GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

September 14, 2018

Ken Baugh
Superintendent
Culberson County-Allamoore Independent School District
PO Box 899
Van Horn TX, 79855

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Culberson County-Allamoore Independent School District and IP Aragorn, LLC, Application 1266

Dear Superintendent Baugh:

On August 17, 2018, the Comptroller issued written notice that IP Aragorn, LLC (applicant) submitted a completed application (Application 1266) for a limitation on appraised value under the provisions of Tax Code Chapter 313.[1] This application was originally submitted on June 19, 2018, to the Culberson County-Allamoore 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 1266.

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

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

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

Determination required by 313.026(c)(2)

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

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

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

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

Note that any building or improvement existing as of the application review start date of August 17, 2018, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

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

Sincerely,

Mike Reissig
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller's economic impact analysis of IP Aragorn, LLC (project) applying to Culberson County-Allamoore 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 IP Aragorn, LLC.

Applicant	IP Aragorn, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation-Solar
School District	Culberson County-Allamoore ISD
2016-2017 Average Daily Attendance	373
County	Culberson
Proposed Total Investment in District	$195,240,500
Proposed Qualified Investment	$194,400,000
Limitation Amount	$25,000,000
Qualifying Time Period (Full Years)	2020-2021
Number of new qualifying jobs committed to by applicant	2*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	$850
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	$850
Minimum annual wage committed to by applicant for qualified jobs	$44,207
Minimum weekly wage required for non-qualifying jobs	$949
Minimum annual wage required for non-qualifying jobs	$49,349
Investment per Qualifying Job	$97,620,250
Estimated M&O levy without any limit (15 years)	$9,238,518
Estimated M&O levy with Limitation (15 years)	$4,019,149
Estimated gross M&O tax benefit (15 years)	$5,219,369

** 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 IP Aragorn, LLC (modeled).

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2020	401	674	1075	$40,044,207	$54,375,793	$94,420,000
2021	102	224	326	$10,088,414	$23,751,586	$33,840,000
2022	2	46	48	$88,414	$8,981,586	$9,070,000
2023	2	1	3	$88,414	$4,371,586	$4,460,000
2024	2	(25)	-23	$88,414	$1,171,586	$1,260,000
2025	2	(35)	-33	$88,414	-$538,414	-$450,000
2026	2	(34)	-32	$88,414	-$1,258,414	-$1,170,000
2027	2	(29)	-27	$88,414	-$1,328,414	-$1,240,000
2028	2	(21)	-19	$88,414	-$988,414	-$900,000
2029	2	(12)	-10	$88,414	-$458,414	-$370,000
2030	2	(5)	-3	$88,414	$131,586	$220,000
2031	2	1	3	$88,414	$701,586	$790,000
2032	2	5	7	$88,414	$1,161,586	$1,250,000
2033	2	8	10	$88,414	$1,531,586	$1,620,000
2034	2	9	11	$88,414	$1,791,586	$1,880,000

Source: CPA REMI, IP Aragorn 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		Culberson County-Allamoore ISD I&S Tax Levy	Culberson County-Allamoore ISD M&O Tax Levy	Culberson County-Allamoore ISD M&O and I&S Tax Levies	Culberson County Tax Levy	Culberson County Hospital Tax Levy	Estimated Total Property Taxes
			Tax Rate*	**0.4566**	**1.0400**		**0.2339**	**0.1837**	
2022	$135,822,500	$135,822,500		$620,140	$1,412,554	$2,032,694	$317,662	$249,552	$2,599,908
2023	$114,119,900	$114,119,900		$521,050	$1,186,847	$1,707,897	$266,904	$209,677	$2,184,477
2024	$101,910,900	$101,910,900		$465,306	$1,059,873	$1,525,179	$238,349	$187,245	$1,950,773
2025	$89,702,000	$89,702,000		$409,562	$932,901	$1,342,463	$209,795	$164,813	$1,717,071
2026	$77,493,000	$77,493,000		$353,818	$805,927	$1,159,746	$181,241	$142,381	$1,483,367
2027	$63,928,000	$63,928,000		$291,883	$664,851	$956,734	$149,515	$117,457	$1,223,707
2028	$51,719,200	$51,719,200		$236,140	$537,880	$774,020	$120,961	$95,026	$990,006
2029	$43,579,100	$43,579,100		$198,974	$453,223	$652,197	$101,923	$80,070	$834,189
2030	$39,507,700	$39,507,700		$180,385	$410,880	$591,265	$92,401	$72,589	$756,254
2031	$34,080,100	$34,080,100		$155,603	$354,433	$510,036	$79,707	$62,617	$652,360
2032	$27,296,400	$27,296,400		$124,630	$283,883	$408,513	$63,841	$50,153	$522,506
2033	$27,293,800	$27,293,800		$124,618	$283,856	$408,474	$63,835	$50,148	$522,457
2034	$27,291,300	$27,291,300		$124,607	$283,830	$408,436	$63,829	$50,143	$522,409
2035	$27,288,800	$27,288,800		$124,595	$283,804	$408,399	$63,823	$50,139	$522,361
2036	$27,286,300	$27,286,300		$124,584	$283,778	$408,362	$63,817	$50,134	$522,313
			Total	**$4,055,896**	**$9,238,518**	**$13,294,413**	**$2,077,600**	**$1,632,144**	**$17,004,158**

Source: CPA, IP Aragorn, LLC
*Tax Rate per $100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Culberson 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 with the hospital district.

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Culberson County-Allamoore ISD I&S Tax Levy	Culberson County-Allamoore ISD M&O Tax Levy	Culberson County-Allamoore ISD M&O and I&S Tax Levies	Culberson County Tax Levy	Culberson County Hospital Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.4566	1.0400		0.2339	0.1837	
2022	$135,822,500	$25,000,000		$620,140	$260,000	$880,140	$31,766	$24,955	$936,861
2023	$114,119,900	$25,000,000		$521,050	$260,000	$781,050	$26,690	$20,968	$828,708
2024	$101,910,900	$25,000,000		$465,306	$260,000	$725,306	$23,835	$18,724	$767,865
2025	$89,702,000	$25,000,000		$409,562	$260,000	$669,562	$20,980	$16,481	$707,023
2026	$77,493,000	$25,000,000		$353,818	$260,000	$613,818	$18,124	$14,238	$646,180
2027	$63,928,000	$25,000,000		$291,883	$260,000	$551,883	$14,951	$11,746	$578,580
2028	$51,719,200	$25,000,000		$236,140	$260,000	$496,140	$12,096	$9,503	$517,739
2029	$43,579,100	$25,000,000		$198,974	$260,000	$458,974	$10,192	$8,007	$477,173
2030	$39,507,700	$25,000,000		$180,385	$260,000	$440,385	$9,240	$7,259	$456,884
2031	$34,080,100	$25,000,000		$155,603	$260,000	$415,603	$7,971	$6,262	$429,836
2032	$27,296,400	$27,296,400		$124,630	$283,883	$408,513	$63,841	$50,153	$522,506
2033	$27,293,800	$27,293,800		$124,618	$283,856	$408,474	$63,835	$50,148	$522,457
2034	$27,291,300	$27,291,300		$124,607	$283,830	$408,436	$63,829	$50,143	$522,409
2035	$27,288,800	$27,288,800		$124,595	$283,804	$408,399	$63,823	$50,139	$522,361
2036	$27,286,300	$27,286,300		$124,584	$283,778	$408,362	$63,817	$50,134	$522,313
			Total	$4,055,896	$4,019,149	$8,075,044	$494,990	$388,860	$8,958,895
			Diff	$0	$5,219,369	$5,219,369	$1,582,610	$1,243,284	$8,045,263

Source: CPA, IP Aragorn, 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 IP Aragorn, 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	$0	$0	$0	$0
Limitation Period (10 Years)	2022	$260,000	$260,000	$1,152,554	$1,152,554
	2023	$260,000	$520,000	$926,847	$2,079,401
	2024	$260,000	$780,000	$799,873	$2,879,274
	2025	$260,000	$1,040,000	$672,901	$3,552,175
	2026	$260,000	$1,300,000	$545,927	$4,098,102
	2027	$260,000	$1,560,000	$404,851	$4,502,954
	2028	$260,000	$1,820,000	$277,880	$4,780,833
	2029	$260,000	$2,080,000	$193,223	$4,974,056
	2030	$260,000	$2,340,000	$150,880	$5,124,936
	2031	$260,000	$2,600,000	$94,433	$5,219,369
Maintain Viable Presence (5 Years)	2032	$283,883	$2,883,883	$0	$5,219,369
	2033	$283,856	$3,167,738	$0	$5,219,369
	2034	$283,830	$3,451,568	$0	$5,219,369
	2035	$283,804	$3,735,371	$0	$5,219,369
	2036	$283,778	$4,019,149	$0	$5,219,369
Additional Years as Required by 313.026(c)(1) (10 Years)	2037	$283,753	$4,302,901	$0	$5,219,369
	2038	$283,728	$4,586,629	$0	$5,219,369
	2039	$283,703	$4,870,331	$0	$5,219,369
	2040	$283,679	$5,154,010	$0	$5,219,369
	2041	$283,655	$5,437,665	$0	$5,219,369
	2042	$283,632	$5,721,297	$0	$5,219,369
	2043	$283,609	$6,004,906	$0	$5,219,369
	2044	$283,586	$6,288,492	$0	$5,219,369
	2045	$283,563	$6,572,055	$0	$5,219,369
	2046	$283,541	$6,855,597	$0	$5,219,369

$6,855,597 is greater than **$5,219,369**

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, IP Aragorn, LLC

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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 IP Aragorn 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 IP Aragorn, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
  A. "The ability to enter into a value limitation agreement with Culberson County-Allamoore ISD is a determining factor for constructing the project in Culberson County, Texas, as opposed to building and investing in another county, state or region. IP Renewable Energy Holdings LLC is considering investing in California and Colorado."
  B. "The applicant requires this value limitation agreement in order to move forward with constructing this project in Texas. Specifically, without the available property tax incentives, the economics of the project become unappealing to investors and the likelihood of constructing the project becomes unlikely. The property tax liability of a project without tax incentives in Texas, including a value limitation agreement with Culberson County-Allamoore ISD, lowers the return to investors and financiers to an unacceptable level at current contracted power rates under a power purchase agreement. As such, the applicant would not be able to finance and build its project without the property tax incentives."
  C. "the proposed site in Culberson County is a desirable business location and can provide electricity at a price that is competitive with other projects in Culberson County and elsewhere in Texas, assuming that the expected tax incentives, including a value limitation agreement, are obtained. Receiving a value limitation agreement from Culberson County-Allamoore ISD is vital to ensuring the economics justify building the project and placing it into commercial operation in Culberson County."
- Per Comptroller research:
  A. On December 20, 2017 *Business Wire* reported that Intersect Power had announced of "a power purchase agreement from Austin Energy for a 150 MWac photovoltaic solar project expected to reach operation in 2020" Luke Dunnington, COO and Co-Founder of Intersect Power, stated "We are delighted to partner with Austin Energy on this high quality and thoughtfully developed project, bringing competitively priced power to the City of Austin."

B. On April 13,2018 *The Van Horn Advocate* reported that on April 9 The Culberson County Commissioners met in Regular Session. Christian Fiene and Dale Cummings from Intersect Power made a presentation concerning the Culberson County- Allamoore ISD's Chapter 313 Tax Limitation Agreement for the Aragorn and Titan Project. Cummings stated "investors are looking to see if projects are economically competitive and that tax incentives are the key to compete."
C. On July 20, 2018 *The Van Horn Advocate* reported that on July 11 The Culberson County Hospital District met in Regular Session where Dale Cummings, a tax advisor to Intersect Power, proposed two "solar energy projects in the Culberson County about 50 miles north of Van Horn. The Board approved a 10-year tax abatement agreement for IP Titan LLC and IP Aragorn LLC to be located in the reinvestment zone established by Culberson County. During the ten-year period, 90% of the project value will be subject to abatement."

- Supplemental information provided by the applicant:
  A. IP Aragorn, LLC is not known by any other names besides those submitted in the application.
  B. The GINR number is 19INR0088 and was assigned on May 30, 2017.
  C. On August 10, 2018 Intersect Power stated in an email "Intersect Power is currently developing over 1.2 gigawatts (GW) of project sites across multiple counties in West Texas. The 150MW Austin Energy ("AE") power purchase agreement ("PPA") referred to in your note could be fulfilled by the Aragorn project site or one of the other sites within that pipeline, or from an as yet to be identified site. A PPA alone, including the AE PPA, will not guarantee that any project will be constructed. Obtaining a 313 Value Limitation Agreement ("313 agreements") will be a major factor in determining the financial viability and final location of all project sites currently under development. Without a 313 agreement, no projects in Intersect's current or future Texas pipeline will be financially viable and Intersect will invest elsewhere.
  Additionally, no final investment decision has been made as to whether Intersect Power will construct Aragorn, Titan, or both projects. The combined capacity of these two projects is expected to be up to 440MW. The final investment decision will depend on a myriad of factors including:
    - The results of the interconnection studies, which are still pending;
    - The results of ongoing project diligence, which could make these projects uneconomic given their remote location;
    - The ability to secure additional PPAs, which will be predicated on receiving 313 agreements to ensure the projects remain economically viable;

  Please note that no module purchase, engineering, procurement and/or construction (EPC), or operations and maintenance (O&M), or financing agreements have been obtained. Intersect Power will be unable to obtain these without 313 agreements since the projects will be uneconomic."

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

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Supporting Information

Section 8 of the Application for a Limitation on Appraised Value

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 *(complete Section 13)*
   - ☐ Expansion of existing operation on the land *(complete Section 13)*
   - ☐ Relocation within Texas

SECTION 8: Limitation as Determining Factor

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

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

Supporting Information

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

TAB 5

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

IP Renewable Energy Holdings LLC, the parent of IP Aragorn, LLC, is a national solar developer with project opportunities across the United States. The ability to enter into a value limitation agreement with Culberson County-Allamoore ISD is a determining factor for constructing the project in Culberson County, Texas, as opposed to building and investing in another county, state or region. IP Renewable Energy Holdings LLC is considering investing in California and Colorado.

IP Renewable Energy Holdings LLC is actively developing and constructing other projects throughout the US. The applicant requires this value limitation agreement in order to move forward with constructing this project in Texas. Specifically, without the available property tax incentives, the economics of the project become unappealing to investors and the likelihood of constructing the project becomes unlikely. The property tax liability of a project without tax incentives in Texas, including a value limitation agreement with Culberson County-Allamoore ISD, lowers the return to investors and financiers to an unacceptable level at current contracted power rates under a power purchase agreement. As such, the applicant would not be able to finance and build its project without the property tax incentives. We want to avoid a situation where the applicant would be forced to have its development capital and prospective investment funds spent in other states where the rate of return is higher on a project basis.

However, the proposed site in Culberson County is a desirable business location and can provide electricity at a price that is competitive with other projects in Culberson County and elsewhere in Texas, assuming that the expected tax incentives, including a value limitation agreement, are obtained. Electric utilities and other wholesale electricity buyers are focused on providing low-cost energy to their customers, and contracting for the sale of solar electricity is highly competitive. Receiving a value limitation agreement from Culberson County-Allamoore ISD is vital to ensuring the economics justify building the project and placing it into commercial operation in Culberson County.

About IP Renewable Energy Holdings LLC

The IP Renewable Energy Holdings LLC team has the collective experience in all phases of development across 60+ projects, and 2GWp of operating solar power with a total value of over $6 billion. Our team has been involved in almost $9B of successful debt and long-term equity financing for mid to late stage development projects. Our team has been successful together throughout the evolution of clean infrastructure, from the early days of kW scale solar, to pioneering 5-20MW projects and on to increasingly sophisticated and complex transactions of 100-500MW projects.

Supporting Information

Additional information provided by the Applicant or located by the Comptroller

COMPTROLLER QUERY RELATED TO TAX CODE CHAPTER 313.026(c)(2)
– Culberson-County Allamoore ISD– IP Aragorn, LLC App. #1266

Comptroller Questions (via email on August 7, 2018):

1. *IP Aragorn, LLC is also known by Aragorn Solar, is it known by any other project names?*

2. *Please verify that the ERCOT GINR number is 19INR0088. Also when was it assigned?*

Comptroller Questions (via email on August 9, 2018):

3. *The article states "Intersect Power, ..., today announced the award of a power purchase agreement from Austin Energy... This 150 MWac project with the capacity to upsize 180MWac. Located in West Texas, Intersect Power has approximate 1700 acre land lease and ERCOT interconnection for this project." Is this article referring to the IP Aragorn and IP Titan's solar projects?*

Applicant Response (via email on August 7, 2018):

1. *IP Aragorn, LLC is not known by any other names besides those submitted in the application.*

2. *The GINR number is correct and was assigned on May 30, 2017.*

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

3. *Intersect Power is currently developing over 1.2 gigawatts (GW) of project sites across multiple counties in West Texas. The 150MW Austin Energy ("AE") power purchase agreement ("PPA") referred to in your note could be fulfilled by the Aragorn project site or one of the other sites within that pipeline, or from an as yet to be identified site. A PPA alone, including the AE PPA, will not guarantee that any project will be constructed. Obtaining a 313 Value Limitation Agreement ("313 agreements") will be a major factor in determining the financial viability and final location of all project sites currently under development. Without a 313 agreement, no projects in Intersect's current or future Texas pipeline will be financially viable and Intersect will invest elsewhere.*
   Additionally, no final investment decision has been made as to whether Intersect Power will construct Aragorn, Titan, or both projects. The combined capacity of these two projects is expected to be up to 440MW. The final investment decision will depend on a myriad of factors including:
   - *The results of the interconnection studies, which are still pending;*
   - *The results of ongoing project diligence, which could make these projects uneconomic given their remote location;*

- *The ability to secure additional PPAs, which will be predicated on receiving 313 agreements to ensure the projects remain economically viable;*

Please note that no module purchase, engineering, procurement and/or construction (EPC), or operations and maintenance (O&M), or financing agreements have been obtained. Intersect Power will be unable to obtain these without 313 agreements since the projects will be uneconomic.

As stated in Tab 5 of both the IP Aragorn, LLC and IP Titan, LLC applications: "IP Renewable Energy Holdings LLC is actively developing and constructing other projects throughout the US. The applicant requires this value limitation agreement in order to move forward with constructing this project in Texas. Specifically, without the available property tax incentives, the economics of the project become unappealing to investors and the likelihood of constructing the project becomes unlikely. The property tax liability of a project without tax incentives in Texas, including a value limitation agreement with Culberson County-Allamoore ISD, lowers the return to investors and financiers to an unacceptable level at current contracted power rates under a power purchase agreement. As such, the applicant would not be able to finance and build its project without the property tax incentives. We want to avoid a situation where the applicant would be forced to have its development capital and prospective investment funds spent in other states where the rate of return is higher on a project basis. However, the proposed site in Culberson County is a desirable business location and can provide electricity at a price that is competitive with other projects in Culberson County and elsewhere in Texas, assuming that the expected tax incentives, including a value limitation agreement, are obtained. Electric utilities and other wholesale electricity buyers are focused on providing low-cost energy to their customers, and contracting for the sale of solar electricity is highly competitive. Receiving a value limitation agreement from Culberson County-Allamoore ISD is vital to ensuring the economics justify building the project and placing it into commercial operation in Culberson County."

Essentially, without 313 agreements, these projects will not be built anywhere in Texas. Declining power prices in Texas have made the utilization of 313 agreements essential in order for solar to be competitive with other types of power generation and to create new jobs in Texas.

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Intersect Power Contracts 150 MW with Austin Energy for West Texas Solar Power Plant

December 20, 2017 09:00 AM Eastern Standard Time

SAN FRANCISCO--(BUSINESS WIRE)--Intersect Power, a utility-scale power development company, today announced the award of a power purchase agreement from Austin Energy for a 150 MWac photovoltaic solar project expected to reach commercial operation in 2020.

Intersect Power, through its IPREH joint venture with Macquarie Infrastructure Corporation (NYSE: MIC), is developing this 150 MWac project with the capacity to upsize to 180 MWac. Located in West Texas, Intersect Power has an approximate 1700 acre land lease and ERCOT interconnection for this project.

"The Intersect Power team has a strong track record of delivering on cost effective solar power," said Sheldon Kimber, CEO and Co-Founder, Intersect Power. "Our expertise in development, design, supply chain and financing allows us to develop projects with compelling economics and this project showcases that capability."

"This purchase power agreement not only gets us closer to achieving the City's renewable energy goals, but it's also a good deal for our customers," said Jackie Sargent, Austin Energy General Manager. "I am pleased that we can pursue this affordable project and continue to demonstrate economic and environmental leadership on behalf of our community."

"We are delighted to partner with Austin Energy on this high quality and thoughtfully developed project, bringing competitively priced power to the City of Austin," said Luke Dunnington, COO and Co-Founder, Intersect Power.

Building on nearly a decade of utility-scale solar development, the Intersect Power team has the creativity and energy market sophistication to deliver innovative solutions that address customers' rapidly evolving needs. The team continues to develop partnerships across the full supply chain, expand greenfield pipeline, and aggressively pursue acquisition of early development assets.

About Intersect Power

Intersect Power is an infrastructure development company bringing utility-scale power to wholesale customers and markets, delivering value and viability to both energy buyers and financiers. Currently focused on "greenfield" solar and storage project development, Intersect Power's functional expertise spans all development disciplines including site acquisition, permitting, interconnection, origination, engineering, procurement, construction and finance. Intersect Power is actively developing more than 1000MWp of early stage projects across the U.S. For more information: http://www.intersectpower.com

About Macquarie Infrastructure Corporation

Macquarie Infrastructure Corporation owns, operates and invests in a diversified group of infrastructure businesses providing basic services to customers in the United States. Its businesses consist of a bulk liquid terminals business, International-Matex Tank Terminals, an airport services business, Atlantic Aviation, a gas processing and distribution

business, Hawaii Gas, and several entities comprising a Contracted Power and Energy segment. MIC is managed by a wholly-owned subsidiary of the Macquarie Group. For additional information, please visit the Macquarie Infrastructure Corporation website at www.macquarie.com/mic.

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The sun is bright in Culberson County

April 13, 2018

Possible Solar Energy Projects on the Horizon

By Becky Brewster

Culberson County Commissioners met in Regular Session on April 9. The first business item on the agenda was a presentation by Christian Fiene of Intersect Power and Dale Cummings, a tax advisor to Intersect Power, regarding a possible Chapter 312 Tax Abatement Agreement for two proposed solar energy projects in Culberson County about 50 miles north of Van Horn. A similar presentation was made to the Culberson County—Allamoore ISD for a Chapter 313 Tax Limitation Agreement. As previously reported, the Aragorn Project would develop approximately 1,765 acres of land for up to 180 Megawatts (MW) generated by 50,000 solar panels. The Titan Project would develop approximately 2,500 acres of land for up to 260 MW. Options to lease the land (which is part of the University Land Trust) have already been executed.

Each project is expected to create 2 full-time permanent jobs and 400 full-time construction jobs during peak construction. If the projects go forward, the target commercial operation date is December 31, 2020. Cummings stated that "investors are looking to see if projects are economically competitive" and that "tax incentives are the key to compete."

Ramon Carrasco of Kleinmann Consultants recommended that the Court approve a change to the design of the concession stand at the Veteran's Memorial Park. The original design called for windows across the entire front of the building, but after concerns were voiced by the contractor, Lupe Alvarado, about the potential for vandalism, Carrasco proposed that the design be modified to replace the glass with metal rollup windows. The Court concurred. Alvarado reported that the project is 60-65% complete and should be finished before the summer softball season which is several months ahead of schedule.

Rita Carrasco, JP Precinct 1, reported on the "Texas Roundup" which was a joint effort with the software provider and DHS to collect outstanding tickets in the judicial system. During the period from October 2017 through March 2018, JP #1 collected over $436,000 compared to collections from the same period the prior fiscal year of approximately $231,000. Carrasco also reported that

Noemi Tarango had completed the requirements to become a Certified Clerk, and praised Tarango's "hard work and dedication." Carrasco also reviewed new laws affecting Texas courts that went into effect on September 1, 2017. The County will need to take steps to implement procedures for judicial and courthouse security as well as to address persons with mental illness that enter the judicial system.

Angelica Torres, a concerned parent, came before the Court to discuss the Rainbow Express Depot Day Care Center. Acknowledging that the County had made improvements such as new playground equipment, Torres stated that she is concerned about the routine and preventative care of the facility and playground. Torres expressed appreciation of the staff at the Day Care Center stating that they were "excellent" but concluded that the County needed to prioritize a "safe and sanitary environment for our youngest, tiniest residents." Judge Urias reported on recent maintenance at the facility and advised the Court to include major improvements as a capital project in the next budget process.

In other County business, the Court also:

- Heard the monthly Agrilife Extension office report from Extension Agent Amber Caroll.
- Approved appropriating funds for the Far West Texas Public Defender's Office.
- Approved a finance contract for the purchase of vehicles for the courthouse.
- Approved an agreement for right-of-way funds.
- Approved a proposal from RTS to service the repeater sites for $2565.00
- Approved a tower lease agreement with Gomez Peak Towers LLC.
- Approved two tax sale proposals and denied one proposal as submitted by the Culberson County Appraisal District.
- Heard reports on various County Projects.
- Approved monthly reports.
- Approved monthly payroll and expenses for March and payment of current bills.

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After long delay, clinic nears completion

July 20, 2018

By Becky Brewster

The Culberson County Hospital District met in Regular Session on July 11. The Board received an update on the clinic construction project. The architect inspected the project for final completion on July 5 and is preparing a final punch list for any items still remaining. This work will not include the completion of the façade. The hospital district board of directors is working to get the clinic open as soon as possible. The Board also directed the District's Attorney to proceed with the mediation and arbitration requirements as discussed in closed session.

The Board also heard a report from Dale Cummings, a tax advisor to Intersect Power, regarding two applications for a Chapter 312 Tax Abatement Agreement for two proposed solar energy projects in Culberson County about 50 miles north of Van Horn. The Board approved a 10-year tax abatement agreement for IP Titan LLC and IP Aragorn LLC to be located in the reinvestment zone established by Culberson County. During this ten-year period, 90% of the project value will be subject to abatement.

The Board discussed a proposal to rename Eisenhower Street to Dr. Lipsey Road. All but one property owner located on Eisenhower Street objected to the name change. The District also noted the hardship such a name change would place on Culberson Hospital and Van Horn Rural Health Clinic due to licensing, Medicare, Medicaid, insurances, etc. However, the District was enthusiastic about honoring Dr. Lipsey in some way. As the hospital campus renovations continue, the District will consider the most effective way to commemorate Dr. Lipsey's service to the community. Funds have already been set aside to commission a plaque to place inside the hospital.

In other business, the Culberson County Hospital District: •Elected Board officers for 2018-2020. • Updated signatories at the bank. • Heard reports on recruitment efforts. • Approved accounts payable. • Approved financial reports. • Approved one tax sales proposal and denied four.