

State of Texas §

County of Webb §

MARGIE R. IBARRA
COUNTY CLERK
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WEBB COUNTY, TEXAS

**Tax Abatement Agreement between
Webb County, Texas and Corazon Solar, LLC ~~REH~~ DEPUTY**

This Tax Abatement Agreement (the “**Agreement**”) is made and entered into by and between Webb County, Texas (the “**County**”) a political subdivision of the State of Texas, acting through its duly elected officers, and Corazon Energy, LLC, a Texas limited liability, owner of Eligible Property (as hereinafter defined) to be located on real property located in the Reinvestment Zone(s) described in this Agreement. This Agreement shall become effective upon final signature by both parties (which date shall be the “**Effective Date**”) and shall remain in effect until fulfillment of the obligations described in Paragraph IV(D), unless terminated earlier as provided herein.

I. Authorization

This Agreement is authorized and governed by Chapter 312 of the Texas Tax Code, as amended, and by the Guidelines and Criteria (as defined below).

II. Definitions

As used in this Agreement, the following terms shall have the meaning set forth below:

- A. “Abatement” means the full or partial exemption from the County’s Maintenance and Operations (M&O) ad valorem taxes on property in a Reinvestment Zone(s) as provided herein. Abatement shall not apply to the County’s Interest and Sinking (I&S) and Road and Bridge (R&B) Fund tax rates.
- B. “Abatement Period” means the ten-year period described in Paragraph IV(B)(1) of this Agreement during which the Abatement will apply.
- C. “Base Year” means the Calendar Year in which the Effective Date occurs.
- D. “Calendar Year” means each year beginning on January 1 and ending on December 31.
- E. “Certificate” means a letter, provided by the Owner (as defined below) to the County that certifies that the Project and Improvements have achieved Commercial Operations, outlines the Improvements included in the Project (included those that are still under construction), and states the overall Nameplate Capacity of the Project and Improvements.
- F. “Certified Appraised Value,” means the appraised value, for property tax purposes, of Owner’s Eligible Property (including the Project and Improvements) within the Reinvestment Zone(s) as certified by the Webb County Appraisal District (“County Appraisal District”) for each tax year.

- G. "COD" means the date that the Project and Improvements commence Commercial Operations.
- H. "Commercial Operations" means that the Project and Improvements has become commercially operational and placed into service for the purpose of generating electricity for sale in one or more commercial markets.
- I. "Default Notice" means a written notice delivered by one party to the other under Paragraph VIII(A) of this Agreement. Default Notices must be delivered in accordance with the requirements of Paragraph XI of this Agreement.
- J. "Eligible Property" means property eligible for Abatement under the Guidelines and Criteria, including: new, expanded, or modernized buildings and structures; fixed machinery and equipment; site improvements; office space; other related fixed improvements; other tangible items necessary to the operation and administration of a project or facility; and all other real and tangible personal property permitted to receive tax abatement by Chapter 312 of the Texas Tax Code and the Guidelines and Criteria. Taxes on Eligible Property may be abated only to the extent the property's value for a given year exceeds its value for the Base Year. Tangible personal property located in the Reinvestment Zone(s) at any time before the date the Agreement is signed is not eligible for Abatement. Tangible personal property eligible for Abatement shall not include inventory or supplies.
- K. "Force Majeure" includes events not reasonably within the control of the party whose performance is sought to be excused thereby, including the following causes and events: acts of God and the public enemy, strikes, lockouts or other industrial disturbances, inability to obtain material or equipment or labor due to an event that meets the definition of a Force Majeure, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, high water washouts, inclement weather, arrests and restraint of rulers and people, interruptions by government or court orders, present or future orders of any regulatory body, civil disturbances, explosions, breakage or accident to machinery or lines, freezing of lines any laws, rules, orders, acts or restraint of government or governmental body or court, or the partial or entire failure of fuel supply or any other event that is beyond the reasonable control of the party claiming Force Majeure.
- L. "Guidelines and Criteria" means the *Guidelines and Criteria for Granting Tax Abatements in Reinvestment Zone(s)*, adopted by the Webb County Commissioners Court on November 9, 2020 (the "Guidelines and Criteria"), a copy of which is attached hereto as Attachment B to this Agreement.
- M. "Lender" means any entity or person providing, directly or indirectly, with respect to the Project and Improvements any (a) senior or subordinated construction, interim or long-term debt financing or refinancing, whether that financing or refinancing takes the form of private debt, public debt, or any other form of debt (including debt financing or refinancing), (b) a leasing transaction, including a sale leaseback, inverted lease, or leveraged leasing structure, (c) tax equity financing, (d) any interest rate protection agreements to hedge any of the foregoing obligations, and/or (e) any energy hedge provider. There may be more than one

Lender. Owner, at its election, may send written notice to the County with the name and notice information for any Lender.

- N. "Local Outreach Plan" means the plan attached to this Agreement as Attachment D.
- O. "Nameplate Capacity" means the total or overall generating capacity of the Project and Improvements on the Site (as designated in ac units).
- P. "Notice of Abatement Commencement" has the meaning assigned in Paragraph IV(B)(6) of this Agreement.
- Q. "Notices" means all notices, demands, or other communications of any type given shall be given in accordance with this Section, including Default Notices.
- R. "Owner," on the Effective Date, means Corazon Energy, LLC, a Texas limited liability company, the entity that owns the Eligible Property for which the Abatement is being granted, and also includes any assignee or successor-in-interest of such party. An "Affiliate" of an Owner means any entity that directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with such Owner. For purposes of this definition, "control" of an entity means (i) the ownership, directly or indirectly, of fifty percent (50%) or more of the voting rights in a company or other legal entity or (ii) the right to direct the management or operation of such entity whether by ownership (directly or indirectly) of securities, by contract or otherwise.
- S. "Payment In Lieu of Taxes" or "PILOT" means a payment made by Owner to the County described in Paragraph IV(F) of this Agreement.
- T. "Project and Improvements" means Eligible Property meeting the definition for improvements provided by Chapter 1 of the Texas Tax Code and includes, but is not limited to, any building, structure, or fixture erected on or affixed to the land.
- U. "Reinvestment Zone(s)" means the reinvestment zone(s), as that term is defined in Chapter 312 of the Texas Tax Code, created by Webb County and known as the "Webb County Corazon Solar Reinvestment Zone" by that certain Order Adopting and Designating a Reinvestment Zone in the Jurisdiction of Webb County, Texas, adopted and approved by the Webb County Commissioners' Court on November 9, 2020, a copy of which Order is attached as Attachment A to this Agreement,
- V. "Site" means the portion of the Reinvestment Zone(s) leased by Owner and on which Owner constructs the Project and Improvements and installs and constructs the Eligible Property for which the Abatement is granted hereunder. The site is described on Attachment C to this Agreement.
- W. "Term" means the period commencing on the Effective Date of this Agreement and ending on December 31 of the fifteenth Calendar Year after the commencement of the Abatement Period.

III. Project and Improvements in Reinvestment Zone(s)

Owner anticipates constructing the following Project and Improvements on the Site:

- A. Owner anticipates constructing Project and Improvements on the Site consisting of a photovoltaic solar powered electricity generation facility (the "Project and Improvements"). The Project and Improvements are anticipated to consist of solar equipment located in the Reinvestment Zone(s) with a total Nameplate Capacity of approximately 200 megawatts AC. The total Nameplate Capacity will vary depending on the type of solar equipment used and the size of the facility but shall at a minimum equal 200 megawatts AC. The Certified Appraised Value will depend upon annual appraisals by the Webb County Appraisal District.
- B. The Project and Improvements will also include any other property in the Reinvestment Zone(s) owned or leased by Owner meeting the definition of "Eligible Property" that is used to produce electricity and perform other functions related to the production, distribution, and transmission of electrical power, or that is otherwise related to the production of electricity.
- C. Owner anticipates that the Project and Improvements will achieve Commercial Operations by no later than March 1, 2022.

IV. Term and Portion of Tax Abatement; Taxability of Property

- A. The County and Owner specifically agree and acknowledge that Owner's property in the Reinvestment Zone(s) shall be taxable in the following ways before, during, and after the Term of this Agreement:
 - 1. Property not eligible for Abatement, if any, shall be fully taxable at all times;
 - 2. The Certified Appraised Value of property existing in the Reinvestment Zones prior to execution of this Agreement shall be fully taxable at all times;
 - 3. Prior to commencement of the Abatement Period, the Certified Appraised Value of real and personal property owned by Owner located in the Reinvestment Zones shall be fully taxable at all times;
 - 4. During the Abatement Period, Webb County property taxes on the Certified Appraised Value of the Eligible Property shall be abated for the periods and in the amounts as provided for by Paragraph IV(B) below; and
 - 5. After expiration of the Abatement Period, 100% the Certified Appraised Value of real and personal property owned by Owner located in the Reinvestment Zones shall be fully taxable at all times, including during the remainder of the Term.
- B. The County and Owner specifically agree and acknowledge that this Agreement shall provide for tax Abatement, under the conditions set forth herein, of Webb County property taxes assessed on the Eligible Property in the Reinvestment Zone(s) as follows:

1. Beginning on the earlier of (a) January 1 of the first Calendar Year after the COD or (b) January 1 of the Calendar Year identified in a Notice of Abatement Commencement (as defined below) delivered by Owner (with such Calendar Year being "Year 1" of the Abatement Period) and ending upon the conclusion of ten full Calendar Years thereafter (which 10-year period shall constitute the Abatement Period), the Abatement percentage shall be 100%;
2. The foregoing percentage of property taxes on the Certified Appraised Value of all eligible Improvements described in the Certificate (and actually in place in the Reinvestment Zones) shall be abated for the entire Abatement Period, and shall be replaced by a ten year series of Payments in Lieu of Taxes [PILOT], as further defined herein;
3. The foregoing percentage of property taxes on the Certified Appraised Value of any and all otherwise taxable Eligible Property owned by Owner and located in the Reinvestment Zones shall be abated for the entire Abatement Period, and shall be replaced by a ten-year series of Payments in Lieu of Taxes [PILOT], as further defined herein;
4. The Base Year value for the proposed Project and Improvements is agreed to be zero.
5. Owner shall provide the Certificate to the County and to the County Appraisal District within sixty (60) days after the COD. The Certificate shall describe any ancillary facilities not required for Commercial Operations that are still under construction on the date that the Certificate is delivered, and if the Certificate indicates any such facilities exist, Owner will deliver an amended Certificate to the County within thirty (30) days after all Project and Improvement construction is complete. If they meet the definition of "Eligible Property," such ancillary facilities, once completed, shall become part of the Project and Improvements eligible for the Abatement under this Agreement.
6. If Owner, at its sole election, desires that the Abatement Period begin prior to January 1 of the of the first Calendar Year after the COD, then Owner may deliver a notice to the County and County Appraisal District stating such desire (such notice being referred to herein as a "Notice of Abatement Commencement"). If delivered by Owner, the Notice of Abatement Commencement shall contain the following statement: "Owner elects for the Abatement Period to begin on January 1, ____"; the year stated in the Notice of Abatement Commencement shall be the first year of the Abatement Period, and the Abatement Period shall extend for 10 years beyond such date. Owner shall only be permitted to deliver a Notice of Abatement Commencement if it anticipates achieving COD during the next Calendar Year. Owner shall still be required to deliver the Certificate on or before the date required in the preceding paragraph.

7. Notwithstanding any statement or implication in this Agreement to the contrary, the parties agree that the Abatement granted in this Agreement shall in no event extend beyond 10 years.
- C. All or a portion of the Project and Improvements may be eligible for complete or partial exemption from ad valorem taxes as a result of existing law or future legislation. This Agreement is not to be construed as evidence that no such exemptions shall apply to the Project and Improvements.
- D. Owner agrees that the Project and Improvements, once constructed, will remain in place for at least the remainder of the Term; provided that nothing herein prevents Owner from replacing equipment or fixtures comprising the Project and Improvements prior to that date. IN THE EVENT OF A BREACH OF THIS PARAGRAPH IV(D), THE SOLE REMEDY OF THE COUNTY, AND OWNER'S SOLE LIABILITY, WILL BE FOR OWNER TO PAY TO THE COUNTY THE FULL AMOUNT OF ACTUAL TAXES ABATED AT ANY TIME UNDER THIS AGREEMENT ON THE REMOVED IMPROVEMENTS, LESS ANY PAYMENTS IN LIEU OF TAXES MADE AT ANY TIME TO THE COUNTY FOR THE REMOVED IMPROVEMENTS. IN THE EVENT OF A BREACH OF THIS PARAGRAPH IV(D), ANY TAXES DUE BY OWNER SHALL BE SUBJECT TO ANY AND ALL STATUTORY RIGHTS FOR THE PAYMENT AND COLLECTION OF TAXES IN ACCORDANCE WITH THE TEXAS TAX CODE.
- E. During the Abatement Period, County shall request that the County Appraisal District annually determine both (i) the Certified Appraised Value of the Eligible Property owned by Owner in the Reinvestment Zone(s) and (ii) the taxable value (taking into account the terms of the Abatement in this Agreement) of the Eligible Property owned by Owner in the Reinvestment Zone(s). The County Appraisal District shall record both the Certified Appraised Value and the abated taxable value of the Eligible Property in the County appraisal records. The Certified Appraised Value listed in the County appraisal records shall be the standard used for calculating the amount of taxes to be recaptured by the County in the event that the County is entitled to recapture abated taxes under this Agreement.
- F. If the Project and Improvements are constructed and the COD is achieved, Owner agrees to make an annual PILOT to the County in the amount set forth in the table below per megawatt of the total Nameplate Capacity of the Project and Improvements on the Site for each year of the Abatement Period. Each PILOT described in this Paragraph IV(F) shall be due on January 31 of the Calendar Year following the Calendar Year for which the Abatement applies. By way of illustration, if Year 1 of the Abatement Period is 2023, then the PILOT owed for 2023 shall be due and payable on January 31, 2024. There shall be a total of ten (10) PILOTs under this Agreement.

<u>Year of Abatement Period</u>	<u>PILOT Amount (Per MW of Nameplate Capacity (AC))</u>
Year 1	\$1,200.00
Year 2	\$1,200.00
Year 3	\$1,200.00
Year 4	\$1,200.00
Year 5	\$1,200.00
Year 6	\$1,200.00
Year 7	\$1,200.00
Year 8	\$1,200.00
Year 9	\$1,200.00
Year 10	\$1,200.00

G. As a condition precedent to the grant of the abatement, Owner shall remit a fee of \$30,000.00 which shall be used to offset soft costs incurred by County related to the Corazon Energy Solar project.

V. Decommissioning

The County and Owner agree that the intent and purpose of Section V is to return and restore the land to its previous state. The County acknowledges that Owner has entered into confidential agreements with each landowner whose property will be utilized by the Project and Improvements within the Reinvestment Zone (“Landowner Agreement”) that requires that Owner decommission the Project and Improvements, including restoring, through soil stabilization and revegetation, at least the first three feet of depth of the soil on any land disturbed by the Project and Improvements (the “Restoration Obligations”). Each Landowner Agreement requires Owner to provide a form of security or financial assurance to the Landowner in the form of a bond, an escrow deposit, letter of credit, corporate guarantee from investment-grade entity, or cash deposit to secure Owner’s performance of the Restoration Obligations (Restoration Security”). Sample provisions governing the Restoration Obligations and Restoration Securities (with other financial terms redacted) are provided in Attachment F

VI. Representations

The County and Owner make the following respective representations:

- A. Owner represents and agrees that (i) Owner, its successors and/or assigns, will have a taxable interest with respect to Project and Improvements to be placed on the Site; (ii) construction of the proposed Project and Improvements will be performed by Owner, its successors and/or assigns and/or their contractors or subcontractors; (iii) Owner’s and its successors’ and assigns’ use of the Site will be limited to the use described in this Agreement (and ancillary uses) during the Abatement Period; (iv) all representations made in this Agreement are true and correct in all material respects to the best of Owner’s knowledge; (v) Owner will make any filings with the Office of the Comptroller of Public Accounts and other governmental entities concerning this Agreement that may be required now or in the future; (vi) Owner agrees to conduct an environmental study for the Project and Improvements in accordance

with state and federal law and meet or exceed the permit requirements identified by the environmental study; (vii) Owner agrees to observe all state and federal law restricting the diversion and impoundment of the natural flow of surface water across the Project and Improvements; (viii) Owner shall make best efforts to utilize processes, products and materials that minimize the risk of environmental toxicity emitted by the Project and Improvements ; and (ix) Owner agrees that in the event of any assignment of this agreement, said assignment shall include a commitment by the successor and/or assignee to and be bound by the terms and conditions of this agreement.

- B. The County represents that (i) the County has formally elected to be eligible to grant property tax abatements under Chapter 312 of the Tax Code; (ii) the Reinvestment Zone(s) has been designated and this Agreement has been approved in accordance with Chapter 312 of the Texas Tax Code and the Guidelines and Criteria as both exist on the effective date of this Agreement; (iii) no interest in the Project and Improvements is held, leased, or subleased by a member of the County Commissioners Court, (iv) that the property within the Reinvestment Zone(s) and the Site is located within the legal boundaries of the County and outside the boundaries of all municipalities located in the County; and (v) the County has made and will continue to make all required filings with the Office of the Comptroller of Public Accounts and other governmental entities concerning the Reinvestment Zone(s) and this Agreement.

VII. Maintenance of County Infrastructure, Access to and Inspection of Property by County Employees, and Periodic Statement of Compliance

- A. Owner shall, by contract, cause its prime contractor and major equipment suppliers to restrict their travel to and from the Project and Improvements site to the County roads depicted on Attachment E (the "County Roads"). The County acknowledges and approves that (i) the Owner will need to cross the County Roads with heavy construction equipment during the construction, operation, maintenance, and decommissioning of the Project, and (ii) Owner may need to place certain electrical cables for the Project and Improvements across certain County Roads for the collection, distribution, and transmission of electricity to and from various parts of the Project and Improvements, in which case Owner and County agree to negotiate in good faith a crossing agreement for such cables. Owner shall use commercially reasonable efforts to require its prime contractor to restrict all subcontractor travel to and from the Project and Improvements to the County Roads. Owner will be wholly responsible for damage (normal wear and tear excluded) to the County Roads and rights-of-way (including bridges, culverts, ditches, etc.), if damage is caused directly thereto as a result of the construction of the Project and Improvements, or directly as a result of operations and maintenance activity conducted on the Project and Improvements (normal wear and tear excluded), including:

1. Actual costs incurred by the County to maintain County Roads and right-of-ways, if needed, utilized for construction of the Project and Improvements in an effort to keep the road safe for the traveling public will be tracked by Webb County and damage caused

by Owner shall be reasonably documented by Webb County, discussed with Owner, and invoiced to Owner, who shall remit payment within thirty days of receipt of billing;

2. Charges to Owner shall be based on a methodology designed to evaluate the isolated impact of the Owner's use of the County roads and rights-of-way, and will be limited to actual repair costs incurred by the County and reasonably documented and invoiced to Owner. These costs will include all construction costs as well as all related professional services for the repair work, not to exceed 110% of a cost estimate delivered to Owner by a qualified third-party road construction contractor. Owner shall remit payment within thirty days of receipt of billing; and

3. Costs associated with the issuance of a County driveway permit, which shall be required in the event the Project and Improvements are accessed directly by a County Road, shall be paid by Owner within thirty days of receipt of billing. Owners agrees to promptly submit a completed County driveway permit application to the precinct Commissioner.

4. Subject to County approval, Owner may conduct dust control and grading activities on County Roads utilized for the Project and Improvements.

5. Notwithstanding the foregoing, the County hereby preserves all rights and remedies provided under Chapter 251 of the Texas Transportation Code.

- B. Owner shall allow the County's employees and consultants access to the Site for the purpose of inspecting the Project and Improvements erected to ensure that the same are conforming to the minimum specifications of this Agreement and to ensure that all terms and conditions of this Agreement are being met. All such inspections shall be made only after giving Owner twenty-four (24) hours' notice and shall be conducted in such a manner as to avoid any unreasonable interference with the construction and/or operation of the Project and Improvements. All such inspections shall be made with one (1) or more representatives of Owner in accordance with all applicable safety standards.
- C. Owner shall, on or before May 1 of each Calendar Year after COD certify annually to the County its compliance with this Agreement by providing a written statement of compliance to the County Judge.

VIII. Default, Remedies and Limitation of Liability

- A. No party may terminate this Agreement unless (i) such party provides a written Default Notice to the other party specifying a material default in the performance of a material covenant or obligation under this Agreement and (ii) such failure is not (1) excused by the occurrence of an event of Force Majeure or (2) cured by the other party within sixty (60) days after the delivery of the Default Notice, or if such failure cannot be cured within such sixty (60)-day period, the other party shall have such additional time, up to 365 days, to cure such default as is reasonably necessary as long as such party has commenced remedial action to cure such failure and continues to diligently and timely pursue the completion of such remedial action before the expiration of the maximum 365-day cure period. Notwithstanding the preceding

portions of this paragraph, if any default arises from a violation of law resulting from a change in law or a change in the interpretation or enforcement of law by a governmental entity, then such default shall not give rise to the termination of this Agreement so long as the defaulting party acts in accordance with a commercially reasonable plan of action to minimize the effect of such default prepared by the defaulting party and delivered to the other party. If Owner believes that any alleged termination is improper, Owner may file suit in the proper court challenging such termination. OWNER'S SOLE REMEDY WILL BE REINSTATEMENT OF THIS AGREEMENT AND SPECIFIC PERFORMANCE BY THE COUNTY. In the event of default which remains uncured after all applicable notice and cure periods, the County may pursue the remedies provided for in Paragraph VIII(D) and (E) below or the preceding Paragraph IV(D), as applicable.

- B. The County shall not declare a default, and no default will be deemed to have occurred, when the circumstances giving rise to such declaration are the result of Force Majeure. Notwithstanding any other provision of this Agreement to the contrary, in the event a party is rendered unable, wholly or in part, by Force Majeure to carry out its obligations under this Agreement (other than any obligation to make payment of any amount when due and payable hereunder), the obligation of such party, so far as it is affected by such Force Majeure, shall be suspended during the continuance of any condition or event of Force Majeure, but for no longer period, and such condition or event shall so far as possible be remedied with all reasonable dispatch. The party prevented or hindered from performing shall give prompt (but in no event later than twenty business days after the occurrence of such event) notice and reasonably full particulars of such event to the other party and shall take all reasonable actions within its power to remove the basis for nonperformance (including securing alternative supply sources) and after doing so shall resume performance as soon as possible. The settlement of strikes or lockouts or resolution of differences with workers shall be entirely within the discretion of the affected party, and that the above requirement that any Force Majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes, lockouts or differences by acceding to the demands of the opposing party in such strike, lockout or difference when such course is inadvisable in the reasonably exercised discretion of the affected party.
- C. The County shall notify Owner and any Lender (but only if the County has been provided with the name and notice information of the Lender) of any default by delivery of a Default Notice in the manner prescribed herein. The Default Notice shall specify the basis for the declaration of default, and Owner shall have the periods of time specified in Paragraph VIII(A) above to cure any default. If Owner provides notice to the County of the existence of a Lender under Paragraph X(E) and includes the Lender's contact information, then the County shall be required to deliver a copy of any Default Notice to the Lender at the same time that it delivers the Default Notice to Owner. Such Lender shall have the right to cure any Owner default on Owner's behalf and shall be entitled to the same cure periods provided for Owner under this Agreement.
- D. As required by section 312.205 of the Texas Tax Code, if an Owner default remains uncured after all applicable notice and cure periods, the County shall be entitled to cancel the Agreement and recover the property tax revenue abated under this Agreement through the cancellation date, to include applicable penalties and interest less any and all PILOTs made

by Owner to County under this Agreement. Owner agrees to pay such amounts within sixty (60) days after the cancellation of this Agreement.

- E. LIMITATION OF LIABILITY: CANCELLATION OF THE AGREEMENT (RESULTING IN A FORFEITURE OF ANY RIGHT TO ABATEMENT HEREUNDER BEYOND THE CANCELLATION DATE) AND RECAPTURE OF PROPERTY TAXES ABATED ONLY AS PROVIDED FOR AND ONLY UNDER THE CIRCUMSTANCES DEFINED IN PARAGRAPH VIII(D) OF THIS AGREEMENT OR PARAGRAPH IV(D) OF THIS AGREEMENT (BUT LESS ANY AND ALL PILOTS MADE BY OWNER PRIOR TO CANCELLATION), ALONG WITH ANY REASONABLY INCURRED COURT COSTS AND ATTORNEYS' FEES, SHALL BE THE COUNTY'S SOLE REMEDY, AND OWNER'S SOLE LIABILITY, IN THE EVENT OWNER FAILS TO TAKE ANY ACTION REQUIRED BY THIS AGREEMENT, INCLUDING ANY FAILURE TO PAY AMOUNTS OWED UNDER THIS AGREEMENT. OWNER AND COUNTY AGREE THAT THE LIMITATIONS CONTAINED IN THIS PARAGRAPH ARE REASONABLE AND REFLECT THE BARGAINED FOR RISK ALLOCATION AGREED TO BY THE PARTIES. IN THE EVENT OF A BREACH OF THIS AGREEMENT, ANY TAXES DUE BY OWNER SHALL BE SUBJECT TO ANY AND ALL STATUTORY RIGHTS FOR THE PAYMENT AND COLLECTION OF TAXES IN ACCORDANCE WITH THE TEXAS TAX CODE.
- F. Any Default Notice delivered to Owner and any Lender under this Agreement shall prominently state the following at the top of the notice:

NOTICE OF DEFAULT UNDER TAX ABATEMENT AGREEMENT

YOU ARE HEREBY NOTIFIED OF THE FOLLOWING DEFAULT UNDER YOUR TAX ABATEMENT AGREEMENT WITH THE COUNTY. FAILURE TO CURE THIS DEFAULT WITHIN THE TIME PERIODS PROVIDED BY THE AGREEMENT SHALL RESULT IN CANCELLATION OF THE TAX ABATEMENT AGREEMENT AND, IF PERMITTED, RECAPTURE OF TAXES ABATED PURSUANT TO THE AGREEMENT.

IX. Compliance with State and Local Regulations

Nothing in this Agreement shall be construed to alter or affect the obligations of Owner to comply with any order, rule, statute, or regulation of the County or the State of Texas.

X. Assignment of Agreement

- A. The rights and responsibilities of Owner hereunder may be assigned, in whole or in part, only after obtaining the County's prior consent, which consent shall not be unreasonably withheld, conditioned, or delayed. Any assignment by Owner under this paragraph without first obtaining the consent of the County shall be a default under this Agreement subject to the notice provisions, cure provisions, remedies, and other terms and conditions of Article VIII above. Owner shall give forty-five (45) days' written notice of any such intended assignment to the County, and the County shall respond with its consent or refusal within thirty-five (35)

days after receipt of Owner's notice of assignment. If the County responds to Owner's notice of assignment with a refusal, the parties agree to work together in good faith to resolve the County's objections to the assignment. Owner's assignment of the Agreement shall be final only after the execution of a formal assignment document between Owner and the assignee and the delivery of notice of the execution of such assignment agreement to the County. Neither Owner's notice of an intended assignment nor the County's formal consent to an intended assignment shall constitute an assignment of the Agreement, and Owner's request for a consent to assignment shall not obligate owner to assign the Agreement.

- B. No assignment under Paragraph X(A) shall be allowed if (a) the County has declared a default hereunder that has not been cured within all applicable notice and cure periods, or (b) the assignee is delinquent in the payment of PILOT payments or ad valorem taxes owed to the County or any other taxing jurisdiction in the County.
- C. The parties agree that a transfer of all or a portion of the ownership interests in Owner to a third party shall not be considered an assignment under the terms of this Agreement and shall not require any consent of the County.
- D. Upon any assignment and assumption under Paragraph X(A) of Owner's entire interest in the Agreement, Owner shall have no further rights, duties or obligations under the Agreement. Upon any assignment and assumption under Paragraph X(A) of only a portion of Owner's interest in the Agreement (for example, if only portion of the Project and Improvements is transferred by Owner to a third party), then (i) each of Owner and each assignee of a portion of this Agreement shall be considered an Owner party under this Agreement, (ii) the County shall cause the property taxes owned by each of the Owner parties to be separately assessed, and (iii) neither of the Owner parties shall have any further rights, duties, or obligations under the Agreement as to the portion of the Project and Improvements owned by another Owner party.
- E. In addition to its rights under Paragraph X(A), Owner may, without obtaining the County's consent, mortgage, pledge, or otherwise encumber its interest in this Agreement or the Project and Improvements to a Lender for the purpose of financing the operations of the Project and Improvements or constructing the Project and Improvements or acquiring additional equipment following any initial phase of construction. Owner's encumbering its interest in this Agreement may include an assignment of Owner's rights and obligations under this Agreement for purposes of granting a security interest in this Agreement. In the event Owner takes any of the actions permitted by this subparagraph, it may provide written notice of such action to the County with such notice to include the name and notice information of the Lender. If Owner provides the name and contact information of a Lender to the County, then the County shall be required to provide a copy to such Lender of all Notices delivered to Owner at the same time that the Notice is delivered to Owner. If Owner does not provide the name and contact information of a Lender to the County, then such Lender shall not have the notice rights or other rights of a Lender under this Agreement. The County agrees to reasonably cooperate with Owner and Lenders in the execution of any financing consents, estoppels or amendments requested by the Lenders as a condition of their financing.

XI. Notice

All Notices (including Default Notices) shall be given in accordance with this Section. All Notices shall be in writing and delivered, by commercial delivery service to the office of the person to whom the Notice is directed (provided that that delivery is confirmed by the courier delivery service); by United States Postal Service (USPS), postage prepaid, as a registered or certified item, return receipt requested in a proper wrapper and with proper postage; by recognized overnight delivery service as evidenced by a bill of lading, or by facsimile transmission. Notices delivered by commercial delivery service shall be deemed delivered on receipt or refusal; notices delivered by USPS shall be deemed to have been given upon deposit with the same; facsimile notice shall be effective upon receipt by the sender of an electronic confirmation. All Default Notices shall be given by at least two (2) methods of delivery and in a manner consistent with Section VIII(F). All Notices (including Default Notices) shall be mailed or delivered to the following addresses:

To the Owner: Corazon Energy, LLC
17901 Von Karman Avenue, Suite 1050
Irvine, CA 92614
Attn: Bill Gulley, Chief Financial Officer
Phone: 949-398-3915
Email: bill.gulley@baywa-re.com

To the County: Webb County Judge
Webb County Courthouse
1000 Houston Street, 3rd Floor
Laredo, Texas 78040
Phone: 956-523-4600
Fax: 956-523-5065
Email: webbcountryjudge@webbcountrytx.gov

Any party may designate a different address by giving the other party at least ten (10) days written notice in the manner prescribed above.

XII. Severability

In the event any section or other part of this Agreement is held invalid, illegal, factually insufficient, or unconstitutional, the balance of this Agreement shall stand, shall be enforceable and shall be read as if the parties intended at all times to delete said invalid sections or other part. In the event that (i) the term of the Abatement with respect to any property is longer than allowed by law, or (ii) the Abatement applies to a broader classification of property than is allowed by law, then the Abatement shall be valid with respect to the classification of property not deemed overly broad, and for the portion of the term of the Abatement not deemed excessive. Any provision required by the Tax Code to be contained herein that does not appear herein is incorporated herein by reference.

XIII. Applicable Law

This Agreement shall be construed under the laws of the State of Texas. Venue for any dispute hereunder shall be exclusively in the courts of Webb County, Texas.

XIV. Amendment

Except as otherwise provided, this Agreement may be modified by the parties hereto upon mutual written consent to include other provisions which could have originally been included in this Agreement or to delete provisions that were not originally necessary to this Agreement pursuant to the procedures set forth in Chapter 312 of the Texas Tax Code.

XV. Guidelines and Criteria

This Agreement is entered into by the parties consistent with the Guidelines and Criteria. To the extent this Agreement modifies any requirement or procedure set forth in the Guidelines and Criteria or is inconsistent with any provision of the Guidelines and Criteria, the Guidelines and Criteria are deemed amended for purposes of this Agreement only.

XVI. Entire Agreement

This Agreement contains the entire and integrated Tax Abatement Agreement between the County and Owner, and supersedes any and all other negotiations and agreements, whether written or oral, between the parties. This Agreement has not been executed in reliance upon any representation or promise, except those contained herein.

XVII. Relationship of the Parties

Owner enters into this Agreement as, and shall continue to be, an independent contractor. Under no circumstances shall Owner, or any of Owner's employees, look to Webb County as his/her employer, or as a partner, agent or principal. Neither Owner nor any of Owner's employees shall be entitled to any benefits accorded to Webb County's employees, including without limitation worker's compensation, disability insurance, vacation or sick pay. Owner shall be responsible for providing, at Owner's expense and election, and in Owner's name, unemployment, disability, worker's compensation and other insurance that Owner elects to provide, as well as all licenses and permits that are usual or necessary in connection with the Project and Improvements.

XVIII. Local Outreach Plan

Owner shall comply with the provisions of the Local Outreach Plan as set forth in the attached Exhibit D, incorporated herein by reference as if set forth in full for all intents and purposes.

XIX. Terminology and Definitions

All personal pronouns used herein, whether used in the masculine, feminine, or neutral, shall include all other genders; the singular shall include the plural and the plural shall include the singular.

XX. Rule of Construction

The parties hereto acknowledge that each party and its legal counsel have reviewed and revised this agreement, and the parties hereby agree that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this agreement or any amendments or exhibits hereto.

XXI. Immunity

Webb County does not waive or relinquish any immunity or defense on behalf of themselves, their trustees, commissioners, offices, employees and agents as a result of the execution of this Agreement and performance of the functions and obligations described herein.

XXII. No Rights Created

Any other provision of this Agreement to the contrary notwithstanding, this Agreement shall not create any rights or benefits on behalf of any other person not a party to this Agreement, and this Agreement shall be effective only as between the parties hereto, their successors and permitted assigns.

XXIII. Headings

The headings used herein are for convenience of reference only and shall not constitute a part hereof or affect the construction or interpretation hereof.

XXIV. Waiver

The failure on the part of any party to exercise or to delay in exercising, and no course of dealing with respect to any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies provided herein are cumulative and not exclusive of any remedies provided by law or in equity, except as expressly set forth herein.

XXV. Incorporation of Recitals and Exhibits

The Recitals and each exhibit attached hereto are hereby incorporated herein by reference for all intents and purposes.

[remainder of this page intentionally blank]

IN TESTIMONY OF WHICH, THIS AGREEMENT has been executed by the County as authorized by the County Commissioners Court and executed by the Owner on the respective dates shown below.

WEBB COUNTY, TEXAS

By: 
Tano E. Tijerina, County Judge

Date: 1-13-2021



Attest: Margie Ramirez Ibarra
County Clerk

[Signatures continue next page]

OWNER:

CORAZON ENERGY, LLC

By: BayWare, its Sole Member

By:  _____

Date: 1/6/2021 _____

Print Name: William Gulley

Print Title: Authorized Signatory

Attachment A

Attached is the Order Designating the Webb County Corazon Solar Reinvestment Zone(s)

State of Texas§

7020 NOV 16 AM 11:03

Webb County§

WEBB COUNTY, TEXAS

BY REN DEPUTY

**ORDER 11-09-2020-29
WEBB COUNTY COMMISSIONERS COURT
WEBB COUNTY, TEXAS**

DESIGNATING AND ESTABLISHING A REINVESTMENT
ZONE TO BE KNOWN AS THE WEBB COUNTY CORAZON
SOLAR REINVESTMENT ZONE IN THE JURISDICTION OF
WEBB COUNTY, TEXAS

WHEREAS, the Commissioners Court of Webb County, Texas (the "County") has elected to become eligible to participate in tax abatement agreements under the provisions of the Texas Property Redevelopment and Tax Abatement Act (Chapter 312 of the Texas Tax Code) (the "Act"); and,

WHEREAS, the County adopted guidelines and criteria governing tax abatement agreements in a resolution dated on June 4, 2020 and amended said guidelines and criteria on November 9, 2020 (the "Guidelines and Criteria"); and,

WHEREAS, a public hearing is required by Chapter 312 of the Texas Tax Code prior to approval of a reinvestment zone; and

WHEREAS, the County (a) timely published or posted all applicable notices of public hearing regarding the designation of the real estate described in the attached Exhibit A as a reinvestment zone for tax abatement purposes, and (b) timely notified all applicable presiding officers of the governing body of each taxing unit that includes in its boundaries real property that may be included in the proposed reinvestment zone;

WHEREAS, the improvements proposed for the reinvestment zone are feasible and of benefit to the reinvestment zone after expiration of an abatement agreement; and

WHEREAS, the property described in Exhibit A meets the criteria established in the Guidelines and Criteria for a reinvestment zone; and

WHEREAS, the designation of the reinvestment zone would contribute to the retention or expansion of primary employment or would attract major investment in the reinvestment zone that

would be of benefit to the property described on Exhibit A and would contribute to the economic development of the County; and

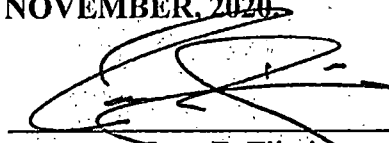
WHEREAS, all interested members of the public were given an opportunity to make comment at the public hearing.

NOW, THEREFORE, BE IT ORDERED, by the Commissioners Court of Webb County, that:

1. The County hereby designates and establishes on the property located in Webb County, Texas, having the property description in Exhibit A attached to this Order as a reinvestment zone under the County's Guidelines and Criteria, having determined that (a) the property described on Exhibit A meets the criteria established in the Guidelines and Criteria, and (b) the designation of such reinvestment zone would contribute to the retention or expansion of primary employment or would attract major investment in the reinvestment zone that would be of benefit to the property described on Exhibit A and that would contribute to the economic development of the County.
2. The reinvestment zone established by this Order to include the real property described in Exhibit A shall be known as the "Webb County Corazon Solar Reinvestment Zone."
3. That the Webb County Corazon Solar Reinvestment Zone shall take effect upon adoption and order by the Webb County Commissioners Court and shall remain designated as a commercial-industrial reinvestment zone for a period of five (5) years from such date of designation, and may be renewed for an additional five (5) year period thereafter.
4. That if any section, paragraph, clause or provision of this Order shall for any reason be held 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 Order
5. That it is hereby found, determined and declared that a sufficient notice of the date, hour, place and subject, of the meeting of the Webb County Commissioners Court, at which this Order 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 the official newspaper of general circulation in Webb County, Texas, and furthermore, such notice was in fact delivered to the presiding officer of any affected taxing entity as prescribed by the Property Redevelopment and Tax Abatement Act.

The foregoing Order was lawfully moved by the Honorable John C. Galo, Commissioner Precinct 3, duly seconded by the Honorable Jesse Gonzalez, Commissioner Precinct 1, and duly adopted by the Commissioners Court of Webb County, Texas, on November 9, 2020.

ADOPTED AND ORDERED BY THE WEBB COUNTY COMMISSIONERS COURT ON THIS THE 9TH DAY OF NOVEMBER, 2020.



Tano E. Tijerina
Webb County Judge

ATTEST:
Margie Ramirez Ibarra
Webb County Clerk

By: 


Exhibit A To
WEBB COUNTY COMMISSIONERS COURT
ORDER
DESIGNATING AND ESTABLISHING A REINVESTMENT ZONE TO BE KNOWN AS
THE WEBB COUNTY CORAZON SOLAR REINVESTMENT ZONE
IN THE JURISDICTION OF WEBB COUNTY, TEXAS

Property Included in the Reinvestment Zone



FIELD NOTES
FOR
CORAZON RANCH NORTH
6,862.21 ACRES
OUT OF THE CORAZON RANCH

A tract of land containing 6,862.21 acres, more or less, being the 6,862.21 acres north of State Highway 59, out of the Corazon Ranch, called to contain 8,673.86 acres, conveyed to G.B.G. Ranch, LTD., as recorded in Volume 2175, Pages 527-532, Official Public Records of Webb County, Texas, on September 01, 2006; Less & Except a 35.354 acre tract conveyed to Electric Texas Transmission, as recorded in Volume 2746, Pages 821-832, Official Public Records of Webb County, Texas, on April 28, 2009, situated in Survey 2119, G.C. & S.F. R.R. Co., Abstract 3125; Survey 2120, G.C. & S.F. R.R. Co., Abstract 2476; Survey 115, J. Poitevent, Abstract 1619; Survey 532, J. Poitevent, Abstract 2304; Survey 1738, G.C. & S.F. R.R. Co., Abstract 2366; Survey 1728, Mrs. E.J. Lewis, Abstract 1545; Survey 1740, G.C. & S.F. R.R. Co., Abstract 2367; Survey 2029, R. Manhews, Abstract 2368; Survey 2005, G.C. S.F. R.R. Co., Abstract 1335; Survey 2382, M.B. Volpe, Abstract 3257; Survey 2011, B.W. Day, Abstract 2834; Survey 2006, G.C. & S.F. R.R. Co., Abstract 3196; Survey 2255, J.M. Swisher, Abstract 1762; M.B. Volpe, Abstract 3340; Porcion 25, J.F. Garcia, Abstract 50 and Porcion 24, T. Rodrigues, Abstract 268, Webb County, Texas, and being more particularly describes as follows::

BEGINNING at a found 1/2-inch iron rod with Howland cap, on the east boundary line of the Ortiz Ranch, referred as Tract H-1, called to contain 25,906 acres, conveyed to Hurd Enterprises, LTD., as recorded in Volume 1219, Pages 762-785, Deed Records of Webb County, Texas, on February 16, 1987, being the Southwest corner of The Callaghan Ranch, conveyed to Callaghan Ranch, Ltd., as recorded in Volume 575, Pages 586-589, Deed Records of Webb County, Texas, for the Northwest corner hereof and the Point of Beginning;

THENCE, S 89°57'12" E, generally along said existing barbed wire fence line with the common boundary line of this tract and said Callaghan Ranch, a distance of 8,235.37 FEET, to a found 1/2-inch iron rod, being the southeast corner of said Callaghan Ranch, also being the southwest corner of a 1,000.00 acre tract, conveyed to Oscar's Enterprises, Inc., as recorded in Volume 1444, Pages 582-592, Deed Records of Webb County, Texas, on September 17, 1990, for a deflection left;

THENCE, S 89°58'16" E, generally along an existing barbed wire fence line with the common boundary line of this tract and said 1,000.00 acre tract, passing a found 1/2-inch iron rod with cap at a distance of 5,574.13 feet, being the southeast corner of said 1,000.00 acre tract, also being the southwest corner of a 500.03 acre tract, conveyed to Juan Antonio Cantu, et ux, as recorded in Volume 29, Pages 302-313, Deed Records of Webb County, Texas, on May 19, 1992, continuing generally along an existing deer fence line for a total distance of 7,650.56 FEET, to a found 1/2-inch iron rod with cap marked "RPLS 5944", being the southernmost southeast corner of said 500.03 acre tract, for an interior corner hereof;

THENCE, N 00°35'27" W, generally along an existing deer fence line with the common boundary line of this tract and said 500.03 acre tract, a distance of 1,507.20 FEET, to a found 1/2-inch iron rod with cap marked "RPLS 5944", being an interior corner of said 500.03 acre tract, for an exterior corner hereof;

THENCE, N 89°30'48" E, generally along an existing deer fence line with the common boundary line of this tract and said 500.03 acre tract, passing a found 5/8-inch iron rod at a distance of 1,636.60 feet, being the northernmost southeast corner of said 500.03 acre tract, also being the southwest corner of a 349.46 acre tract, conveyed to W.C. O'Neal and Billie O'Neal, as recorded in Volume 1447, Pages 857-868, Deed Records of Webb County, Texas, on October 04, 1990, continuing along the common boundary line of this tract and said 349.46 acre tract, for a total distance of 3,813.60 FEET, to a found 5-inch pipe-fence corner, being the southeast corner

SHEET 1 OF 4

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TBPE Firm Registration No. F-4097 TBPLS Firm Registration No. 100464-00

EXHIBIT A1
Exhibit A

Order Designating and Establishing
Webb County Corazon Solar Reinvestment Zone
Page 1 of 10

HOWLAND

ENGINEERING AND SURVEYING CO.

CONTINUATION:

of said 349.46 acre tract, also being the northwest corner of the Colorado Acres Subdivision, recorded in Volume 5, Page 37, Plat Records of Webb County, Texas, on October 14, 1986, for the Northeast corner hereof;

THENCE, generally along an existing barbed wire fence line with the common boundary line of this tract and said Colorado Acres Subdivision, as follows:

S 15°55'30" W, a distance of 1,136.87 FEET, to a set 1/2-inch iron rod with Howland cap, for a deflection right;

S 16°27'55" W, a distance of 1,643.03 FEET, to a set 1/2-inch iron rod with Howland cap, for a deflection left;

S 16°25'25" W, a distance of 2,218.81 FEET, to a set 1/2-inch iron rod with Howland cap, for a deflection right;

S 16°26'35" W, a distance of 1,724.12 FEET, to a set 1/2-inch iron rod with Howland cap, for a deflection left;

S 16°25'35" W, a distance of 970.43 FEET, to a set 1/2-inch iron rod with Howland cap, for a deflection right;

S 16°28'55" W, a distance of 1,284.14 FEET, to a found 2-inch pipe, on the north boundary line of Ranchitos Las Lomas Section 2, recorded in Volume 3, Page 83, Plat Records of Webb County, Texas, on July 13, 1983, being the west corner of said Colorado Acres Subdivision, for an exterior corner hereof;

THENCE, S 89°25'40" W, generally along an existing barbed wire fence line with the north boundary line of said Ranchito Las Lomas Section 2, a distance of 4,520.54 FEET, to a found 5-inch pipe fence corner, being the northwest corner of said Ranchito Las Lomas Section 2, for an interior corner hereof;

THENCE, generally along an existing barbed wire fence line with the west boundary line of said Ranchito Las Lomas Section 2, as follows:

S 01°01'21" W, a distance of 3,070.08 FEET, to a set MAG nail, for a deflection left;

S 00°56'46" W, a distance of 3,022.80 FEET, to a found 6-inch cedar fence corner post on the north boundary line of Ranchito Las Lomas, recorded in Volume 3, Page 13A, Plat Records of Webb County, Texas, being the southwest corner of said Ranchito Las Lomas Section 2, for an exterior corner hereof;

THENCE, S 89°39'32" W, generally along an existing barbed wire fence line with the north boundary line of said Ranchito Las Lomas, a distance of 3,255.80 FEET, to a found 5-inch pipe fence corner, being the northwest corner of said Ranchito Las Lomas, for an interior corner hereof;

THENCE, generally along an existing barbed wire fence line with the west boundary line of said Ranchito Las Lomas, as follows:

S 00°11'01" E, a distance of 2,579.59 FEET, to a found 1/2-inch iron rod, for a deflection right;

S 00°08'54" E, a distance of 1,327.09 FEET, to a set 1/2-inch iron rod with Howland cap, for a deflection left;

SHEET 2 OF 4

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TBPB Firm Registration No. F-40397 • TBPB Firm Registration No. 100464-00

HOWLAND

ENGINEERING AND SURVEYING CO.

CONTINUATION:

S 00°13'14" E, a distance of 1,327.10 FEET, to a found 5-inch pipe fence corner on the north boundary line of Tract 1, a 9,726.2984 acre tract conveyed to ANB Cattle Company, LTD., as recorded in Volume 704, Pages 827-852, Real Property Records of Webb County, Texas, on November 19, 1998, being the southwest corner of said Ranchito Las Lomas, for an exterior corner hereof;

THENCE, N 89°33'24" W, generally along an existing deer fence line with the north boundary line of said 9,726.2984 acre tract, a distance of 1,495.84 FEET, to a found 12-inch fence corner post, being the northwest corner of said 9,726.2984 acre tract, for an interior corner hereof;

THENCE, S 00°00'35" W, generally along an existing barbed wire fence line with the west boundary line of said 9,726.2984 acre tract, passing an exterior corner of said 9,726.2984 acre tract at a distance of 5,425.79 feet, also being the northwest corner of Survey 1118, Emma E.W. Reed, Abstract 2567, also being the northwest corner of a tract of land conveyed to Carlos Ygnacio Benavides, III and Carlos Sergio Garcia, as recorded in Volume 377, Pages 492-494, Real Property Records of Webb County, Texas, on January 19, 1996, continuing along the west boundary line of said Survey 1118, for a total distance of 5,890.29 FEET, to a set 1/2-inch iron rod with Howland cap on the northwest right of way line of State Highway 59, for the Southeast corner hereof;

THENCE, generally along an existing hog fence line with the northwest right of way line of said Highway 59, as follows:

S 63°19'32" W, a distance of 1,344.22 FEET, to a set 1/2-inch iron rod with Howland cap, being on a curve, having a Radius of 11,410.75 feet, a Chord of S 69°25'42" W - 2,426.14 feet;

Thence, along said curve to the right, an arc length of 2,430.73 FEET, to a set 1/2-inch iron rod with Howland cap, for a point of tangency;

S 75°31'51" W, a distance of 3,152.12 FEET, to a found 5-inch pipe fence corner on at the intersection of the northwest right of way line of said Highway 59 and the east boundary line of Tract 14, conveyed to Pescadito, LTD., as recorded in Volume 2598, Pages 397-408, Official Public Records of Webb County, Texas, on June 12, 2008, for the Southwest corner hereof;

THENCE, generally along an existing barbed wire fence line with the east boundary line of said Tract 14 and said Ortiz Ranch, as follows:

N 00°28'59" W, a distance of 1,889.38 FEET, to a set 1/2-inch iron rod with Howland cap, for a deflection right;

N 00°27'54" W, a distance of 4,514.10 FEET, to a set 1/2-inch iron rod with Howland cap, for a deflection right;

N 00°13'54" W, a distance of 5,991.85 FEET, to a set 1/2-inch iron rod with Howland cap, for a deflection left;

N 00°19'54" W, a distance of 2,676.00 FEET, to a found 2-inch pipe fence corner, being an exterior corner of said Ortiz Ranch, for an interior corner hereof

S 67°57'35" W, a distance of 1,190.09 FEET, to a found 6-inch cedar fence corner post, being an interior corner of said Ortiz ranch, for an exterior corner hereof;

N 00°17'26" W, a distance of 8,161.63 FEET, to a found 1/2-inch iron rod, for a deflection left;

SHEET 3 OF 4

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TBPE Firm Registration No. F-4097 TBPLS Firm Registration No. 100464-00

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CONTINUATION:

THENCE, N 00°27'07" W, generally along an existing barbed wire fence line, passing a found 8-inch cedar fence corner post at a distance of 25.3 feet, leaving fence, passing a found 2-inch pipe fence corner at a distance of 139.6 feet, continuing generally along an existing fence line, passing a second 2-inch pipe fence corner, leaving fence, continuing for a total distance of 3,810.84 FEET, to the Point of Beginning, containing 6,862.21 acres of land, more or less.

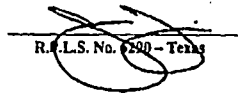
Basis of Bearings: G.P.S. Coordinates, N.A.D. 27, Texas State Plane South Zone (4205).

Monuments Held: A found 1/2" iron rod with Howland cap at the southwest corner of the Callaghan Ranch, also being the northwest corner of the Corazon Ranch, and a found 1/2" iron rod at the southeast corner of said Callaghan Ranch, also being the southwest corner of a 1,000.00 acre tract, conveyed to Oscar's Enterprises, Inc., as shown on survey map prepared by Charles P. Rutherford, RPLS No. 1977, on September of 1997.

Called: S 89°57'26" E ~ 8,235.57'

Measured: S 89°57'12" W ~ 8,235.57'

I, Juan Segovia, a Professional Land Surveyor, do hereby certify that this field note description and its accompanying survey plat correctly represent the results of a survey made on the ground under my supervision and direction.


R.L.S. No. 6280 - Texas



12-15-2015

Date

SHEET 4 OF 4

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FIELD NOTES
FOR
AREA "B"
OUT OF THE CORAZON RANCH

A tract of land containing 153.00 acres, more or less, being the North 6,862.21 acres, out of the Corazon Ranch, called to contain 8,673.86 acres, conveyed to G.B.G. Ranch, Ltd., as recorded in Volume 2175, Pages 527-532, Official Public Records of Webb County, Texas, on September 01, 2006; situated in Survey 2119, G.C. & S.F. R.R. Co., Abstract 3125; Porcion 24, T. Rodrigues, Abstract 268 and Survey 2120, G.C. & S.F. R.R. Co., Abstract 2476, Webb County, Texas, and being more particularly describes as follows:

BEGINNING at a found 1/2-inch iron rod with Howland cap, being the being the northwest corner of the said Corazon Ranch, also being on the east boundary line of the Ortiz Ranch, referred as Tract H-1, called to contain 25,906 acres, conveyed to Hurd Enterprises, Ltd., as recorded in Volume 1219, Pages 762-785, Deed Records of Webb County, Texas, on February 16, 1987, for the northwest corner hereof and the Point of Beginning;

THENCE, S 89°57'12" E, generally along an existing barbed wire fence line with the south boundary line of The Callaghan Ranch, conveyed to Callaghan Ranch, Ltd., as recorded in Volume 575, Pages 586-589, Deed Records of Webb County, Texas, on January 02, 1979, a distance of 3,630.96 FEET, to a set 1/2-inch iron rod with Howland cap, for the northeast corner hereof;

THENCE, S 44°28'44" W, generally along an existing barbed fence line with the southeast boundary line of this tract and the northwest boundary line of San Ignacio Road (Private Road), a distance of 5,140.98 FEET, to a found 2-inch pipe fence corner, on the east boundary line of said Tract H-1, for the southwest corner hereof;



THENCE, N 00°27'07" W, generally along an existing barbed wire fence line with the east boundary line of said Tract H-1, passing a found 2-inch pipe fence corner at a distance of 488.0 feet and continuing for a total distance of 3,671.21 FEET, to the Point of Beginning, containing 153.00 acres of land, more or less;

Basis of Bearings: G.P.S. Coordinates, N.A.D. 27, Texas State Plane South Zone (4205).

Monuments Held: A found 5" pipe fence corner at the southeast corner of survey 2010, also being the northernmost northeast corner of Survey 2008, and a found 1/2" iron rod at a deflection on the common boundary line of Surveys 2010 and 2007, as per metes & bounds description prepared by Wayne Nance, R.P.L.S. on January 13, 2012, for a 3,065.60 acre tract conveyed to McPherson Plaza, Ltd., recorded in Volume 3207, Pages 364-395, Official Public Records of Webb County, Texas

Called: S 89°53'36" W ~ 2,820.33' Measured: S 89°53'35" W ~ 2,820.33'

I, Juan Segovia, a Professional Land Surveyor, do hereby certify that this field note description and its accompanying survey plat correctly represent the results of a survey made on the ground under my supervision and direction.

 R.P.L.S. No. 6290 - Texas  12-15-2015
Date

SHEET 1 OF 1

HOWLAND SURVEYING DEPARTMENT 2015021932-15 METES & BOUNDS 01932-15 METES & BOUNDS AREA B 4004

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TSPS Firm Registration No. F-4097 TSPS Firm Registration No. 100464-00

HOWLAND
ENGINEERING AND SURVEYING CO.

**FIELD NOTES
FOR
AREA "C"
OUT OF THE CORAZON RANCH**

A tract of land containing 11.95 acres, more or less, being the North 6,862.21 acres, out of the Corazon Ranch, called to contain 8,673.86 acres, conveyed to G.B.G. Ranch, Ltd., as recorded in Volume 2175, Pages 527-532, Official Public Records of Webb County, Texas, on September 01, 2006; situated in Porcion 24, T. Rodriguez, Abstract 268 and Survey 2120, G.C. & S.F. R.R. Co., Abstract 2476, Webb County, Texas, and being more particularly describes as follows:

BEGINNING at a found 1/2-inch iron rod with Howland cap, being on the east boundary line of the Ortiz Ranch, referred as Tract H-1, called to contain 25,906 acres, conveyed to Hurd Enterprises, Ltd., as recorded in Volume 1219, Pages 762-785, Deed Records of Webb County, Texas, on February 16, 1987, for the south corner hereof and the Point of Beginning;

THENCE, N 00°27'07" W, over and across San Ignacio Road (Private Road) with the common boundary line of this tract and the said 25,906 acre tract, a distance of 139.63 FEET, to a found 2-inch pipe fence corner, for the southernmost northwest corner hereof;

THENCE, N 44°28'44" E, generally along an existing barbed wire fence line with the northwest boundary line of this tract and said San Ignacio Road, a distance of 5,140.98 FEET, to a set 1/2" iron rod with Howland cap, on the north boundary line of The Callaghan Ranch, conveyed to Callaghan Ranch, Ltd., as recorded in Volume 575, Pages 586-589, Deed Records of Webb County, Texas, on January 02, 1979, for the northernmost northwest corner hereof;

THENCE, S 89°57'12" E, over and across said San Ignacio Road with the common boundary line of said Callaghan Ranch, a distance of 140.13 FEET, to a set 1/2" iron rod with Howland cap, for the northeast corner hereof;

THENCE, S 44°29'40" E, generally along an existing barbed wire fence line with the southeast boundary line of this tract and said San Ignacio Road, a distance of 5,337.93 FEET, to the Point of Beginning, containing 11.95 acres of land, more or less;

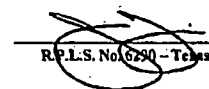
Basis of Bearings: G.P.S. Coordinates, N.A.D. 27, Texas State Plane, South Zone (4205).

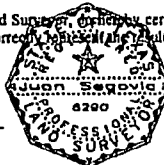
Monuments Held: A found 5" pipe fence corner at the southeast corner of Survey 2010, also being the northernmost northeast corner of Survey 2008, and a found 1/2" iron rod at a deflection on the common boundary line of Surveys 2010 and 2007, as per metes & bounds description prepared by Wayne Nance, R.P.L.S. on January 13, 2012, for a 5,065.60 acre tract conveyed to McPherson Plaza, Ltd.; recorded in Volume 3207, Pages 364-395, Official Public Records of Webb County, Texas

Called: S 89°53'36" W - 2,820.33'

Measured: S 89°53'35" W ~ 2,820.33'

I, Juan Segovia, a Professional Land Surveyor, hereby certify that this field note description and its accompanying survey plat correctly reflect the results of a survey made on the ground under my supervision and direction.


R.P.L.S. No. 6290 - Texas



12-15-2015

Date

SHEET 1 OF 1

HOWLAND SURVEYING DEPARTMENT Job# 2015031912-13 METES & BOUNDS 031912-13 METES & BOUNDS AREA C.docx

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TBPE Firm Registration No. F-4097 TBPLS Firm Registration No. 100464-00



FIELD NOTES
FOR
THE SOUTH 1,969.23 ACRES
OUT OF THE CORAZON RANCH

A tract of land containing 1,969.23 acres, more or less, being the 2,004.58 acres south of State Highway 59, out of the Corazon Ranch, called to contain 8,673.86 acres, conveyed to G.B.G. Ranch, Ltd., as recorded in Volume 2175, Pages 527-532, Official Public Records of Webb County, Texas, on September 01, 2006; Less & Except a 35.354 acre tract conveyed to Electric Transmission Texas, L.L.C., as recorded in Volume 2746, Pages 821-832, Official Public Records of Webb County, Texas, on April 28, 2009, situated in Survey 2010, B.W. Day, Abstract 2833; Survey 2011, B.W. Day, Abstract 2834 and Survey 1118, George Lang, Abstract 3133, Webb County, Texas, and being more particularly describes as follows:

BEGINNING at a found 1/2-inch iron rod with "Mutery" cap at the intersection of the southeast right of way line of State Highway 59 with the common boundary line of said Survey 2011 and Survey 1118, Emma E.W. Reed, Abstract 2567, also being the northwest corner of a tract of land conveyed to Carlos Ygnacio Benavides, III and Carlos Sergio Garcia, as recorded in Volume 377, Pages 492-494, Real Property Records of Webb County, Texas, on January 19, 1996, for the Northeast corner hereof and the Point of Beginning;

THENCE, S 00°02'54" W, generally along an existing deer fence line with the common boundary line of said Emma E.W. Reed Survey 2118 and said Survey 2011, a distance of 1,997.03 FEET, to a found 10-inch cedar fence corner post, being the southwest corner of said Emma E.W. Reed Survey 1118, also being the northwest corner of said George Lang Survey 1118, for an interior corner hereof;

THENCE, N 89°53'50" E, generally along an existing deer fence line with the common boundary line of said Emma E.W. Reed Survey 1118 and said George Lang Survey 1118, a distance of 2,652.32 FEET, to a found 12-inch fence corner post on the west boundary line of Survey 1118, Robert Bruckner, Abstract 3093, also being the west boundary line of Tract 1, a 9,726.2984 acre tract, conveyed to ANB Cattle Company, Ltd., as recorded in Volume 704, Pages 827-852, Real Property Records of Webb County, Texas, on November 19, 1998, also being the southeast corner of said Emma E.W. Reed Survey 1118 and the northernmost northeast corner of said George Lang Survey 1118, for an exterior corner hereof;

THENCE, generally along an existing deer fence line with the common boundary line of this tract and said 9,726.2984 acre tract, as follows:

S 00°22'00" E, a distance of 1,319.12 FEET, to a found 8-inch cedar fence corner post, being an interior corner of said George Lang Survey 1118, also being an exterior corner of said Robert Bruckner Survey 1118, for an interior corner hereof;

THENCE, N 89°37'22" E, a distance of 1,318.93 FEET, to a found 10-inch cedar fence corner post, being the southernmost northeast corner of said George Lang Survey 1118, also being an interior corner of said Robert Bruckner Survey 1118, for an exterior corner hereof;

THENCE, S 00°09'56" E, a distance of 1,297.72 FEET, to a found 12-inch cedar fence corner post, being the common corner of said George Lang Survey 1118, Robert Bruckner Survey 1118, Survey 1993, T.M. R.R. Co., Abstract 1811 and Survey 1209, M. Gil, Abstract 1240, for an exterior corner hereof;

S 89°51'15" W, a distance of 2,401.18 FEET, to a found 6-inch cedar fence corner post, being the northwest corner of said Survey 1209, also being the northeast corner of Survey 2010, B.W. Day, Abstract 2833, for an interior corner hereof;

SHEET 1 OF 4

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EXHIBIT B1

Exhibit A
Order Designating and Establishing
Webb County Corazon Solar Reinvestment Zone
Page 7 of 10

HOWLAND

ENGINEERING AND SURVEYING CO.

CONTINUATION:

S 00°02'58" E, a distance of 2,641.77 FEET, to a found 6-inch cedar fence corner post on the north boundary line of Survey 1994, T.M. R.R. Co., Abstract 2788, being an exterior corner of said Survey 2010, for an exterior corner hereof;

S 89°42'01" W, a distance of 373.43 FEET, to a found 6-inch cedar fence corner post, being the northwest corner of said Survey 1994, also being an interior corner of said Survey 2010, for an interior corner hereof;

S 00°00'46" E, a distance of 2,503.88 FEET, to a found 6-inch cedar fence corner post on the north boundary line of Survey 1602, G.C. & S.F. R.R. Co., Abstract 2534, also being the northernmost boundary line of a 5,065.60 acre tract, conveyed to McPherson Plaza, Ltd., as recorded in Volume 3207, Pages 364-395, Official Public Records of Webb County, Texas, on January 26, 2012, and also being an exterior corner of said 9,726.2984 acre tract, for an exterior corner hereof;

THENCE, generally along an existing barbed wire fence line with the common boundary line of this tract and said 5,065.60 acre tract, as follows:

S 89°49'23" W, a distance of 3,598.31 FEET, to a found 6-inch cedar fence corner post, being the northwest corner of said Survey 1602, also being an interior corner of said Survey 2010, and also being the northernmost northwest corner of said 5,065.60 acre tract, for an interior corner hereof;

S 00°11'20" E, a distance of 1,175.68 FEET, to a found 1/2-inch iron rod, for a deflection right;

S 00°03'22" E, a distance of 1,718.27 FEET, to a found 1/2-inch iron rod, for a deflection left;

S 00°24'44" E, a distance of 460.42 FEET, to a found 1/2-inch iron rod, for a deflection right;

S 00°02'51" E, a distance of 612.90 FEET, to a found 5-inch pipe fence corner, being the southeast corner of said Survey 2010, also being the northernmost northeast corner of Survey 2008, C. & M. R.R. Co., Abstract 2535, for the Southeast corner hereof;

S 89°53'35" W, a distance of 2,820.33 FEET, to a found 1/2-inch iron rod, for a deflection right;

S 89°59'19" W, a distance of 1,257.66 FEET, to a found 1/2-inch iron, on the east boundary line of Survey 1500, G.C. & S.F. R.R. Co., Abstract 2958, also being the east boundary line of Tract 10, conveyed to Pescadito Ltd., as recorded in Volume 2598, Pages 397-408, Official Public Records of Webb County, Texas, on June 12, 2008, being the southernmost northwest corner of said 5,065.60 acre tract, also being the southwest corner of said Survey 2010, for the Southwest corner hereof;

THENCE, N 00°21'24" W, generally along an existing barbed wire fence line with the west boundary line of said Survey 2010, being common to the east boundary line of said Survey 1500 and Survey 1499, G.C. & S.F. R.R. Co., Abstract 1309, a distance of 7,182.84 FEET, to a found 2-inch pipe, being the northeast corner of said Survey 1499, also being the southeast corner of Survey 1806, G.C. & S.F. R.R. Co., Abstract 2959, for a deflection right;

THENCE, N 00°20'44" W, generally along an existing barbed wire fence line with the common boundary line of said Surveys 2010 and 1806, a distance of 4,345.40 FEET, to a found 4-inch pipe fence corner on the southeast right of way line of said State Highway 59, for the Northwest corner hereof;

SHEET 2 OF 4

H. HOWLAND SURVEYING DEPARTMENT 1301 SUTHERLAND METES & BOUNDS 1301-13 METES & BOUNDS
CORAZON SOUTH.docx

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CONTINUATION:

THENCE, generally along an existing hog fence line with the southeast right of way line of said Highway 59, as follows:

N 75°31'51" E, a distance of 2,607.72 FEET, to a set 1/2-inch iron rod with Howland cap, for a deflection right;

N 81°14'29" E, a distance of 100.50 FEET, to a set 1/2-inch iron rod with Howland cap, for a deflection left;

N 75°31'51" E, a distance of 487.20 FEET, to a set 1/2-inch iron rod with Howland cap, being on a curve, having a Radius of 11,570.75 feet, a Chord of N 74°30'16" E - 414.50 feet;

Thence along said curve to the left, an arc length of 414.53 FEET, to a set 1/2-inch iron rod with Howland cap, for a deflection left;

N 67°34'05" E, a distance of 101.39 FEET, to a set 1/2-inch iron rod with Howland cap, being on a non-tangent curve, having a Radius of 11,560.75 feet, a Chord Bearing of N 72°43'43" E - 100.84 feet, for a deflection right;

Thence along said curve to the left, an arc length of 100.84 FEET, to a set 1/2-inch iron rod with Howland cap, for a deflection right;

N 77°53'25" E, a distance of 101.36 FEET, to a set 1/2-inch iron rod with Howland cap, being on a non-tangent curve, having a Radius of 11,570.75 feet, a Chord Bearing of N 67°39'08" E - 1,745.85 feet, for a deflection left;

Thence along said curve to the left, an arc length of 1,747.51 FEET, to a set 1/2-inch iron rod with Howland cap, for a point of tangency;

THENCE, N 63°19'32" E, along said hog fence with the southeast right of way line of said Highway 59, a distance of 1,262.88 FEET, to the Point of Beginning, containing 2,004.58 acres of land, more or less;

LESS & EXCEPT a tract of land called to contain 35.354 acres, conveyed to Electric Transmission Texas, L.L.C, as recorded in Volume 2746, Pages 821-832, Official Public Records of Webb County, Texas, on April 28, 2009, out of the said south 2,004.58 acres of the Corazon Ranch, situated in Survey 2010, B.W. Day, Abstract 2833, and being more particularly described as follows:

Commencing at a found 4-inch pipe fence corner, being the northwest corner of said south 2,004.58 acres of the Corazon Ranch; Thence S 16°55'05" E, a distance of 3,952.36 feet to a found 1/2" iron rod with Muery cap, for the Northeast corner hereof and the Point of Beginning;

THENCE, S 00°19'13" E, generally along an existing barbed wire fence line, a distance of 1,400.00 FEET, to a found 1/2-inch iron rod with Muery cap, for the Southeast corner hereof;

THENCE, S 89°40'47" W, generally along an existing fence line, a distance of 1,100.00 FEET, to a found 1/2-inch iron rod with Muery cap, for the Southwest corner hereof;

THENCE, N 00°19'13" W, generally along an existing fence line, a distance of 1,400.00 FEET, to a found 2-inch pipe fence corner, for the Northwest corner hereof;

SHEET 3 OF 4

H:\HOWLANDSURVEYING DEPARTMENT\Jobs\2013\212-15\METES & BOUNDS\21212-15 METES & BOUNDS CORAZON SOUTH.dwg

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CONTINUATION:

THENCE, N 89°40'47" E, generally along an existing barbed wire fence line, a distance of 1,100.00 FEET, to the Point of Beginning, containing 35.35 acres of land, more or less;


Basis of Bearings: G.P.S. Coordinates, N.A.D. 27, Texas State Plane, South Zone (4205).

Monuments Held: A found 5" pipe fence corner at the southeast corner of Survey 2010, also being the northernmost northeast corner of Survey 2008, and a found 1/2" iron rod at a deflection on the common boundary line of Surveys 2010 and 2007, as per metes & bounds description prepared by Wayne Nance, R.P.L.S. on January 13, 2012, for a 5,065.60 acre tract conveyed to McPherson Plaza, Ltd., recorded in Volume 3207, Pages 364-395, Official Public Records of Webb County, Texas

Called: S 89°53'36" W ~ 2,820.33'

Measured: S 89°53'35" W ~ 2,820.33'

I, Juan Segovia, a Professional Land Surveyor, do hereby certify that this field note description and its accompanying survey plot correctly represent the results of a survey made on the ground under my supervision and direction.

R.P.L.S. No. 6130 - Texas  12-15-2015
Date

SHEET 4 OF 4

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Attachment B

Attached is a copy of Webb County's Guidelines and Criteria.

Webb County

Tax Abatement Guidelines and Criteria

Adopted June 4, 2020

Amended November 9, 2020

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Webb County

Tax Abatement Guidelines and Criteria

Adopted June 4, 2020

Amended November 9, 2020

The purpose of this document is to establish guidelines, and a uniform policy of tax abatement for owners or lessees of eligible facilities willing to execute tax abatement contracts designed to provide long term significant positive economic impact to the community by utilizing the area contractors and work force to the maximum extent feasible, and by developing, redeveloping, and improving property.

In order to be eligible for designation as a reinvestment zone and receive tax abatement, the planned improvement:

- A. Must be reasonably expected to have an increase in positive net economic benefit to Webb County of at least Ten Million Dollars (\$10,000,000.00) over the life of the abatement, computed to include (but not limited to) new sustaining payroll and /or capital improvement. The creation of (number and type) new jobs will also factor into the decision to grant an abatement; and
- B. Must not be expected to solely or primarily have the effect of merely transferring employment from one area of Webb County to another.

In addition to the criteria set forth above, the Webb County Commissioners Court reserves the right to negotiate a tax abatement agreement in order to compete favorably with other communities.

Only that increases in the fair market value of the property directly resultant from the development, redevelopment, and improvement specified in the contract will be eligible for abatement and then only to the extent that such increase exceeds any reduction in the fair market value of the other property of the Applicant located within the jurisdiction creating the reinvestment zone.

All abatement contracts will be for a term no longer than allowed by law.

It is the goal of Webb County to grant tax abatements on terms and conditions beneficial to the economic interests of the residents of Webb County and to other taxing units having jurisdiction of the property. However, nothing herein shall limit the discretion of the Webb County Commissioners Court to consider, adopt, modify or decline any tax abatement request.

This policy is effective as of November 9, 2020 and shall at all times be kept current with regard to the needs of Webb County and reflective of the official views of the County Commissioners Court and shall be reviewed every two years.

The adoption of these guidelines and criteria by the Webb County Commissioners Court does not:

- A. Limit the discretion of the governing body to decide whether or not 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;
- C. Create or deny 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;

Section 1 Definitions

- A. "Abatement" means the full or partial exemption from ad valorem taxes of certain property in a reinvestment zone designated by Webb County for economic development purposes.
- B. "Affected jurisdiction" means Webb County and any municipality or school district, the majority of which is located in Webb County that levies ad valorem taxes upon and provides services to property located within the proposed or existing reinvestment zone designated by Webb County.
- C. "Agreement" means a contractual agreement for tax abatement between a Property Owner and/or Lessee and Webb County.
- D. "Base year value" means the assessed value on the eligible property as of January 1 preceding the execution of the agreement, plus any agreed upon value of eligible property improvements made after January 1, but before the execution of the Agreement.
- E. "Deferred maintenance" means improvements necessary for continued operation which do not improve productivity or alter the process technology."
- F. "Economic Life" means the number of years a property is expected to be in service in a facility.
- G. "Eligible facilities" means new, expanded, or modernized buildings and structures, including fixed machinery and equipment, which is reasonably likely as a result of granting abatement to contribute to the retention or expansion of primary employment or to attract major investment in the reinvestment zone that would be a benefit to the property and that would contribute to the economic development of Webb County, but does not include facilities which are intended to be primarily to provide goods or services to residents for existing businesses located in Webb County, such as, but not limited to, restaurants and retail sales establishments, eligible facilities may include, but shall not be limited to hotels and office buildings.
- H. "Employee" means a person whose employment is both permanent and fulltime, who works for and is an employee of the Company/Owner or an employee of a Business, who works a minimum of 1,750 hours per year exclusively within the reinvestment zone, who receives industry-standard benefits, and whose employment is reflected in the Companies, Owner's (and/or Business' applicable) quarterly report filed with the Texas Workforce Commission ("TWC"); but excluding any direct contract employment (seasonal, part-time, and full-time equivalent).
- I. "Expansion " means the addition of building structures, machinery, equipment, or payroll for purposes of increasing production capacity.
- J. "Facility" means property improvement completed or in process of construction which together comprise an interregional whole.
- K. "Manufacturing Facility" means products, buildings and structures, including machinery

and equipment, the primary purpose of which is or will be the manufacture of tangible goods or materials or the processing of such goods or materials by physical or chemical change, including the generation of electrical energy.

- L. "Modernization" means a complete or partial demolition of facilities and the complete or partial reconstruction or installation of a facility of similar or expanded production capacity. Modernization may result from the construction, alteration, or installation of buildings, structures, machinery, or equipment, or both.
- M. "New facility" means property previously undeveloped which is placed into service by means other than or in conjunction with expansion or modernization.
- N. "Other Basic Industry" means buildings and structures including fixed machinery and equipment not elsewhere described, used or to be used for the production of products or services, which serve a market primarily outside of Webb County, resulting in the creation of new permanent jobs bringing in new wealth.
- O. "Owner" means the Company and/or other entity, in good standing, business, persons and/or individual who is the Owner of the real property in Webb County subject to an abatement of ad-valorem taxes. If the eligible property is constructed or located on a leased property, only the property owner shall be the party eligible for any ad-valorem tax abatement. The other party to the lease may join in the execution of agreement but shall not be obligated to assure the performance of the party receiving the abatement.
- P. "Permanent Full-Time Job" means a new employment position created by a company, owner and/or employee of a business that provides a regular work schedule of at least 35 hours per week or 1820 hours of regular employment per year to a Webb County, Texas resident and maintains the employment position exclusively within the reinvestment zone during the term of the abatement agreement.
- Q. "Productive life" means the number of years a property improvement is expected to be in service in a facility.
- R. "Project" means the proposed development as specifically described by the Company/Owner in the application/request for ad-valorem tax abatement incentives and the Tax Abatement Agreement.
- S. "Property" means the land (real property) on which the Project will be developed.
- T. "W.C.A.D." means the Webb County Appraisal District.
- U. "W.C.B.O." means the Webb County Budget Officers, and/or other person authorized by the Webb County Commissioner's Court.
- V. "Proximate Relocations" means moving a business within Webb County, Texas.
- W. "Tax Abatement Reinvestment Zone or Reinvestment Zone" means any real property within Webb County, Texas which has been designated as a reinvestment zone, by the Webb County Commissioners Court and may include any land within the City of Laredo, that has been properly designated as a reinvestment zone by Laredo City Council or other eligible jurisdiction.
- X. "Tax Abatement Term" The Tax Abatement Agreement Term shall be as set forth in the specific agreement entered into under these Policy Guidelines, Criteria and Methodology governing Tax Abatement Agreements between Webb County and the Company,

individual property Owner and/or Business. The Ad-Valorem Tax Abatement Term under an agreement for an ad-valorem tax abatement shall not exceed a period of ten (10) years. The Abatement portion of the agreement for an ad-valorem tax abatement may take effect on January 1 of the next tax year after the date the improvements or repairs are substantially completed and/or a certificate of occupancy is issued for the project.

Y. "Termination Date" means the end of the time period specified under the Agreement.

Section 2 Abatement Authorized

- A. Eligible facilities: Upon application, eligible facilities as defined herein shall be considered for tax abatement as hereinafter provided.
- B. Creation of New Values: Abatement may only be granted for the additional value of eligible property improvements made subsequent to and specified in an abatement agreement between Webb County and the property owner or applicant, including a Lessee, subject to such limitations as Webb County may require.
- C. New and existing facilities: Abatement may be granted for the additional value of eligible property improvements made subsequent to and specified in an abatement agreement between Webb County and the Property Owner or Lessee, subject to such limitations as Webb County may require.
- D. Eligible property: Abatement may be extended to the value of buildings, structures, fixed machinery and equipment, site improvements and related fixed improvements necessary to the operation and administration of the facility.
- E. Ineligible Property: The following types of property shall be fully taxable and ineligible for tax abatement: land, animals, inventories, supplies, tools, furnishings, vehicles, vessels, aircraft, housing or residential property, flora, fauna, and other forms of movable personal property, housing, deferred maintenance, property to be rented or leased except as provided in Section 2F, property which has a productive life of less than ten years, but does not include spare parts associated with eligible facilities; property owned or used by the State of Texas or its political subdivisions or by any organization owned, operated or directed by a political subdivision of the State of Texas; or any other property for which abatement is not allowed by state law.
- F. Owned/leased facilities: If a leased facility is permitted by state law to be granted abatement, the abatement agreement shall be applicable to the taxable value of the leased improvement, and where appropriate, shall be executed with both the Lessor and the Lessee.
- G. Economic Qualifications: In order to be eligible for designation as a reinvestment zone and receive tax abatement, the planned improvement:
 - 1. Must be reasonably expected to have an increase in positive net benefit to Webb County of at least Ten Million Dollars (\$10,000,000.00) over the life of the abatement, computed to include (but not limited to) new sustaining payroll and / or capital improvement. The creation of (number and type) new jobs will also factor into the decision to grant an abatement; and
 - 2. Must not be expected to solely or primarily have the effect of merely transferring employment from one area of Webb County to another.

B. Standards for Tax Abatement: The following factors, among other, shall be considered in determining whether to grant tax abatement:

1. Value of existing improvements, if any;
2. Type and value of proposed improvements;
3. Productive life of proposed improvements;
4. Number of existing jobs to be retained by proposed improvements;
5. Number and type of new jobs to be created by proposed improvements;
6. Wage rate and benefits to be offered to employees of the facility;
7. Amount of local payroll to be created;
8. Whether the new jobs to be created will be filled by persons residing or projected to reside within affected taxing jurisdiction;
9. Amount which property tax base valuation will be increased during term of abatement and after abatement, which shall include a definitive commitment that such valuation shall not, in any case, be less than Ten Million Dollars (\$10,000,000.00.)
10. The costs to be incurred by Webb County to provide facilities directly resulting from the new improvements;
11. The amount of ad valorem taxes to be paid to Webb County during the abatement period considering:
 - a. the existing values;
 - b. the percentage of new value abated;
 - c. the abatement period; and
 - d. the value after expiration of the abatement period.
12. The population growth of Webb County that occurs directly as a result of new improvements;
13. The types and values of public improvements, if any, to be made by Applicant seeking abatement;
14. Whether the proposed improvements compete with existing businesses to the detriment of the local economy;
15. The impact on the business opportunities of existing businesses;
16. The attraction of other new businesses to the area;
17. The overall compatibility with the zoning ordinances and comprehensive plan for the area;
18. Whether the project obtains all necessary permits from the applicable environmental agencies.

Each eligible facility shall be reviewed on its merits utilizing the factors provided above. After such review, abatement may be denied entirely or may be granted to the extent

deemed appropriate after full evaluation.

Abatement shall be granted effective no earlier than the January 1 valuation date immediately following the date of execution of the abatement agreement. The agreement may provide that the period for which the abatement applies will commence on a later date. The value of new eligible property shall be abated according to the approved agreement between applicant and the governing body. The Webb County Commissioners Court, in its sole discretion, shall determine the amount to any abatement.

- C. Construction in Progress. If a qualifying facility has not commenced construction within one (1) year after execution of the abatement Agreement, the applicant may apply for a one-year extension of the term of abatement, to be granted or denied in accordance with the Agreement. Said extension must be applied for prior to the expiration of the one-year anniversary of execution of the abatement agreement.
- D. Denial of Abatement: Neither a reinvestment zone nor abatement agreement shall be authorized if it is determined that:
 - 1. There would be substantial adverse effect on the provision of government services or tax base;
 - 2. The applicant has insufficient financial capacity;
 - 3. Planned or potential use of the property would constitute a hazard to public health, safety or morals;
 - 4. Violation of other codes or laws; or
 - 5. Any other reason deemed appropriate by Webb County.
- E. Taxability: From the execution of the abatement to the end of the agreement period, taxes shall be payable as follows:
 - 1. The value of ineligible property as provided in Section 2 E shall be fully taxable; and
 - 2. The base year value of existing eligible property as determined each year shall be fully taxable.

The additional value of new eligible property shall be fully taxable at the end of the abatement period.

Section 3 Application

- A. Any present or potential owner of taxable property in Webb County may request the creation of a reinvestment zone and/or tax abatement by filing a written application with the County Judge and copy with the Webb County Economic Development Director.
- B. The application shall consist of a written request for tax abatement, accompanied by:
 - 1. An analysis of the economic impact such an abatement will have on Webb County, including:
 - a. Estimated tax revenues annually for the term of the requested abatement, taking into account any requested abatement.
 - b. A comparison between an abatement of taxes and any requested "payment in lieu

of taxes" (PILOT) in terms of benefit to the County over the proposed term of the abatement period.

- c. A statement of the expected residual taxable value of the proposed project at the end of the abatement term requested, and the remaining taxable life expectancy of the proposed project.
 2. A general description of the proposed use and the general nature and extent of the modernization, expansion or new improvements to be undertaken.
 3. A descriptive list and approximate taxable value of the improvements which will be a part of the facility;
 4. A site map and property description, including a complete legal description of the property, and a map/property description of any requested;
 5. A time schedule for undertaking and completing the planned improvements. In the case of modernization, a statement of the assessed value of the facility, separately stated for real and personal property, shall be given for the tax year immediately preceding the application. The application form may require such financial and other information as the County deems appropriate for evaluating the financial capacity and other factors of the applicant.
 6. Certification from the Webb County Appraisal District verifying that no taxes are past due on applicant's property located in the proposed reinvestment zone
 7. Disclosure of any environmental permits required or additional environmental impacts.
 8. A \$1,000.00 non-refundable application fee.
 9. Webb County reserves the right to request additional information or data from the applicant.
- C. In the case of modernization, a statement of the assessed value of the facility, separately stated for real and personal property, shall be given for the tax year immediately preceding the Application. The County may require such financial and other information as deemed appropriate for evaluating the financial capacity and other factors pertaining to the Applicant, to be attached to the Application.
- D. All checks in payment of the application fee shall be made payable to Webb County. In addition to the application fee the applicant shall also agree to pay reasonable professional service and consulting fees as may be incurred by Webb County in the examination of the application, feasibility, analysis, or preparation and negotiation of any tax abatement agreement. Such payment shall be determined during the negotiation of the abatement agreement and payable as a condition precedent to the execution of the agreement.
- E. Webb County shall give notice as provided by the Property Tax Code, i.e. written notice, to the presiding officer of the governing body of each taxing unit in which the property to be subject of the agreement is located not later than the seventh day before the public hearing and publication in a newspaper of general circulation within such taxing jurisdiction not later than the seventh day before the public hearing. Before acting upon Application, Webb County shall, through public hearing, afford the Applicant and the designated representative of any governing body referenced hereinabove opportunity to

show cause why the abatement should or should not be granted.

- F. If a city within Webb County designates a reinvestment zone within its corporate limits and enters into or proposes to enter into an abatement agreement with a present or potential owner of taxable property, such present or potential owner of taxable property may request tax abatement by Webb County, but shall follow the same application process described in Section 3, et seq. hereof.
- G. Variance. Although a variance is not favored, exceptional circumstances may support a request for variance from the provisions of Section 2, in which case such request for a variance may be made in an application or other written form to the Commissioners' Court. Such request shall include all the items listed in Section 3(B) and may include a complete description of the circumstances which prompt the applicant to request a variance. The approval process for a variance request shall be identical to that for a standard application and may be supplemented by such additional requirements as may be deemed necessary by the Commissioners' Court. To the full extent permitted by applicable law, the Commissioners' Court shall have the authority to enter into an abatement agreement with terms and conditions that vary from the terms and conditions in these Guidelines, but only so long as the Commissioners Court determines that such variances are in the best interests of Webb County. Any terms or conditions contained in an abatement Agreement approved by the Commissioners' Court that vary from the terms and conditions in these Guidelines shall automatically be deemed to have been granted an approved variance by the Commissioners Court, shall be binding and enforceable as agreed to in the abatement Agreement, and shall control in the event of any inconsistency or conflict with these Guidelines. A variance granted to any applicant shall not be deemed a variance for any subsequent applicant.
- H. Confidentiality Required. Information that is provided to the County in connection with an application or request for Tax Abatement and that describes the specific processes or business activities to be conducted or the equipment or other property to be located on the property for which Tax Abatement is sought may be deemed as confidential and not subject to public disclosure only if specifically identified by the Applicant, and segregated from the remaining portions of the Application. Once the Tax Abatement Agreement is executed, all attachments to the Abatement Agreement shall become public. All information in the custody of a taxing unit after the Agreement is executed is Public Record, and not confidential.

Section 4 Affected Jurisdiction

- A. Should any Affected Jurisdiction be able to show cause in the public hearing why the granting of abatement by the County will have a substantial adverse effect on its bonds, tax revenue, service incapacity or the provision of service, that showing shall be considered by the Webb County Commissioners' Court when deciding to approve or disapprove of the application for tax abatement.
- B. Neither a reinvestment zone nor an abatement shall be authorized if it is determined that:
 - 1. There would be a substantial adverse effect on the provision of a government service or the tax base of an Affected Jurisdiction;
 - 2. The applicant has insufficient financial capacity to construct and operate the proposed

- facility or improvements;
- 3. The planned or potential use of the property would constitute a hazard to public safety, health, or morals; or
- 4. The planned or potential use of the property violate other governmental codes or laws.

Section 5 Agreement

A. After approval, the Commissioners Court of Webb County shall formally pass a Resolution and execute an agreement with the owner of the facility and Lessee as required which shall:

- 1. Include a list of the kind, number, location of all proposed improvements to the property and if this is not defined at the time of the agreement, then to be supplemented after construction of the facilities;
- 2. Provide access to and authorize inspection of the property by the taxing unit to ensure compliance with the agreement;
- 3. Develop the use of the property consistent with the taxing unit's developmental goals as stated in Section 2 H of the Webb County Tax Abatement Guidelines and Criteria;
- 4. Provide for recapturing property tax revenues that are lost if the owner fails to make improvements as provided by the agreement;
- 5. Include each term that was agreed upon with the property owner and require the owner of the facility to annually certify compliance with the terms of the agreement to each taxing unit; and
- 6. Allow the taxing unit to cancel the agreement after notice of default and opportunity to cure if the property owner fails to comply with the terms of the agreement.

B. The owner of the facility and Lessee shall also agree to the following:

- 1. A specified number of permanent full-time jobs at facility shall be created, and the owner and Lessee shall make reasonable efforts to employ persons who are residents of Webb County in such jobs provided, however, that there shall be no obligation to employ residents who are not:
 - a. equally or more qualified than nonresident applicants;
 - b. available for employment on terms and/or salaries comparable to those required by nonresident applicants; or
 - c. able to become qualified with 72 hours training provided by Owner.
- 2. Each person employed in such job shall perform a portion, if not all, of their work in Webb County.
- 3. Owner shall agree that it and its contractors, if any, will use reasonably commercial efforts to maximize its use of goods and services available through Webb County businesses in the construction, operation, and maintenance of the improvements and the project; provided, however, that there shall be no requirement to use goods and services provided by Webb County residents that are not:

- a. of similar quality to those provided by nonresidents; or
 - b. made available on terms and conditions (including pricing) comparable to those offered by nonresidents. Comparable price shall be defined as less than or equal to 100% (105% in cases of contracts with a gross value of not more than \$25,000.00) of the nonresident price for equivalent quality, conditions and terms.
4. Owner or its construction contractor, if any, shall designate a coordinator of local services who will act as liaison between any individuals, businesses, and contractors residing or doing business in Webb County who are interested in obtaining information about providing goods or services related to the construction of the project.
 5. Additionally, Owner or its construction contractor, if any, shall advertise in local newspapers in Webb County for local contractors to perform work on the construction of the project.
 6. Owner shall agree to maintain a viable presence (as below defined) within the reinvestment zone for a period of time, as set by the Webb County Commissioners Court, not to exceed twenty (20) years from the date that the abatement agreement first takes effect. For purposes hereof, "Maintain a Viable Presence" means (i) the operation of the Eligible Facilities, as the same may from time to time be expanded, upgraded, improved, modified, changed, remodeled, repaired, restored, reconstructed, reconfigured and/or reengineered, and (ii) the retention of not fewer than three (3) Qualifying Jobs as defined by Texas Tax Code Section 313.021(3)(E) to be located and performed, in part, within Webb County.
 7. On May 1st of each year that the agreement shall be in effect, Owner shall certify to the County Judge of Webb County, and to the governing body of each taxing unity, that Owner is in compliance with each applicable term set forth above.
 8. Additionally, the owner of the project:
 - a. Will be wholly responsible for all County roads and right-of-way (including bridges, culverts, ditches, etc.) and damage caused thereto as a result of the construction of or of an on-going maintenance and operations of the Abated Facility Site as well as associated facilities to the Abated Facility Site, including but not limited to, the following:
 - i. Cost to maintain the roads, if needed, utilized for construction of the Abated Facility Site in an effort to keep the road safe for the traveling public will be tracked by Webb County and invoiced on a regular basis to the Abatee.
 - ii. Cost to reconstruct the roadway, if needed, will be actual costs to repair the County roads and right-of-way incurred by the County and invoiced to the Abatee. These costs will include all construction costs as well as all related professional services for the repair work.
 - iii. Cost associated with the issuance of a County driveway permit, which shall be required in the event the project is accessed directly by a County Road. Owner agrees to promptly submit a completed County driveway permit application

- C. Such agreement shall normally be executed within sixty (60) days after the Applicant has forwarded all necessary information and documentation to the Commissioners Court.

Section 6 Recapture

- A. In the event that the company or individual:
 - 1. Allows its ad valorem taxes owed Webb County to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or contest; or
 - 2. Violates any of the terms and conditions of the abatement agreement and fails to cure during the cure period;
 - 3. The agreement then may be terminated and all taxes previously abated by virtue of the agreement will be recaptured and paid within thirty (30) days of the termination.
- B. Should Webb County determine that the company or individual is in default according to the terms and conditions of its agreement, Webb County shall notify the company or individual in writing at the address stated in the agreement, and if such is not cured within thirty (30) days from the date of such notice (cure period) then the agreement may be terminated.
- C. In the event that the applicant's facility is completed and begins producing products or services, but subsequently discontinues producing a product or service for any reason for a period of one year during the abatement period, other than because of fire, explosion, or other casualty, accident, natural disaster, or other event of force majeure, then the agreement shall terminate and so shall the abatement of the taxes for the calendar year during which the applicant's facility no longer produces. The taxes otherwise abated for that calendar year shall be paid to the County within sixty (60) days from the date of termination.

Section 7 Administration

- A. The Chief Appraiser of the Webb County Appraisal District will annually determine an assessment of the real and personal property comprising the reinvestment zone. Each year, the company or individual receiving abatement shall furnish the Appraiser with such information as may be necessary for the abatement. Once value has been established, the Chief Appraiser will notify the Commissioners Court of Webb County of the amount of the assessment.
- B. The Agreement shall stipulate that employees and/or designated representatives of Webb County will have access to the applicant's facilities within the reinvestment zone during the term of the abatement to inspect the facility to determine if the terms and conditions of the Agreement are being met. All inspections will be made only after the giving of reasonable notice and will only be conducted in a manner as to not unreasonably interfere with the construction and/or operation of the facility. All inspections will be made with one or more representatives of the applicant, and in accordance with its safety standards.
- C. Upon completion of construction, the designated representative of Webb County shall annually evaluate each facility receiving abatement to insure compliance with the agreement. A formal report shall be made to the Commissioners Court.
- D. Timely Filing. The County shall timely file, with the appropriate person, agency, department, or board of the State of Texas, all information required by the Tax Code.

Section 8 Assignment

- A. Abatement may be transferred and assigned by the holder to a new owner or lessee of the same facility only upon the approval by resolution of the Commissioners Court of Webb County subject to the financial capacity of the assignee and provided that all conditions and obligations in the abatement agreement are guaranteed by the execution of a new contractual agreement with Webb County. No assignment or transfer shall be approved if the parties to the existing agreement, the new owner or new lessee, are liable to any jurisdiction for outstanding taxes or other obligations.
- B. An assignment shall not serve to extend the termination date of the abatement Agreement with the original Applicant, owner or lessee. An assignment may not alter venue provisions of the original agreement.
- C. Approval of an assignment in conformity with this section shall not be unreasonably withheld.

Section 9 Venue

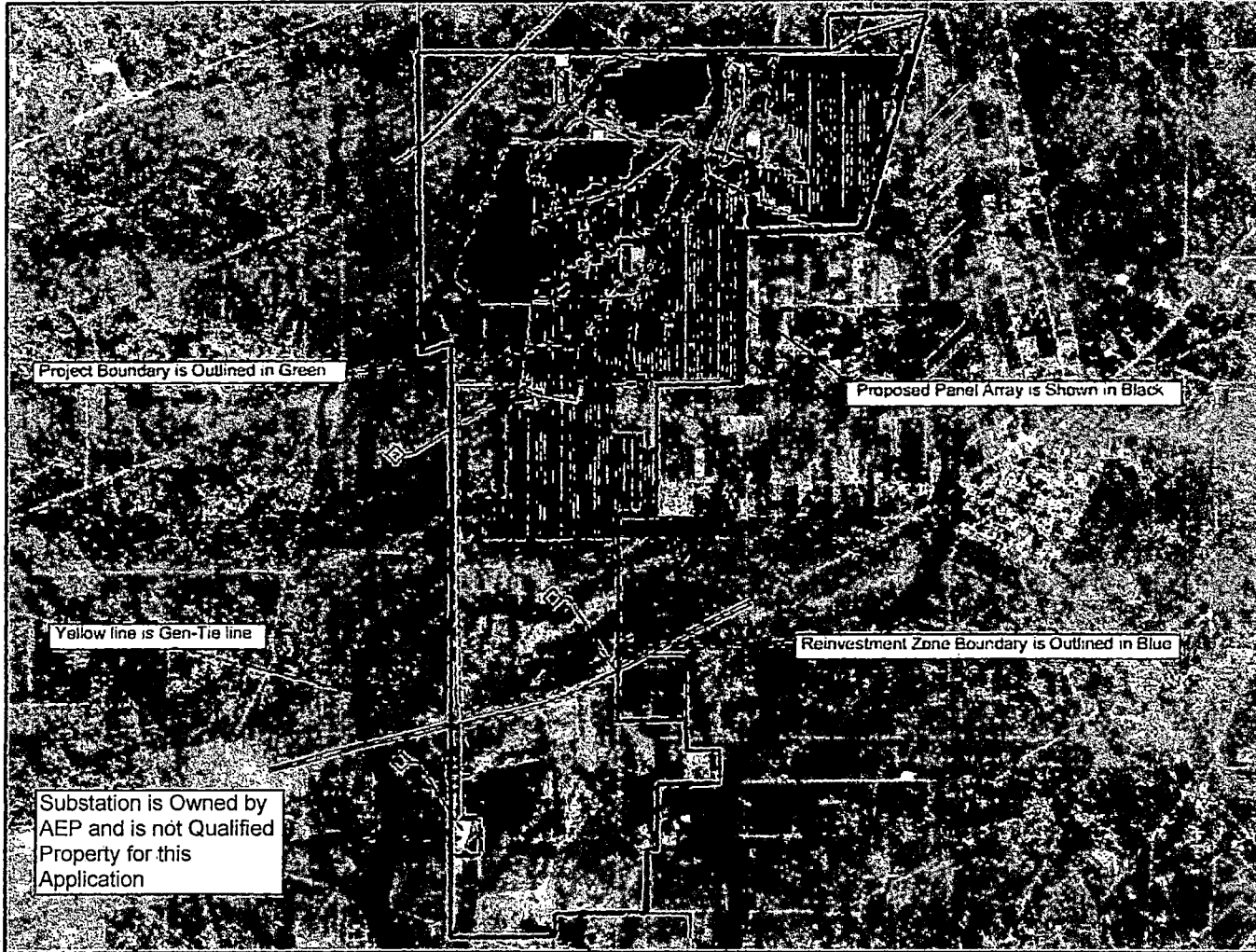
Any abatement agreement shall be conditioned upon venue for any disputes which may arise under the abatement agreement to be retained in courts of appropriate jurisdiction within Webb County, Texas, or appeals to Texas courts of appellate jurisdiction, or the United States District Court having Webb County, Texas within its original jurisdiction.

Section 10 Sunset Provision

These guidelines and criteria are effective upon the date of their adoption and will remain in force for two years unless amended by vote of the Commissioners Court of Webb County, at which time all reinvestment zones and tax abatement agreements created pursuant to these provisions will be reviewed to determine whether the goals have been achieved. Based on the review, the guidelines and criteria will be modified, renewed, or eliminated.

Attachment C

Attached is a description of the Site of the Project and Improvements.



TABLES

TABLE 1	PROJECT BOUNDARY
TABLE 2	REINVESTMENT ZONE BOUNDARY
TABLE 3	PROPOSED PANEL ARRAY
TABLE 4	GEN-TIE LINE
TABLE 5	PROPERTY LINES
TABLE 6	ADJACENT PROPERTIES
TABLE 7	UTILITIES
TABLE 8	ROADS
TABLE 9	WATERWAYS
TABLE 10	ENVIRONMENTAL SENSITIVE AREAS
TABLE 11	EXISTING BUILDINGS
TABLE 12	EXISTING UTILITIES
TABLE 13	EXISTING ROADS
TABLE 14	EXISTING WATERWAYS
TABLE 15	EXISTING ENVIRONMENTAL SENSITIVE AREAS
TABLE 16	EXISTING BUILDINGS
TABLE 17	EXISTING UTILITIES
TABLE 18	EXISTING ROADS
TABLE 19	EXISTING WATERWAYS
TABLE 20	EXISTING ENVIRONMENTAL SENSITIVE AREAS

BayWa r.e.
renewable energy

BayWa r.e.
Solar Projects LLC

Attachment D

LOCAL OUTREACH PLAN

A. In connection with the preparation, construction and operation of the Project and Improvements in Webb County, Owner and its agents shall make reasonable attempts to:

1. Utilize Webb County individuals and businesses for materials, labor and services, provided that nothing in this paragraph shall require Owner to use services and supplies that are not of similar quality to those provided by residents of businesses outside of Webb County or are not made available on terms and/or at prices comparable to those offered by residents or businesses outside of Webb County; and
2. In filling positions of employment connected with the Project and Improvements, Owner and its contractors and agents shall use commercially reasonable efforts to employ individuals who reside within the borders of Webb County, provided that nothing in this paragraph shall require Owner or its contractors or agents to employ Webb County residents who are not (i) equally or more qualified than nonresidents; or (ii) are not available for employment on terms and/or at salaries comparable to those required by nonresidents.

B. In no event shall Owner or its contractors discriminate against Webb County residents or businesses in employment or in the purchase of goods and services in connection with the construction and operation of the Project and Improvements in Webb County.

C. Owner and any contractors or agents which Owner plans to use to complete any phase of the development or operation of the Project and Improvements and who may require additional labor and/or services to complete said construction and/or operation, shall hold a job and contracting information session in Laredo, Texas, prior to beginning physical construction of the Project and Improvements at which information will be provided regarding the development and construction and hiring needs of the Project and Improvements.

Attachment E

COUNTY ROADS TO BE UTILIZED FOR PROJECT AND IMPROVEMENTS

Attachment F

LANDOWNER AGREEMENT

Sample Restoration Requirements

Sample A

6.7 Removal of Improvements. Within 9 months of any termination, surrender, or expiration of this Agreement, Lessee shall raze, and/or demolish and remove all Project Facilities, Transmission Facilities, and any other improvements, whether above ground or below, installed, constructed, or located on the Property, by Lessee or for Lessee's or the Project's benefit, to not less than four (4) feet below grade (except all concrete foundations must be removed regardless of their depth) and shall restore the surface of the Property as required by 6.7 (a), below. Lessee shall not have any obligation to remove any cables, lines, or conduit that is buried four (4) feet or more below-grade. The obligations and duties assumed by Lessee under this Section and any succeeding subsection shall survive the termination, surrender, or expiration of this Agreement.

(a) Restoration. Pursuant to Section 6.7, above, Lessee shall complete restoration of the surface of the Property, within 9 months of any termination, surrender, or expiration of this Agreement, to as near the Property's original condition as is reasonably practicable. [REDACTED]. Landlord hereby grants to Lessee a license to enter upon the Property to perform Lessee's restoration obligation. All restoration work shall be done by a restoration contractor and based on a contract in form and substance as reasonably approved by Landlord. In that regard, Lessee shall, at a minimum, perform the following work on the Property (collectively, "**Restoration**"): (i) remove all Project Facilities, Transmission Facilities and any other improvements to a depth of at least four (4) feet below the surface of the Property, except as otherwise provided in Section 6.7; (ii) backfill, pack, and level any trench, ditch, depressions, mounds, or ridges that were installed or created by Lessee; and (iii) disk and seed with five pounds per acre buffalo or native grass seed (as designated by Landowner). The obligations of the foregoing provisions of Section 6.7 and 6.7(a) shall survive the termination of this Agreement. In exercising Lessee's Construction Right and in complying with Lessee's Restoration obligations under this Agreement, Lessee will use the "double ditch" method; that is, topsoil will be removed first and stored separately from the subsurface soil; and filling will be in reverse order; that is, subsoil will be placed in the excavated area on top of the pipe, and the topsoil on the surface.

(b) Security for Removal & Restoration. On or before the 12th anniversary of the Generation Commencement Date, Lessee shall provide security to cover the estimated removal and restoration costs associated with removing the Project Facilities, Transmission Facilities, and all other improvements as well as the cost of restoring the surface of the Property in accordance with Section 6.7 & 6.7 (a), above. The security shall be, at Lessee's option, either a surety bond from an issuer reasonably acceptable to Landowner, a letter of credit issued by a financial institution acceptable to Landowner, a cash deposit, or other security reasonably acceptable to Landowner (the selected security being herein referred to as the "**Removal Bond**"). The amount of the Removal Bond shall be the estimated actual cost of removing the foregoing facilities and improvements and restoring the surface, less the salvage value of the Property Facilities and Transmission Facilities to be removed, as determined by the Third Party Expert. Once in place, Lessee shall keep such Removal Bond, or similar financial assurance, in force throughout the remainder of the Term of this Agreement. The amount of the Removal Bond shall be set and

updated every 5 years by agreement of the Parties, or, if the Parties cannot agree, based on an estimate provided by a disinterested third-party appraiser, construction company or engineer ("*Third Party Expert*") mutually selected by the Parties, or if the Parties cannot agree upon the selection of such a third-party, then by a disinterested appraiser, construction company or engineer selected by the district or county judge for the County. All costs associated with obtaining and updating the Removal Bond shall be borne entirely by Lessee. Landlord shall be permitted to draw upon such Removal Bond or other financial assurance in the event that Lessee fails to remove the facilities and other improvements and restore the Property as required pursuant to the terms of this Agreement.

Sample B

"6.7 Removal of Improvements. Within 9 months of any termination, surrender, or expiration of this Agreement, Lessee shall raze, and/or demolish and remove all Project Facilities, Transmission Facilities, and any other improvements, whether above ground or below, installed, constructed, or located on the Property, by Lessee or for Lessee's or the Project's benefit, to not less than four (4) feet below grade (except all concrete foundations must be removed regardless of their depth) and shall restore the surface of the Property as required by 6.7 (a), below. Lessee shall not have any obligation to remove any cables, lines, or conduit that is buried four (4) feet or more below-grade. The obligations and duties assumed by Lessee under this Section and any succeeding subsection shall survive the termination, surrender, or expiration of this Agreement.

(a) Restoration. Pursuant to Section 6.7, above, Lessee shall restore the surface of the Property, within 9 months of any termination, surrender, or expiration of this Agreement, to as near the Property's original condition as is reasonably practicable. In that regard, Lessee shall, at a minimum, perform the following work on the Property (collectively, "*Restoration*"): (i) remove all Project Facilities, Transmission Facilities and any other improvements to a depth of at least four (4) feet below the surface of the Property, except as otherwise provided in Section 6.7; (ii) backfill, pack, and level any trench, ditch, depressions, mounds, or ridges that were installed or created by Lessee; and (iii) disk and seed with five pounds per acre buffalo or native grass seed (as designated by Landowner). The obligations of the foregoing provisions of Section 6.7 and 6.7(a) shall survive the termination of this Agreement. In exercising Lessee's Construction Right and in complying with Lessee's Restoration obligations under this Agreement, Lessee will use the "double ditch" method; that is, topsoil will be removed first and stored separately from the subsurface soil; and filling will be in reverse order; that is, subsoil will be placed in the excavated area on top of the pipe, and the topsoil on the surface. [*Provisions regarding compensation to landowners redacted*]

(b) Security for Removal & Restoration. On or before the 12th anniversary of the Generation Commencement Date, Lessee shall provide security to cover the estimated removal and restoration costs associated with removing the Project Facilities, Transmission Facilities, and all other improvements as well as the cost of restoring the surface of the Property in accordance with Section 6.7 & 6.7 (a), above. The security shall be, at Lessee's option, either a surety bond from an issuer reasonably acceptable to Landowner, a corporate guarantee (from a financially responsible entity whose credit rating is investment grade; provided, if such entity's credit rating ceases to be investment grade, Lessee shall promptly replace such guarantee with a guarantee from a financially responsible entity whose credit rating is investment grade or with another form of security contemplated by this Section 6.7 (b)), a letter of credit issued by a financial institution acceptable to Landowner, a cash deposit, or other security reasonably acceptable to Landowner (the selected security being herein referred to as the "*Removal Bond*"). The amount of the Removal Bond shall be the estimated actual cost of removing the foregoing facilities and improvements and restoring the surface, less the salvage value of the Project Facilities and Transmission Facilities to be removed, as determined by the Third Party Expert. The amount of the Removal Bond shall be set and updated every 5 years by agreement of the Parties, or, if the Parties cannot agree, based on an estimate provided by a disinterested third-party appraiser, construction company or engineer ("*Third Party Expert*") mutually selected by the Parties, or if the Parties cannot agree upon the selection of such a third-party, then by a disinterested appraiser, construction company or engineer selected by the district or county judge for the County. All costs associated with obtaining the Removal Bond shall be borne entirely by Lessee."