 which exceeds Fifteen Thousand Dollars (\$15,000.00).

Section 4.7. RESOLUTION OF DISPUTES. 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 thirty (30) days of receipt of the Applicant's appeal, the Third Party will issue, in writing, a final determination of the certification containing the calculations. Thereafter, the Applicant may appeal the final determination of certification containing the calculations to the District. Any appeal by the Applicant of the final determination of the Third Party may be made, in writing, to the Board of Trustees within thirty (30) days of the 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. STATUTORY CHANGES AFFECTING M&O REVENUE. Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 7.1 of this Agreement, in the event that, by virtue of statutory changes to the Applicable School Finance Law,

administrative interpretations by Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, District will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State, because of its participation in this Agreement. Applicant shall make payments to District within thirty (30) days of receipt of written notice, up to the limit set forth in Section 7.1, that are necessary to offset any negative impact on District's Maintenance and Operations Revenue, as a sole and direct result of its participation in this Agreement. Such calculation shall take into account any adjustments to the amount calculated for the current fiscal year that should be made in order to reflect the actual impact on District.

ARTICLE V

PAYMENT OF EXTRAORDINARY EDUCATION-RELATED EXPENSES

Section 5.1. EXTRAORDINARY EXPENSES. In addition to the amounts determined pursuant to Section 4.2 of this Agreement above, Applicant on an annual basis shall also indemnify and reimburse District for the following: all non-reimbursed costs, certified by District's external auditor to have been incurred by District for extraordinary education-related expenses 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 attributable to the project during any project construction year. Applicant shall have the right to contest the findings of the District's external auditor in the same manner as described in Section 9.3 herein.

ARTICLE VI

SUPPLEMENTAL PAYMENTS

Section 6.1. STIPULATED SUPPLEMENTAL PAYMENT AMOUNT - SUBJECT TO AGGREGATE LIMIT.

In addition to the Supplemental Payment limitation set forth in Section 6.2 of this Agreement, during the term of this Agreement, the District shall not be entitled to receive Supplemental Payments that exceed the lesser of:

- (a) the "Applicant's Stipulated Supplemental Payment Amount," which is hereby defined as forty percent (40%) of the Applicant's "Net Tax Benefit," as such term is defined in Section 1.2, above; or
- (b) the "Aggregate Limit," as such term is defined in Section 1.2, above.

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 Application:

B. Supplemental Payments may only be made during the period starting the first year of the Qualifying Time Period and ending December 31 of the third year following the end of the Tax Limitation Period.

C. 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.

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 2018-2019 Average Daily Attendance of 4,085, rounded to the whole number.

Section 6.3. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS

A. All calculations required by this Article shall be calculated by the Third Party selected pursuant to Section 4.3, above.

B. The calculations made by the Third Party shall be made at the same time and on the same schedule as the calculations made pursuant to Section 4.6, above.

C. The payment of all amounts due under this Article shall be made shall be paid on the dates set forth in Section 4.6 above.

Section 6.4. DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY. At any time during this Agreement, the District's Board of Trustees may, in its sole discretion, so long as such decision does not result in additional costs to the Applicant under this Agreement, direct that the Applicant's payment obligations under Article VI of this agreement be made to its educational foundation, or to a similar entity. The alternative entity may only use such funds received under this Article to support the educational mission of the District and its students. Any designation of an alternative entity must be made by recorded vote of the District's Board of Trustees at a properly posted public Board meeting. Any such designation will become effective after public vote and the delivery of notice of said vote to the Applicant in conformance with the provisions of Section 10.1, below. Such designation may be rescinded, with respect to future payments only, by action of the District's Board of Trustees at any time.

Any designation of a successor beneficiary under this Section shall not alter the Supplemental Payments calculated as described in Section 6.4, above.

ARTICLE VII

ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

Section 7.1. EFFECT OF OPTIONAL TERMINATION. Upon the exercise of the option to terminate, 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 ninety-six (96) 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 Trustee's Determination of Breach and Notice of Contract Termination under Section 9.2, the Applicant shall have *not greater than* sixty (60) 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 thirty (30) 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 Andrews 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 Andrews 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 sixty (60) 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 7.1 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 sixty (60) 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 \$30,000,000 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 REQUIRED NEW QUALIFYING JOBS

Pursuant to Section 313.0276 of the TEXAS TAX CODE, for any full Tax Year that commences after the project has become operational, in the event that it has been determined that the Applicant has failed to meet the job creation or retention requirements defined in Sections 9.1.C, the Applicant shall not be deemed to be in Material Breach of this Agreement until such time as the Comptroller has made a determination to rescind this Agreement under Section 313.0276 of TEXAS TAX CODE, and that determination is final.

Section 9.8. 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:

Dr. Bobby Azam
Superintendent
Andrews ISD
405 NW 3rd Street
Andrews, TX 79714
(432) 523-3640 Ext: 1756
Email: bazam@andrews.esc18.net

C. Notices to the Applicant shall be addressed to its Authorized Representative as follows:

Michael Alvarez
COO
Prospero Solar II, LLC
330 Congress St. 6th Floor
Boston, MA 02210
Phone: (415) 792-6074
Email: contracts@longroadenergy.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.

D. A copy of any notice delivered to the Applicant shall also be delivered to any lender for which the Applicant has provided the District notice of collateral assignment information pursuant to Section 10.3.C, below.

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 Andrews 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 and Comptroller's office 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. CONFLICTS OF INTEREST.

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.

A. 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.

B. 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).

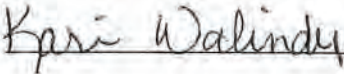
IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 12th day of May, 2020.

Prospero Solar II, LLC

**ANDREWS INDEPENDENT
SCHOOL DISTRICT**

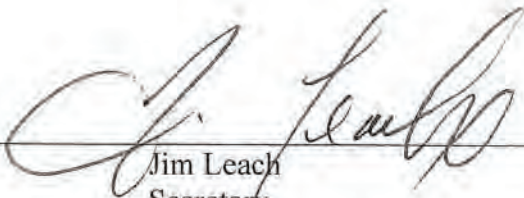
By: 

Michael Alvarez
COO

By: 

Kari Walinder
President,
Board of Trustees

ATTEST:



Jim Leach
Secretary,
Board of Trustees

EXHIBIT 1

DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE

On February 18, 2020, the Andrews County Commissioners Court adopted an Order creating the *Longhorn Reinvestment Zone*. A legal description and map of the *Longhorn Reinvestment Zone* is attached as the last page of this **EXHIBIT 1** following the legal description of the zone. All of the Applicant's Qualified Property and Applicant's Qualified Investment will be located within the boundaries of the *Longhorn Reinvestment Zone* and the Andrews Independent School District.

**RESOLUTION OF THE
ANDREWS COUNTY COMMISSIONERS COURT**

A RESOLUTION DESIGNATING A CERTAIN AREA AS A REINVESTMENT ZONE FOR TEXAS TAX CODE CHAPTER 312 TAX ABATEMENT IN PORTIONS OF ANDREWS COUNTY, TEXAS, TO BE KNOWN AS THE ANDREWS COUNTY REINVESTMENT ZONE NO. 8-LONGHORN" REINVESTMENT ZONE; ESTABLISHING THE BOUNDARIES THEREOF; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, Andrews County, Texas, desires to promote the development or redevelopment of a certain contiguous geographic area within its jurisdiction by the creation of a reinvestment zone as authorized by the Property Redevelopment and Tax Abatement Act, as amended (V.T.C.A. Texas Tax Code § 312.401), for the purpose of authorizing a Tax Abatement Agreement, as authorized by Chapter 312 of the Texas Tax Code; and,

WHEREAS, Andrews County, Texas, (the "County") desires to encourage the retention or expansion of primary employment and to attract major investment in the County that would be a benefit to property in a reinvestment zone created by the County and that would contribute to the economic development of the County;

WHEREAS, Andrews County initially adopted guidelines and criteria governing tax abatement agreements in a resolution dated on or about December 5, 2016; and,

WHEREAS, pursuant to statute, Andrews County refreshed the aforesaid guidelines and criteria governing tax abatement in a resolution dated February 19th, 2019 (the "Abatement Guidelines and Criteria"); and,

WHEREAS, on February 18, 2020, the Andrews County Commissioners Court held a hearing, such date being at least thirty (30) days after the date of publication of the notice of such public hearing, and the delivery of written notice to the respective presiding officers of each taxing entity which includes within its boundaries real property that is to be included in the proposed reinvestment zone as described on EXHIBIT A and mapped on EXHIBIT B; and,

WHEREAS, the Andrews County Commissioners Court at such public hearing invited any interested person to appear and speak for or against (1) the creation of the reinvestment zone, and whether all or part of the territory described should be included in the proposed reinvestment zone, and (2) acceptance of an Application for Tax Abatement by Prospero II Energy Project, LLC, for Andrews County to consider entering into a Tax Abatement Agreement; and,

WHEREAS, the proponents of the reinvestment zone offered evidence, both oral and documentary, in favor of all of the foregoing matters relating to the creation of the reinvestment zone and opponents, if any, of the reinvestment zone appeared to contest the creation of the reinvestment zone; and,

WHEREAS, the Commissioners Court of Andrews County has determined that it is eligible to participate in tax abatement and by this Order expresses its intent to designate a Reinvestment Zone as described more fully in the documents attached to this Order and incorporated by reference; and:

WHEREAS, Andrews County wishes to (1) create a reinvestment zone consisting of the same real property as described on EXHIBIT A and mapped on EXHIBIT B, and (2) accept the Application for Tax Abatement by Prospero II Energy Project, LLC.

NOW THEREFORE, BE IT RESOLVED BY THE ANDREWS COUNTY COMMISSIONERS COURT:

SECTION 1. That the facts and recitations contained in the preamble of this Resolution are hereby found and declared to be true and correct.

SECTION 2. That the Andrews County Commissioners Court, after conducting such hearing and having heard such evidence and testimony has made the following findings and determinations based on the evidence and testimony presented to it:

- (a) That the public hearing on the adoption of the Andrews County Reinvestment zone No. 8-*Longhorn Reinvestment Zone*, (hereinafter referred to as the *Longhorn Reinvestment Zone*) has been properly called, held, and conducted, and that notices of such hearing have been published as required by law and mailed to the respective presiding officers of the governing bodies of all taxing units overlapping the territory inside the proposed reinvestment zone; and,
- (b) That the boundaries of the *Longhorn Reinvestment Zone* be and, by the adoption of this Resolution, are declared and certified to be, the area as described in the description attached hereto as "EXHIBIT A"; and,
- (c) That the map attached hereto as "EXHIBIT B" is declared to be and (by the adoption of this Resolution) is certified to depict and to show accurately the boundaries of the *Longhorn Reinvestment Zone*, which is described in "EXHIBIT A", and further certifies that the property described in "EXHIBIT A" is inside the boundaries shown on "EXHIBIT B"; and,
- (d) That creation of the *Longhorn Reinvestment Zone* with boundaries as described in "EXHIBIT A" and "EXHIBIT B" will result in benefits to Andrews County and to land included in the zone, and that the improvements sought are feasible and practical; and,
- (e) That the *Longhorn Reinvestment Zone* described in "EXHIBIT A" and "EXHIBIT B" meets the criteria set forth in Texas Tax Code §312.401 for the creation of a reinvestment zone as set forth in the Property Redevelopment and Tax Abatement Act, as amended, in that it is reasonably likely that the designation will contribute to the retention or expansion of primary employment, and/or will attract major

investment in the zone that will be a benefit to the property to be included in the reinvestment zone and would contribute to the economic development of Andrews County, Texas.

SECTION 3. That pursuant to the Property Redevelopment and Tax Abatement Act, as amended, the Andrews County Commissioners Court, hereby creates a reinvestment zone under the provisions of Texas Tax Code § 312.401, encompassing the area described by the descriptions in "EXHIBIT A" and "EXHIBIT B", and such reinvestment zone is hereby designated and shall hereafter be referred to as the *Longhorn Reinvestment Zone*.

SECTION 4. That the *Longhorn Reinvestment Zone* shall take effect upon adoption by the Andrews County Commissioners Court and shall remain designated as a commercial-industrial reinvestment zone for a period of five (5) years from such date of such designation, and is subject to an additional five (5) year period for tax abatement.

SECTION 5. That the Andrews County Commissioners Court already has found and resolved that Andrews County is eligible to enter into tax abatement agreements.

SECTION 6. That the Andrews County Commissioners Court accepts the Application for Tax Abatement submitted by Prospero II Energy Project, LLC.

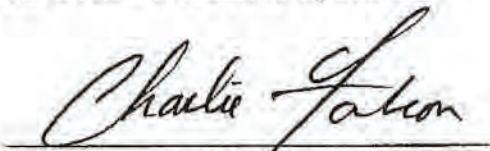
SECTION 7. That if any section, paragraph, clause, or provision of this resolution shall for any reason beheld to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this resolution.

SECTION 8. That it is hereby found, determined, and declared that a sufficient notice of the date, hour, place, and subject of the meeting of the Andrews County Commissioners Court, at which this resolution was adopted, was posted at a place convenient and readily accessible at all times, as required by the Texas Open Government Act, Texas Government Code, Chapter 551, as amended; and that a public hearing was held prior to the designation of such reinvestment zone, and that proper notice of the hearing was published in newspapers of general circulation in Andrews County of the State of Texas; and that, furthermore, such notice was in fact delivered to the presiding officer of any effected taxing entity as prescribed by the Property Redevelopment and Tax Abatement Act.

PASSED, APPROVED AND ADOPTED on this 18th day of February, 2020.

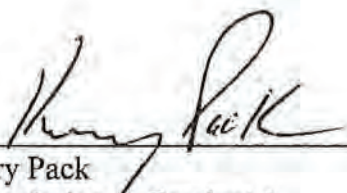
ANDREWS COUNTY, TEXAS

By:

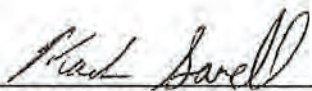


The Honorable Charlie Falcon
County Judge

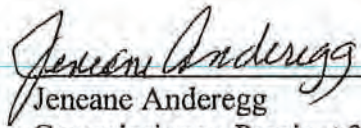
By:


Kerry Pack
Commissioner, Precinct 1

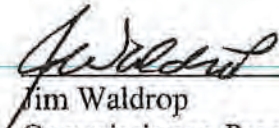
By:


Mark Savell
Commissioner, Precinct 2

By:


Jeneane Anderegg
Commissioner, Precinct 3

By:


Jim Waldrop
Commissioner, Precinct 4

Attest:




County Clerk, Andrews County, Texas

EXHIBIT A
LEGAL DESCRIPTION OF LONGHORN
REINVESTMENT ZONE

PARCEL 1:

AP #10094

641.5 Acres, more or less

All of Section 1, Block 12, AB 357 ULS, Andrews County, Texas

Identify Owner: University of Texas

PARCEL 2:

AP #10095

645.3 Acres, more or less

All of Section 2, Block 12, AB 358 ULS, Andrews County, Texas

Identify Owner: University of Texas

PARCEL 3:

AP #10096

645.3 Acres, more or less

All of Section 3, Block 12, AB 359 ULS, Andrews County, Texas

Identify Owner: University of Texas

PARCEL 4:

AP #10097

645.3 Acres, more or less

All of Section 4, Block 12, AB 360 ULS, Andrews County, Texas

Identify Owner: University of Texas

PARCEL 5:

AP # 10098

645.3 Acres, more or less

All of Section 5, Block 12, AB 361 ULS, Andrews County, Texas

Identify Owner: University of Texas

PARCEL 6:

AP #10099

642 Acres, more or less

All of Section 6, Block 12, AB 362 ULS, Andrews County, Texas

Identify Owner: University of Texas

Total Acres: 3,864.7

**EXHIBIT B
MAP OF LONGHORN
REINVESTMENT ZONE**

[FOLLOWS ON SUBSEQUENT PAGES]

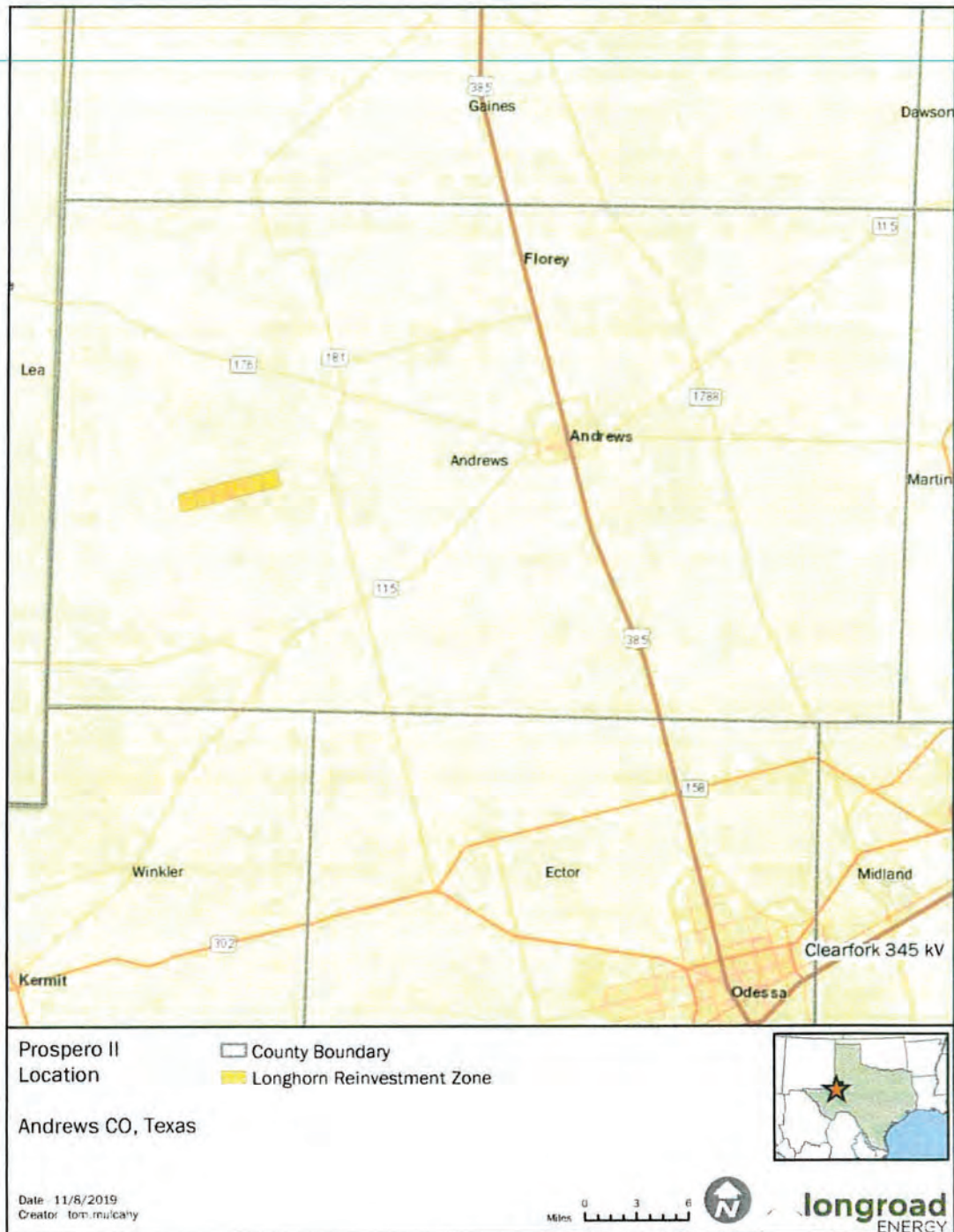


EXHIBIT 2

DESCRIPTION AND LOCATION OF LAND

All of the Applicant's Qualified Property and Applicant's Qualified Investment will be located within the boundaries of the Longhorn Reinvestment Zone and the Andrews Independent School District. The Land on which the Qualified Property shall be located and on which the Qualified Investment shall be made is described by the legal description and maps attached to **EXHIBIT 1** AND **EXHIBIT 4**.

EXHIBIT 3

APPLICANT'S QUALIFIED INVESTMENT

Applicant's Qualified Investment shall be all tangible personal property first placed in service after February 7, 2020, that is owned by the Applicant, as more fully described in Tab #7 of the Application and located within the boundaries of the Andrews Independent School District and the Longhorn Reinvestment Zone depicted by the map attached to **EXHIBIT 4**.

Description of Qualified Investment

Prospero Solar II, LLC plans to construct a 250 MW solar farm in Andrews County.

This application covers all qualified property within Andrews ISD necessary for the commercial operations of the proposed solar farm described in Tab 4. Two hundred and fifty megawatts (250 MW) will be located in Andrews ISD. Panel placement is subject to change but for purposes of this application, the Project anticipates using approximately 752,388 PV modules or equivalent and 80 inverters.

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

Qualified Investment and qualified property includes; solar modules/panels, racking and mounting structures, inverters, combiner boxes, meteorological equipment, foundations, roadways, O&M building, paving, fencing, collection system, electrical substations, generation transmission tie line and associated towers, interconnection facilities, control systems necessary for commercial generation of electricity and all eligible ancillary and necessary equipment.

**NOTE:* The map in TAB 11 shows the potential locations of improvements within Andrews ISD boundaries; however, the final number of panels and inverters 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

Applicant's Qualified Property shall be *all* tangible personal property first placed in service after May 12th, 2020, that is owned by the Applicant, as more fully described in Tab #8 of the Application and located within *the* boundaries of *the* Andrews Independent School District and Longhorn Reinvestment Zone depicted by *the* map attached to this **EXHIBIT 4**.

Description of Qualified Property

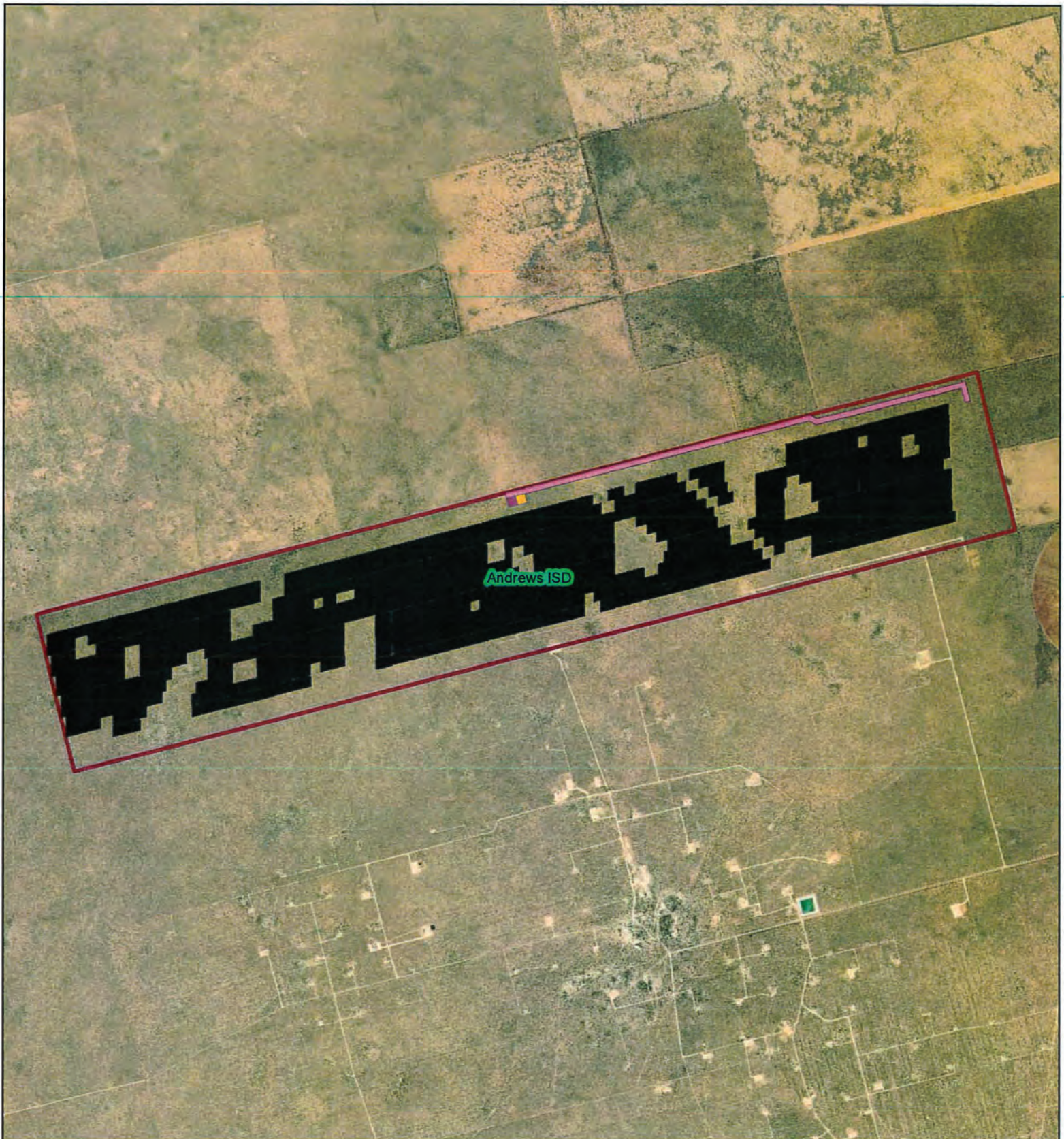
Prospero Solar II, LLC plans to construct a 250 MW solar farm in Andrews County.

This application covers all qualified property within Andrews ISD necessary for the commercial operations of the proposed solar farm described in Tab 4. Two hundred and fifty megawatts (250 MW) will be located in Andrews ISD. Panel placement is subject to change but for purposes of this application, the Project anticipates using approximately 752,388 PV modules or equivalent and 80 inverters.

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

Qualified Investment and qualified property includes; solar modules/panels, racking and mounting structures, inverters, combiner boxes, meteorological equipment, foundations, roadways, O&M building, paving, fencing, collection system, electrical substations, generation transmission tie line and associated towers, interconnection facilities, control systems necessary for commercial generation of electricity and all eligible ancillary and necessary equipment.

**NOTE:* The map in TAB 11 shows the potential locations of improvements within Andrews ISD boundaries; however, the final number of panels and inverters and the location of each of these facilities is dependent upon ongoing negotiations with power purchasers and other factors.



Prospero II Solar
Andrews CO, Texas

Qualified Property &
Qualified Investment Map

— Solar Project Layout

■ Substation

■ O&M Building

□ School Districts

■ Transmission Line Right of Way

■ Project Boundary & Reinvestment Zone Boundary



Date - 11/8/2019
Creator - tom.mulcahy

0 0.75
Miles



longroad
ENERGY

Attachment H

Consultant Verification Letter



LYNN M. MOAK, PARTNER

DANIEL T. CASEY, PARTNER

May 12, 2020

President and Members

Board of Trustees

Andrews Independent School District

405 NW 3rd Street

Andrews, Texas 79714

Re: Recommendations and Findings of the Firm Concerning the Application of Prospero Solar II, LLC (#1463) for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes

Dear President and Members of the Board of Trustees:

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

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

Because of the foregoing, it is our recommendation that the Board of Trustees approve the Application of Prospero Solar II, LLC for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Sincerely,

A handwritten signature in dark ink, appearing to read "Daniel T. Casey", is written over a light blue horizontal line.

Daniel T. Casey
Partner

www.moakcasey.com

Phone 512-485-7878

901 S. Mopac Expressway ★ Bldg. III ★ Suite 310 ★ Austin, TX 78746

Fax 512-485-7888

O'HANLON, DEMERATH & CASTILLO

ATTORNEYS & COUNSELORS AT LAW

808 WEST AVE

AUSTIN, TEXAS 78701

TELEPHONE: (512) 494-9949

FACSIMILE: (512) 494-9919

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

JUSTIN DEMERATH
BENJAMIN CASTILLO

May 12, 2020

President and Members
Board of Trustees
Andrews Independent School District
405 NW 3rd Street
Andrews, Texas 79714

*Re: Recommendations and Findings of the Firm Concerning the Application of
Prospero Solar II, LLC (#1463) for a Limitation on Appraised Value of Property
for School District Maintenance and Operations Taxes*

Dear President and Members of the Board of Trustees:

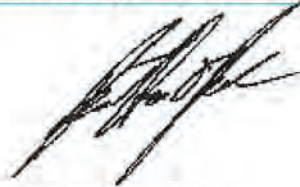
Please accept this letter as formal notification of the completion of due diligence research on behalf of the Andrews Independent School District, with respect to the pending Application of Prospero Solar II, LLC for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes. Since our engagement on behalf of the District, we have been actively engaged in reviewing the pending Application and verifying its contents. We have also negotiated an Agreement between the District and Prospero Solar II, LLC. Based upon our review we have drawn the following conclusions:

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

5. The proposed Agreement contains adequate legal provisions to protect the interests of the District.

As a result of the foregoing conclusions it is our recommendation that the Board of Trustees approve the Application of Prospero Solar II, LLC for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kevin O'Hanlon', written over a horizontal line.

Kevin O'Hanlon
For the Firm

Attachment I

Agreement Review Letter



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

May 5, 2020

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

Re: Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Andrews Independent School District and Prospero Solar II, LLC, Application 1463

Dear Superintendent Azam:

This office has been provided with the Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Andrews Independent School District and Prospero Solar II, LLC (Agreement). As requested, the Agreement has been reviewed pursuant to 34 TAC 9.1055(e)(1).

Based on our review, this office concludes that the Agreement complies with the provisions of Tax Code, Chapter 313 and 34 TAC Chapter 9, Subchapter F.

Should you have any questions, please contact Tabita Collazo with our office. She can be reached by email at tabita.collazo@cpa.texas.gov or by phone at 1-800-531-5441, ext. 5-5626, or at 512-475-5626.

Sincerely,

DocuSigned by:

Will Counihan

45D4726DA6AB46C

Will Counihan

Director

Data Analysis & Transparency Division

cc: Mali Hanley, O'Hanlon, Demerath & Castillo
Michael U. Alvarez, Longroad Energy
Bryan Harris, Longroad Energy
Brandon Westlake, Cummings Westlake, LLC

Attachment J

Conflict Of Interest Disclosure

Conflicts of Interest Disclosure Procedure

In its recent audits of Chapter 313 Agreements, The Texas State Auditor's Office has required documentation of inquiries concerning Board Member conflicts of interest at critical junctions in the Chapter 313 approval process. A local public official or a person related to a local public official in the first degree by either affinity or consanguinity has a substantial interest in a business entity or in real property, the local public official, before a vote or decision on any matter involving the business entity or the real property, is required to file an affidavit with an official Board record keeper stating the nature and extent of the interest and shall abstain from further participation in the matter if:

1. In the case of a substantial interest in a business entity, the action on the matter will have a special economic effect on the business entity that is distinguishable from the effect on the public; or
2. In the case of a substantial interest in real property, it is reasonably foreseeable that an action on the matter will have a special economic effect on the value of the property, distinguishable from its effect on the public.
3. A person has a substantial interest in a business entity if:
The person owns at least:
 - a. Ten percent of the voting stock or shares of the business entity, or
 - b. Either ten percent or \$15,000 of the fair market value of the business entity; or
 - c. Funds received by the person from the business entity exceed ten percent of the person's gross income for the previous year.
4. In the case of a substantial interest in real property, it is reasonably foreseeable that an action on the matter will have a special economic effect on the value of the property, distinguishable from its effect on the public.

The Board may contract with a business entity in which a Trustee has a substantial interest if the Trustee follows the disclosure and abstention procedure set out above.

Does any Board Member have a conflict of interest as defined above?

If so, has the required Affidavit, set forth at District Policy BBFA (Exhibit) been filed?

Please have the answers to the foregoing 2 questions and a copy of this Procedure included in the minutes of this meeting.