



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

October 25, 2019

Dr. Cheryl Floyd
Superintendent
Paint Creek Independent School District
4485 FM 600
Haskell, Texas 76521-8611

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Paint Creek Independent School District and IP Quantum, LLC, Application 1407

Dear Superintendent Floyd:

On October 4, 2019, the Comptroller issued written notice that IP Quantum, LLC (applicant) submitted a completed application (Application 1407) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on July 15, 2019, to the Paint Creek 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 1407.

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).

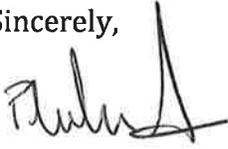
The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) executed 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 October 4, 2019, 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,



FOR

Lisa Craven
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of IP Quantum, LLC (project) applying to Paint Creek 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 Quantum, LLC.

Applicant	IP Quantum, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Paint Creek ISD
2017-2018 Average Daily Attendance	118
County	Haskell
Proposed Total Investment in District	\$357,201,000
Proposed Qualified Investment	\$355,500,000
Limitation Amount	\$25,000,000
Qualifying Time Period (Full Years)	2021-2022
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	\$961.05
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$961.05
Minimum annual wage committed to by applicant for qualified jobs	\$49,974.10
Minimum weekly wage required for non-qualifying jobs	\$680.50
Minimum annual wage required for non-qualifying jobs	\$35,386
Investment per Qualifying Job	\$178,600,500
Estimated M&O levy without any limit (15 years)	\$16,465,028
Estimated M&O levy with Limitation (15 years)	\$5,561,997
Estimated gross M&O tax benefit (15 years)	\$10,903,031

* 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 Quantum, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2021	400	479	879	\$40,000,000	\$37,510,000	\$77,510,000
2022	402	504	906	\$40,099,948	\$45,350,052	\$85,450,000
2023	2	47	49	\$99,948	\$11,860,052	\$11,960,000
2024	2	(2)	0	\$99,948	\$6,370,052	\$6,470,000
2025	2	(23)	-21	\$99,948	\$2,710,052	\$2,810,000
2026	2	(37)	-35	\$99,948	\$510,052	\$610,000
2027	2	(35)	-33	\$99,948	-\$829,948	-\$730,000
2028	2	(39)	-37	\$99,948	-\$1,559,948	-\$1,460,000
2029	2	(33)	-31	\$99,948	-\$1,559,948	-\$1,460,000
2030	2	(27)	-25	\$99,948	-\$2,299,948	-\$2,200,000
2031	2	(20)	-18	\$99,948	-\$1,559,948	-\$1,460,000
2032	2	(14)	-12	\$99,948	-\$1,319,948	-\$1,220,000
2033	2	(10)	-8	\$99,948	-\$829,948	-\$730,000
2034	2	(6)	-4	\$99,948	-\$589,948	-\$490,000
2035	2	(4)	-2	\$99,948	-\$589,948	-\$490,000

Source: CPA REMI, IP Quantum, 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	Tax Rate*	Paint Creek ISD I&S Tax Levy	Paint Creek ISD M&O Tax Levy	Paint Creek M&O and I&S Tax Levies	Haskell County Tax Levy	Haskell Hospital District Tax Levy	Rolling Plains GCD Tax Levy	Estimated Total Property Taxes
				0.2200	0.9700		0.3650	0.0916	0.0673	
2022	\$74,438,700	\$74,438,700		\$163,765	\$722,055	\$885,821	\$271,701	\$68,216	\$50,081	\$1,275,818
2023	\$248,329,100	\$248,329,100		\$546,324	\$2,408,792	\$2,955,116	\$906,401	\$227,569	\$167,071	\$4,256,157
2024	\$208,625,400	\$208,625,400		\$458,976	\$2,023,666	\$2,482,642	\$761,483	\$191,184	\$140,359	\$3,575,668
2025	\$186,290,800	\$186,290,800		\$409,840	\$1,807,021	\$2,216,861	\$679,961	\$170,717	\$125,333	\$3,192,872
2026	\$163,956,300	\$163,956,300		\$360,704	\$1,590,376	\$1,951,080	\$598,440	\$150,250	\$110,307	\$2,810,077
2027	\$141,621,800	\$141,621,800		\$311,568	\$1,373,731	\$1,685,299	\$516,920	\$129,782	\$95,280	\$2,427,282
2028	\$116,806,100	\$116,806,100		\$256,973	\$1,133,019	\$1,389,993	\$426,342	\$107,041	\$78,585	\$2,001,961
2029	\$94,471,700	\$94,471,700		\$207,838	\$916,375	\$1,124,213	\$344,822	\$86,574	\$63,559	\$1,619,167
2030	\$79,581,200	\$79,581,200		\$175,079	\$771,938	\$947,016	\$290,471	\$72,928	\$53,541	\$1,363,957
2031	\$72,134,600	\$72,134,600		\$158,696	\$699,706	\$858,402	\$263,291	\$66,104	\$48,531	\$1,236,328
2032	\$62,206,800	\$62,206,800		\$136,855	\$603,406	\$740,261	\$227,055	\$57,006	\$41,851	\$1,066,174
2033	\$49,797,700	\$49,797,700		\$109,555	\$483,038	\$592,593	\$181,762	\$45,635	\$33,503	\$853,492
2034	\$49,795,100	\$49,795,100		\$109,549	\$483,012	\$592,562	\$181,752	\$45,632	\$33,501	\$853,447
2035	\$49,792,600	\$49,792,600		\$109,544	\$482,988	\$592,532	\$181,743	\$45,630	\$33,499	\$853,404
2036	\$49,790,100	\$49,790,100		\$109,538	\$482,964	\$592,502	\$181,734	\$45,628	\$33,498	\$853,361
2037	\$49,787,600	\$49,787,600		\$109,533	\$482,940	\$592,472	\$181,725	\$45,625	\$33,496	\$853,319
			Total	\$3,734,336	\$16,465,028	\$20,199,365	\$6,195,603	\$1,555,521	\$1,141,994	\$29,092,483

Source: CPA, IP Quantum, LLC

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Haskell 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 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	Tax Rate*	Paint Creek ISD I&S Tax Levy	Paint Creek ISD M&O Tax Levy	Paint Creek M&O and I&S Tax Levies	Haskell County Tax Levy	Haskell Hospital District Tax Levy	Rolling Plains GCD Tax Levy	Estimated Total Property Taxes
				0.2200	0.9700		0.3650	0.0916	0.0673	
2022	\$74,438,700	\$74,438,700		\$163,765	\$722,055	\$885,821	\$271,701	\$68,216	\$50,081	\$1,225,737
2023	\$248,329,100	\$25,000,000		\$546,324	\$242,500	\$788,824	\$135,960	\$34,135	\$167,071	\$958,920
2024	\$208,625,400	\$25,000,000		\$458,976	\$242,500	\$701,476	\$114,222	\$28,678	\$140,359	\$844,376
2025	\$186,290,800	\$25,000,000		\$409,840	\$242,500	\$652,340	\$101,994	\$25,608	\$125,333	\$779,942
2026	\$163,956,300	\$25,000,000		\$360,704	\$242,500	\$603,204	\$89,766	\$22,537	\$110,307	\$715,507
2027	\$141,621,800	\$25,000,000		\$311,568	\$242,500	\$554,068	\$77,538	\$19,467	\$95,280	\$651,073
2028	\$116,806,100	\$25,000,000		\$256,973	\$242,500	\$499,473	\$63,951	\$16,056	\$78,585	\$579,481
2029	\$94,471,700	\$25,000,000		\$207,838	\$242,500	\$450,338	\$51,723	\$12,986	\$63,559	\$515,047
2030	\$79,581,200	\$25,000,000		\$175,079	\$242,500	\$417,579	\$43,571	\$10,939	\$53,541	\$472,089
2031	\$72,134,600	\$25,000,000		\$158,696	\$242,500	\$401,196	\$39,494	\$9,916	\$48,531	\$450,605
2032	\$62,206,800	\$25,000,000		\$136,855	\$242,500	\$379,355	\$34,058	\$8,551	\$41,851	\$421,964
2033	\$49,797,700	\$49,797,700		\$109,555	\$483,038	\$592,593	\$181,762	\$45,635	\$33,503	\$819,989
2034	\$49,795,100	\$49,795,100		\$109,549	\$483,012	\$592,562	\$181,752	\$45,632	\$33,501	\$819,946
2035	\$49,792,600	\$49,792,600		\$109,544	\$482,988	\$592,532	\$181,743	\$45,630	\$33,499	\$819,905
2036	\$49,790,100	\$49,790,100		\$109,538	\$482,964	\$592,502	\$181,734	\$45,628	\$33,498	\$819,864
2037	\$49,787,600	\$49,787,600		\$109,533	\$482,940	\$592,472	\$181,725	\$45,625	\$33,496	\$819,823
			Total	\$3,734,336	\$5,561,997	\$9,296,334	\$1,932,695	\$485,239	\$1,141,994	\$11,714,267
			Diff	\$0	\$10,903,031	\$10,903,031	\$4,262,909	\$1,070,282	\$0	\$17,378,216

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

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2020	\$0	\$0	\$0	\$0
	2021	\$0	\$0	\$0	\$0
	2022	\$722,055	\$722,055	\$0	\$0
Limitation Period (10 Years)	2023	\$242,500	\$964,555	\$2,166,292	\$2,166,292
	2024	\$242,500	\$1,207,055	\$1,781,166	\$3,947,459
	2025	\$242,500	\$1,449,555	\$1,564,521	\$5,511,979
	2026	\$242,500	\$1,692,055	\$1,347,876	\$6,859,856
	2027	\$242,500	\$1,934,555	\$1,131,231	\$7,991,087
	2028	\$242,500	\$2,177,055	\$890,519	\$8,881,606
	2029	\$242,500	\$2,419,555	\$673,875	\$9,555,482
	2030	\$242,500	\$2,662,055	\$529,438	\$10,084,919
	2031	\$242,500	\$2,904,555	\$457,206	\$10,542,125
	2032	\$242,500	\$3,147,055	\$360,906	\$10,903,031
Maintain Viable Presence (5 Years)	2033	\$483,038	\$3,630,093	\$0	\$10,903,031
	2034	\$483,012	\$4,113,106	\$0	\$10,903,031
	2035	\$482,988	\$4,596,094	\$0	\$10,903,031
	2036	\$482,964	\$5,079,058	\$0	\$10,903,031
	2037	\$482,940	\$5,561,997	\$0	\$10,903,031
Additional Years as Required by 313.026(c)(1) (10 Years)	2038	\$482,916	\$6,044,914	\$0	\$10,903,031
	2039	\$482,893	\$6,527,807	\$0	\$10,903,031
	2040	\$482,870	\$7,010,677	\$0	\$10,903,031
	2041	\$482,848	\$7,493,525	\$0	\$10,903,031
	2042	\$482,825	\$7,976,350	\$0	\$10,903,031
	2043	\$482,804	\$8,459,154	\$0	\$10,903,031
	2044	\$482,783	\$8,941,936	\$0	\$10,903,031
	2045	\$482,761	\$9,424,698	\$0	\$10,903,031
	2046	\$482,740	\$9,907,437	\$0	\$10,903,031
	2047	\$482,720	\$10,390,157	\$0	\$10,903,031

\$10,390,157

is less than

\$10,903,031

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

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

Source: CPA, IP Quantum, LLC

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2021	400	479	879	\$40,000,000	\$37,510,000	\$77,510,000	3560000	-1640000	\$5,200,000
2022	402	504	906	\$40,099,948	\$45,350,052	\$85,450,000	3750000	-1050000	\$4,800,000
2023	2	47	49	\$99,948	\$11,860,052	\$11,960,000	450000	1130000	-\$680,000
2024	2	(2)	0	\$99,948	\$6,370,052	\$6,470,000	370000	1120000	-\$750,000
2025	2	(23)	-21	\$99,948	\$2,710,052	\$2,810,000	230000	1070000	-\$840,000
2026	2	(37)	-35	\$99,948	\$510,052	\$610,000	170000	970000	-\$800,000
2027	2	(35)	-33	\$99,948	-\$829,948	-\$730,000	110000	830000	-\$720,000
2028	2	(39)	-37	\$99,948	-\$1,559,948	-\$1,460,000	80000	720000	-\$640,000
2029	2	(33)	-31	\$99,948	-\$1,559,948	-\$1,460,000	40000	620000	-\$580,000
2030	2	(27)	-25	\$99,948	-\$2,299,948	-\$2,200,000	50000	500000	-\$450,000
2031	2	(20)	-18	\$99,948	-\$1,559,948	-\$1,460,000	20000	400000	-\$380,000
2032	2	(14)	-12	\$99,948	-\$1,319,948	-\$1,220,000	20000	340000	-\$320,000
2033	2	(10)	-8	\$99,948	-\$829,948	-\$730,000	-20000	210000	-\$230,000
2034	2	(6)	-4	\$99,948	-\$589,948	-\$490,000	-40000	180000	-\$220,000
2035	2	(4)	-2	\$99,948	-\$589,948	-\$490,000	-40000	90000	-\$130,000
2036	2	(2)	0	\$99,948	-\$589,948	-\$490,000	-50000	20000	-\$70,000
2037	2	4	6	\$99,948	\$140,052	\$240,000	-40000	-50000	\$10,000
2038	2	(0)	2	\$99,948	\$140,052	\$240,000	-60000	-80000	\$20,000
2039	2	4	6	\$99,948	\$1,120,052	\$1,220,000	-20000	-120000	\$100,000
2040	2	2	4	\$99,948	\$880,052	\$980,000	-50000	-180000	\$130,000
2041	2	6	8	\$99,948	\$630,052	\$730,000	-50000	-200000	\$150,000
2042	2	2	4	\$99,948	\$880,052	\$980,000	-90000	-210000	\$120,000
2043	2	(0)	2	\$99,948	\$390,052	\$490,000	-110000	-230000	\$120,000
2044	2	(4)	-2	\$99,948	\$390,052	\$490,000	-150000	-230000	\$80,000
2045	2	(6)	-4	\$99,948	-\$99,948	\$0	-170000	-300000	\$130,000
2046	2	(4)	-2	\$99,948	\$390,052	\$490,000	-110000	-300000	\$190,000
Total							\$7,850,000	\$3,610,000	\$4,240,000
							\$14,630,157	is greater than	\$10,903,031

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

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 IP Quantum, 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 Quantum, LLC in Tabs 4 and 5 of their Application for a Limitation on Appraised Value:
 - A. “The Project is located near the existing CED Alamo 7 solar energy plant. There is no relationship between Applicant and CED Alamo 7 and there will be no interconnection with CED Alamo 7. The Project’s substation will tie into the ETT Clear Crossing Switch Station (also known as the Paint Creek Substation) by a transmission tie-in line shown in the maps in Tab 11.”
 - B. “The ERCOT GINR is 21INR0207 which was assigned on September 27, 2018. The project is not known by any other name.”
 - C. “[W] without the available property tax incentives, the economics of the project become unappealing to investors and the likelihood of constructing the project becomes unlikely.”
 - D. “The property tax liability of a project without tax incentives in Texas, including a value limitation agreement with Paint Creek 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.”
 - E. “Receiving a value limitation agreement from Paint Creek ISD is vital to ensuring the economics justify building the project and placing it into commercial operation in Haskell County.”
 - F. “IP Quantum, LLC has executed options to lease land should the Project move forward.”

Supporting Information

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

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

Supporting Information

**Section 8 of the Application for
a Limitation on Appraised Value**

SECTION 6: Eligibility Under Tax Code Chapter 313.024

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:

<input type="checkbox"/> Land has no existing improvements	<input checked="" type="checkbox"/> Land has existing improvements (<i>complete Section 13</i>)
<input type="checkbox"/> Expansion of existing operation on the land (<i>complete Section 13</i>)	<input type="checkbox"/> 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 4
of the Application for a
Limitation on Appraised Value**

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.

IP Quantum, LLC (“IP Quantum”) is requesting an appraised value limitation from Paint Creek Independent School District (“ISD”) for the IP Quantum Project (the “Project”). IP Quantum proposes to develop a utility-scale, grid-connected solar photovoltaic energy (PV) plant in Paint Creek Independent School District. The proposed Project will be constructed within a Reinvestment Zone that will be created by Haskell County Commissioners Court. Maps showing the location of the Project are attached in Tab 11.

The Project will be constructed on approximately 4,000 acres, which is part of a larger, long-term lease agreement. The Project will be located entirely within Paint Creek Independent School District. The proposed Project will include, but is not limited to, the following:

- Planned up to 360 MW-AC in size;
- Photovoltaic (PV) modules;
- DC-to-AC inverters;
- Medium and high-voltage electric cabling;
- Tracker racking system (mounting structures);
- Project substation which will include a high-voltage transformer, switchgear, transmission equipment, telecommunications and SCADA control equipment, and all necessary equipment needed to connect the Project to the substation and subsequently to a transmission line not owned by the Project;
- Operations and maintenance (O&M) building including telecommunications and computing equipment;
- Meteorological equipment to measure solar irradiance and other weather conditions; and
- Associated equipment to safely operate, maintain, and deliver electricity to the grid.

IP Quantum requests a value limitation for all real property and tangible personal property installed for the Project, including but not limited to: solar modules/panels, racking and mounting structures, inverters, combiner boxes, meteorological equipment, foundations, roadways, buildings and offices, paving, fencing, collection system, electrical substations, generation transmission tie line and associated towers, and interconnection facilities.

The Project is located near the existing CED Alamo 7 solar energy plant. There is no relationship between Applicant and CED Alamo 7 and there will be no interconnection with CED Alamo 7. The Project’s substation will tie into the ETT Clear Crossing Switch Station (also known as the Paint Creek Substation) by a transmission tie-in line shown in the maps in Tab 11.

Construction of the Project is anticipated to begin in February 2021 with anticipated project completion by the end of May 2022.

*ATTACHMENT TO APPLICATION FOR APPRAISED VALUE LIMITATION ON QUALIFIED PROPERTY
BY IP QUANTUM, LLC TO PAINT CREEK ISD*

The ERCOT GINR is 21INR0207 which was assigned on September 27, 2018. The project is not known by any other name.

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 Quantum, LLC, is a national solar developer with project opportunities across the United States. The ability to enter into a value limitation agreement with Paint Creek ISD is a determining factor for constructing the project in Haskell 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 Paint Creek 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 Haskell County is a desirable business location and can provide electricity at a price that is competitive with other projects in Haskell 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 Paint Creek ISD is vital to ensuring the economics justify building the project and placing it into commercial operation in Haskell County.

IP Quantum, LLC has executed options to lease land should the Project move forward.

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.