

MARGIE N. HARRA  
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WEBB COUNTY, TEXAS

State of Texas §

County of Webb §

**Tax Abatement Agreement between** \_\_\_\_\_ BY MNH \_\_\_\_\_ DEPUTY  
**Webb County, Texas and Seven Flags BESS LLC**

This Tax Abatement Agreement (the “**Agreement**”) is made and entered into by and between Webb County, Texas (the “**County**”), acting through its duly elected officers, and Seven Flags BESS LLC, a Texas limited liability company, 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 Project and Improvements (including those that are still under construction), and states the actual Nameplate Capacity of Two Hour Storage of all components 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 have become commercially operational and placed into service for the purpose of storing electricity for sale on one or more commercial markets.
- I. "County Property Tax" means any and all current or future property taxes imposed by the County and is limited to Maintenance and Operations ("M&O") ad valorem taxes. County Property Tax does not include the County's and Interest and Sinking ("I&S") and Road District ("RD") Fund ad valorem taxes.
- J. "Default Notice" means a written notice delivered by one party to the other under Paragraph XI(A) of this Agreement. Default Notices must be delivered in accordance with the requirements of Paragraph XII of this Agreement.
- K. "Eligible Property" means property eligible for Abatement under the Guidelines and Criteria, including: new, expanded, or modernized buildings and structures; fixed machinery and equipment; electricity storage and transmission facilities; 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 with the exception of power generation equipment. 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.
- L. "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, pandemics, 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.



- M. "Guidelines and Criteria" means the *Guidelines and Criteria for Granting Tax Abatements in Reinvestment Zone(s)*, adopted by the Webb County Commissioners Court on July 25, 2022 (the "Guidelines and Criteria"), a copy of which is attached hereto as Attachment B to this Agreement.
- N. "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.
- O. "Local Outreach Plan" means the plan attached to this Agreement as Attachment D.
- P. "Nameplate Capacity" means the total or overall storage capacity of the energy storage system included in the Project and Improvements on the Site (as designated in AC units per hour), which is calculated by multiplying the total megawatts of the system by the hour capacity rating of the system.
- Q. "Notice of Abatement Commencement" has the meaning assigned in Paragraph IV(B)(6) of this Agreement.
- R. "Notices" means all notices, demands, or other communications of any type given in accordance with Paragraph XII, including Default Notices.
- S. "Owner," on the Effective Date, means Seven Flags BESS LLC, a Texas limited liability company, the entity that will own 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.
- T. "Payment In Lieu of Taxes" or "PILOT" means a payment made by Owner to the County described in Paragraph IV(F) of this Agreement.
- U. "Project and Improvements" means Eligible Property meeting the definition provided by Chapter 1 of the Texas Tax Code and includes, but is not limited to, electricity storage, transmission equipment, and any building, structure, or fixture erected on or

affixed to the land. Power generation is not a component of the Project and Improvements. Attachment G attached to this Agreement includes a list of equipment that is expected to be included in the Project and Improvements.

- V. "Reinvestment Zone(s)" means 1) the reinvestment zone(s), as that term is defined in Chapter 312 of the Texas Tax Code, created by Webb County to be known as the "Webb County Seven Flags BESS Reinvestment Zone Number 1" 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 13, 2023, a copy of which resolution is attached as Attachment A to this Agreement.
- W. "Site" means the portion of the Reinvestment Zone(s) leased or owned by Owner and on which Owner makes the Project and Improvements and installs and constructs the Eligible Property for which the Abatement is granted hereunder. The site is described in Attachment C to this Agreement.
- X. "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 utilizing lithium-ion batteries organized in modules to construct a 100-megawatt, two Hour Energy Storage Facility (the "Project and Improvements") within the designated Reinvestment Zone. The total estimated Nameplate Capacity is 200 megawatt-hours, AC. The total Nameplate Capacity will vary depending on the type of storage equipment used and the size of the Project and Improvements but shall at a minimum equal 180 megawatt-hours, 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 store electricity and perform other functions related to the storage, distribution, and transmission of electrical power, or that is otherwise related to the facility or its operations, including specifically the equipment listed in Attachment G to this Agreement. Parties acknowledge that power generation is not a component of the proposed project, and that any valuation attributable to power generation shall be subject to the County's full tax levy or a separate abatement agreement.
- C. Owner anticipates that the Project and Improvements will achieve Commercial Operations by no later than December 31, 2026. In the event that the Project and



Improvements do not achieve Commercial Operations before December 31, 2026, the County's sole remedy shall be to cancel this Agreement.

**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, 100% of 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% of 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 County Property Tax 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% of County Property Taxes;
  2. The foregoing percentage of County Property Taxes on the Certified Appraised Value of all eligible Project and 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 Base Year value for the proposed Project and Improvements is agreed to be zero.
  4. Owner shall provide County with a copy of the publicly available Amended Standard Generation Interconnection Agreement (SGIA) submitted to ERCOT within thirty (30) days after the COD
  5. Owner shall provide a Certificate evidencing the commencement date of commercial operations to the County and to the County Appraisal District within thirty (30) 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 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 PROJECT AND IMPROVEMENTS, LESS ANY PAYMENTS IN LIEU OF TAXES MADE AT ANY TIME TO THE COUNTY FOR THE REMOVED PROJECT AND 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 Owner's Eligible Property in the Reinvestment Zone(s) and (ii) the taxable value (taking into account the terms of the Abatement in this Agreement) of Owner's Eligible Property 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. Notwithstanding any of the foregoing, Owner at all times shall have the right to appeal, challenge, or protest appraisals of the Site, Improvements, and Eligible Property, including any portion thereof. Owner acknowledges that the outcome of any appeal, challenge, or protest appraisals on the Project and Improvements will have no effect on the annual PILOT payments as identified in Paragraph IV(F) of 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 amounts set forth in the table below per megawatt hour of the total Nameplate Capacity of Two Hour Storage 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>	Seven Flags BESS, LLC Two Hour Storage
	PILOT Amount - (per MWH of Nameplate Storage Capacity)
Year 1	\$700
Year 2	\$700
Year 3	\$700
Year 4	\$700
Year 5	\$700
Year 6	\$700
Year 7	\$700
Year 8	\$700
Year 9	\$700
Year 10	\$700

G. Annual PILOT remittances shall be made payable to Webb County, shall note the Project's name and corresponding PILOT year, and be mailed as follows:

County Judge  
 Webb County Courthouse  
 Attn. Civil Legal Division – PILOT Remittance  
 1000 Houston Street, Second Floor  
 Laredo, Texas 78040  
 Phone: 956-523-4600

H. Prior to the County's consideration of this Agreement at a regular called meeting of the Commissioners Court, Owner shall remit to County a fee of \$30,000.00 which shall be held in escrow and deposited only upon approval and execution of this Agreement.

**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 acquired property within the Reinvestment Zone. When the Project is decommissioned, Owner will comply with all applicable laws and regulations related to the same. Guidelines for decommissioning are included in Title 6, Chapter 302 of the Texas Utilities Code (the "Utilities Code"), which is provided in Attachment F.



## VI. Covenants

During the term of this Agreement, Owner shall:

- A. Separately identify labor and materials in any contracts for construction of the Project and Improvements in the taxable amount of \$250,000 or more for the purposes of determining sales and use tax pursuant to Section 151.056(b) of the Texas Tax Code resulting in the value of the materials being separately identified from other costs and state that the situs of any sales and use tax paid and related thereto will be to Webb County, Texas.
- B. Make a good faith effort to require all contractors and vendors of materials to be used in the construction of the Project and Improvements to make Webb County, Texas the situs of sales and use taxes; provided, however, Owner's commitments related to the selection of contractors and vendors is governed solely by the Local Outreach Plan.
- C. Deliver to County:
  1. Forty-five (45) days prior to the commencement of construction of the Project and Improvements;
    - i. Emergency response plan with enumerated time to respond on-site.
    - ii. Engineering drawings illustrating pre and post development topographic information.
    - iii. Hydrology studies listing required drainage structures that provide protection against excessive erosion damage.
    - iv. Internal site-road layouts and relevant site road construction drawings that document Owner's plans to construct all-weather access to accommodate the provision of emergency services, including fire protection.
    - v. Project's Geotechnical Report.
    - vi. Project's Phase 1 Environmental Site Assessment.
    - vii. Project's Stormwater Pollution Prevention Plan.
  2. Thirty (30) days prior to the delivery of any battery storage equipment:
    - i. List of materials used in the Battery Modules along with any Material Safety Data Sheets ("MSDS") or warnings that are

relevant to the handling, installation, or maintenance of the equipment.

- ii. In the event water is to be utilized as the primary fire suppression method, provide minimum water requirements along with a letter from the water supplier stating that sufficient water capacity is available for fire suppression purposes.
- iii. In the event water is to be utilized as the primary fire suppression method, provide the chemical composition of wastewater that hazardous material first responders will be required to remove.
- iv. Secondary containment drawings for battery storage containers.
- v. Internal fire suppression systems and all associated emergency action plans for upset conditions, to include thermal runaway parameters.
- vi. Documentation evidencing battery storage equipment meets or exceeds all TCEQ and EPA requirements for operation and upset conditions.
- vii. List of hazardous chemicals or fumes emitted during an upset condition and modeled exposure limits for a one-hundred-foot radius around the battery containers in the event of venting.
- viii. Decommissioning Plan to include expected useful life of project, triggering events, sequence of decommissioning, overview of system components, dismantling and removal of facilities, component recycling and salvaging, restoration of project site, and summary of estimated costs associated with decommissioning.

3. On or before May 1st of each Calendar Year after COD:

- i. Written certification of compliance with this Agreement.
- ii. Written certification of annual battery storage unit inspection and disposal, to be submitted in a form that is reasonably acceptable to County. Owner shall itemize all on-site battery storage units and certify that each unit has been inspected during the previous twelve months and is in good operating condition. For battery storage units that have been taken out of service during the previous twelve months, Owner shall certify that said disposal has been conducted in accordance with state and/or federal law.

## **VII. Representations**

The County and Owner make the following respective representations:

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- 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 comply with all relevant laws and regulations governing environmental toxicity emitted by the Project and Improvements ; and (ix) Owner agrees that any assignment of this agreement shall be preceded by the written notice and consent of the County and that said assignment shall include a commitment by the successor and/or assignee to and be bound 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.

**VIII. 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 listed in 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;
  3. Costs associated with the issuance of a County driveway permit and not to exceed \$500.00, 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. Owner agrees to promptly submit a completed County driveway permit application to the precinct Commissioner;
  4. Subject to County approval, which shall not be unreasonably withheld, Owner may conduct dust control and grading activities on County Roads utilized for the Project and Improvements; and
  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.

### **IX. 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 (x) excused by the occurrence of an event of Force Majeure or (y) 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 IX(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 IX(A) above to cure any default. If Owner provides notice to the County of the existence of a Lender under Paragraph XI(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, 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 IX(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.

**X. 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.

**XI. 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, which shall not be unreasonably withheld, shall be a default under this Agreement subject to the notice provisions 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 XI(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 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 require the consent of the County. However, Owner shall provide the County with written notice of any such assignment within thirty (30) days after completion of the assignment.
- D. Upon any assignment and assumption under Paragraph XI(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 XI(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 owed 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 XI(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. 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.

## XII. 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, by facsimile transmission, or by electronic mail. 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 and electronic mail notices 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 Paragraph IX(F). All Notices (including Default Notices) shall be mailed or delivered to the following addresses:

To the Owner:                   Seven Flags BESS, LLC  
  Attn. Asset Management  
  Attn. Haley Larabee  
  3402 Pico Blvd.  
  Santa Monica, CA 90405  
  Telephone: (310) 581-6299  
  [haley.larabee@ccrenew.com](mailto:haley.larabee@ccrenew.com)

To the County:                   County Judge



Webb County Courthouse  
1000 Houston Street, Second Floor  
Laredo, Texas 78040  
Phone: 956-523-4618  
Email: nbratton@webbcountytx.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.

### **XIII. 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.

### **XIV. 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 the County.

### **XV. 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.

### **XVI. Guidelines and Criteria**

This Agreement is entered into by the parties consistent with the Guidelines and Criteria.

### **XVII. 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

Tax Abatement Agreement  
Webb County, Texas - Seven Flags BESS LLC  
December 13, 2023  
Page 17 of 20

written or oral, between the parties. This Agreement has not been executed in reliance upon any representation or promise, except those contained herein.

#### **XVIII. 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.

#### **XIX. Local Outreach Plan**

Owner shall comply with the provisions of the Local Outreach Plan.

#### **XX. Counterparts**

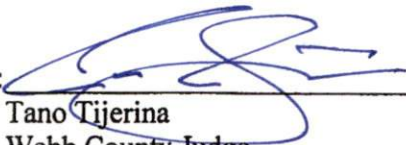
This Agreement may be executed in any number of counterparts and by the parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but such counterparts together shall constitute one and the same instrument.

[Remainder of this page intentionally blank]

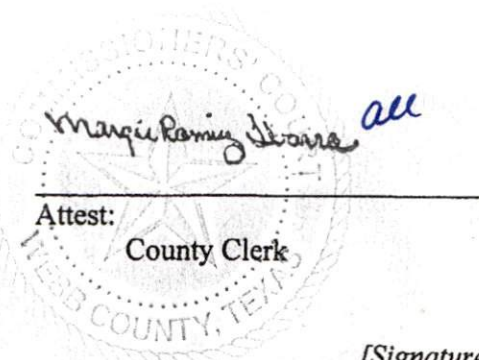


IN TESTIMONY OF WHICH, THIS AGREEMENT has been executed by the County as authorized by the County Commissioners Court and executed by the Owner on the respective dates shown below.

**WEBB COUNTY, TEXAS**

By:   
Tano Tijerina  
Webb County Judge


Date: 2/3/24

  
*Marqui Roming Stearns* *all*  
Attest:  
County Clerk

*[Signatures continue next page]*

**OWNER:**

**Seven Flags BESS, LLC**

By:  \_\_\_\_\_

Date: 2/2/2024

Print Name: Haley Larabee

Print Title: Authorized Person



**Attachment A**

Attached is the Order Designating the Webb County Seven Flags BESS Reinvestment Zone Number 1

Tax Abatement Agreement  
Webb County, Texas, Seven Flags BESS LLC

FILED  
3 NOV 20 AM 10:47  
WEBB COUNTY, TEXAS  
BY *all*

State of Texas§

Webb County§

**ORDER No. 11-13-2023-18  
WEBB COUNTY COMMISSIONERS COURT  
WEBB COUNTY**

DESIGNATING AND ESTABLISHING A REINVESTMENT ZONE TO BE KNOWN AS THE WEBB COUNTY SEVEN FLAGS BESS REINVESTMENT ZONE 1 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 July 25, 2022 (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

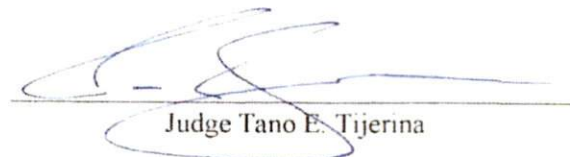
**WHEREAS**, all interested members of the public were given an opportunity to make comment at the public hearing.



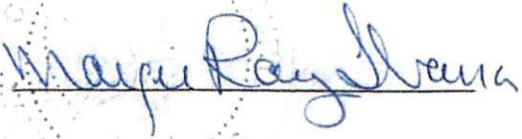
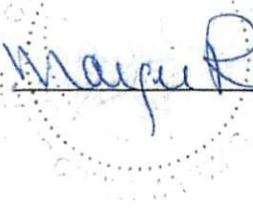
**NOW, THEREFORE, BE IT ORDERED**, by the Commissioners Court of Webb County, that:

1. The County hereby designates 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 created by this Order to include the real property described in Exhibit A shall be known as the "Webb County Seven Flags BESS Reinvestment Zone 1."
3. That the Webb County Seven Flags BESS Reinvestment Zone 1. 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.

**ADOPTED AND ORDERED BY THE WEBB COUNTY COMMISSIONERS COURT ON THIS THE 13<sup>th</sup> DAY OF NOVEMBER, 2023.**

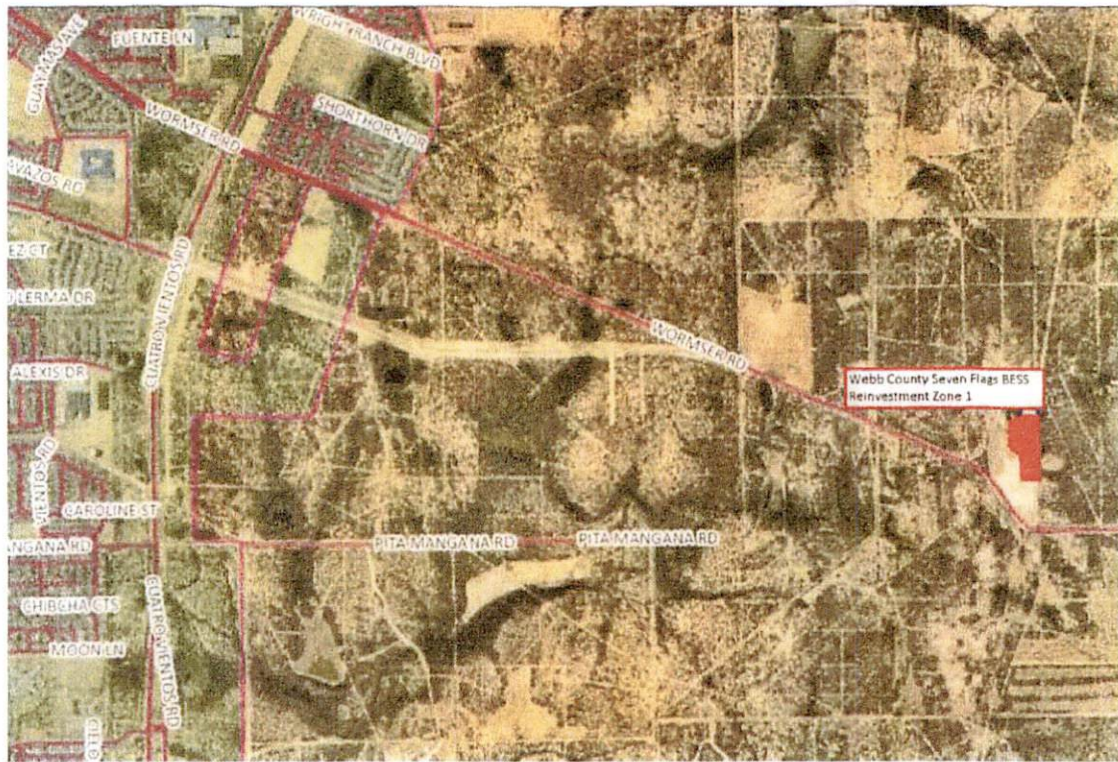
  
Judge Tano E. Tijerina

ATTEST:  
Margie Ramirez Ibarra  
Webb County Clerk

By:   




**Exhibit A**  
**Property Included in the Reinvestment Zone**



Parcel No. (Property ID)	Acres	County	Owner Name	Legal
800482	4.08	Webb	Seven Flags BESS LLC	ABST 594 SUR 2149 R R RAINS 4.08 ACRES
800483	0.92	Webb	Seven Flags BESS LLC	ABST 0546 POR 35 J M DIAZ SH 2 0 92 ACRES
<b>Total</b>	<b>5.00</b>			

**Attachment B**

Attached is a copy of the Guidelines and Criteria for Granting Tax Abatements.

Tax Abatement Agreement  
Webb County, Texas, Seven Flags BESS LLC  
December 13, 2023



DEE W. BARNETT  
COUNTY CLERK  
FILED

State of Texas §

Webb County §

2022 JUL 26 AM 11:54

WEBB COUNTY, TEXAS

**RESOLUTION 07-25-2022-21  
WEBB COUNTY COMMISSIONERS COURT  
WEBB COUNTY, TEXAS**

BY All DEPUTY

**ELECTING TO PARTICIPATE IN TAX ABATEMENTS AND  
ADOPTING GUIDELINES AND CRITERIA GOVERNING TAX  
ABATEMENT FOR ECONOMIC DEVELOPMENT  
PROSPECTS IN THE COUNTY OF WEBB**

**WHEREAS**, Webb County is committed to enhancing the competitiveness and the expansion potential of the County; to attracting and encouraging new industry and investment; to improving Webb County and its infrastructure which attracts and supports development; expanding the tax base, local employment opportunities, and the overall quality of life for its citizens; and

**WHEREAS**, the Webb County Commissioners Court is authorized to develop and administer a program to stimulate business and commercial activity in Webb County pursuant to Chapter 381 Texas Local Government Code Section 381.004 (g) and Chapter 312 and the Texas Tax Code and other applicable statutes; and

**WHEREAS**, Webb County can develop and administer a program to stimulate and encourage business activity in Webb County in order to create more job opportunities, build the sales and property tax base and promote a partnership relationship with the private sector businesses that will bring capital intensive projects to Webb County by electing to become eligible to participate in tax abatements under Chapter 312 of the Texas Tax Code and Texas Local Government Code, Section 381.004(g); and

**WHEREAS**, the enactment of policy guidelines, criteria and methodology governing tax abatements will assist the County in the achieving its objectives of creating jobs for the citizens of the County, building the tax base of the County, and providing an attractive environment for businesses to build capital intensive projects within a Reinvestment Zone; and

**WHEREAS**, the adoption of policy guidelines, criteria and methodology governing tax abatements is required and will contribute to accomplishing Webb County's objectives; and

**WHEREAS**, State statute allows and provides for but does not obligate or require the County to grant a tax abatement on the value added to a particular property on account of a specific development project; and

**WHEREAS**, Webb County elects to become eligible to participate in tax abatements under Chapter 312 of the Texas Tax Code and Texas Local Government Code, Section 381.004(g); and

**WHEREAS**, in order for the County to enter into tax abatement agreements, the County has established guidelines and criteria governing tax abatements; and

**WHEREAS**, the Webb County Commissioners Court desires to adopt the 2022 Tax Abatement Guidelines and Criteria; and,

**WHEREAS**, the Webb County Commissioners Court elects to continue to be eligible to participate in tax abatement.

**NOW THEREFORE BE IT RESOLVED BY THE WEBB COUNTY COMMISSIONERS COURT THAT:**

- Section 1 Webb County elects continue to participate in tax abatements under Chapter 312 of the Texas Tax Code and Texas Local Government Code, Section 381.004(g)
- Section 2 Webb County adopts the 2022 Tax Abatement Guidelines and Criteria attached hereto and incorporated herein by reference as if set out in full for all intents and purposes.
- Section 3 Notwithstanding the implementation of this tax abatement program Webb County is not obligated or required to grant any tax abatement.

**ADOPTED BY THE WEBB COUNTY COMMISSIONERS COURT ON THIS THE 25<sup>TH</sup> DAY OF JULY, 2022.**

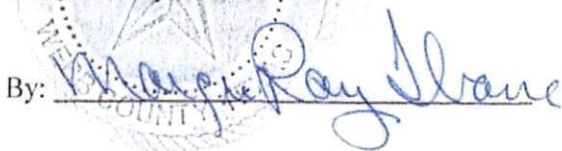


Tano E. Tijerina  
Webb County Judge

ATTEST:

Margie Ramirez Ibarra  
Webb County Clerk

By:





**Webb County**

**Tax Abatement Guidelines and Criteria**

**Adopted July 25, 2022**

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## Webb County

### Tax Abatement Guidelines and Criteria

Adopted July 25, 2022

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 July 25, 2022 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 of 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 a copy to 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.

Tax Abatement Agreement  
Webb County, Texas, Seven Flags BESS LLC  
December 13, 2023

**Attachment C Seven Flags BESS****Site Description**

<b>Parcel No. (Property ID)</b>	<b>Acres</b>	<b>County</b>	<b>Owner Name</b>	<b>Legal Description</b>
800482	4.08	Webb	Seven Flags BESS,LLC	ABST 594 SUR 2149 R R RAINS 4.08 ACRES
800483	0.92	Webb	Seven Flags BESS,LLC	ABST 0546 POR 35 J M DIAZ SH 2 0.92 ACRES
<b>Total</b>	<b>5.00</b>			

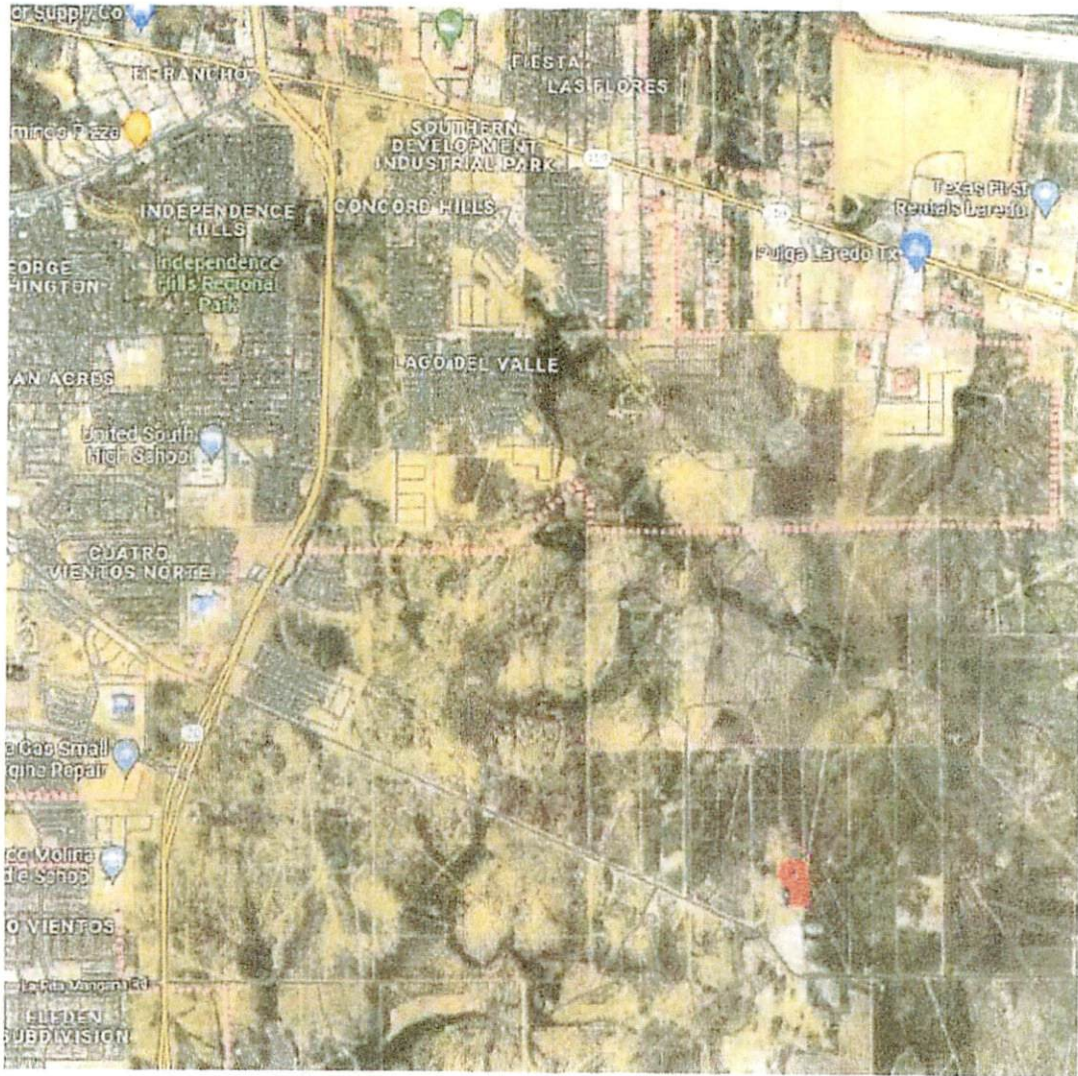


Proposed Project or Facility Address, Including Map and Property Description





Proposed Project or Facility Address, Including Map and Property Description





**Attachment D**

Attached is the Local Outreach Plan.

Tax Abatement Agreement  
Webb County, Texas, Seven Flags BESS LLC  
December 13, 2023

### LOCAL OUTREACH PLAN

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

1. Utilize qualified and experienced 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 qualified and experienced 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; and (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 of the Project and Improvements in Webb County.

C. Owner and its general contractor for the construction of the Project and Improvements and who may require additional labor and/or services to complete said construction, 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 construction and hiring needs of the Project and Improvements.

D. Notwithstanding the forgoing, Webb County acknowledges that Owner shall engage a nationally recognized battery storage plant contractor to act as the general/prime contractor of the Project and Improvements, and that Owner or such contractor shall procure specialty equipment and specialty materials, including but not limited to inverters, transformers, modules, and trackers, directly from the manufacturers or distributors of such equipment and materials. The parties agree that such actions shall not in any way violate this Local Outreach Plan.

E. Owner conclusively shall be deemed to comply with this Local Outreach Plan so long as it holds a job and contracting information session as described in paragraph C above and actively solicits proposals from Local contractors or subcontractors and makes its selection using reasonable discretion based on economic, commercial, practical, or similar considerations.



**Attachment E**

County Roads to be utilized by Owner during the development of the Project and Improvements include and are limited to:

1. Wormser Road / Eistetter Road
2. Cuatro Vientos Blvd
3. Lardo Ranchettes

**Attachment F**

Attached is Title 6, Chapter 302 of the Texas Utilities Code

Tax Abatement Agreement  
Webb County, Texas, Seven Flags BESS LLC  
December 13, 2023



UTILITIES CODE

TITLE 6. PRIVATE POWER AGREEMENTS

CHAPTER 302. SOLAR POWER FACILITY AGREEMENTS

Sec. 302.0001. DEFINITIONS. In this chapter:

(1) "Grantee" means a person, other than an electric utility, as defined by Section 31.002, who:

- (A) leases property from a landowner; and
- (B) operates a solar power facility on the property.

(2) "Solar energy device" has the meaning assigned by Section 185.001.

(3) "Solar power facility" includes:

- (A) a solar energy device; and
- (B) a facility or equipment, other than a facility or equipment owned by an electric utility, as defined by Section 31.002, used to support the operation of a solar energy device, including an underground or aboveground electrical transmission or communications line, an electric transformer, a battery storage facility, an energy storage facility, telecommunications equipment, a road, a meteorological tower, or a maintenance yard.

(4) "Solar power facility agreement" means a lease agreement between a grantee and a landowner that authorizes the grantee to operate a solar power facility on the leased property.

Added by Acts 2021, 87th Leg., R.S., Ch. 582 (S.B. 760), Sec. 2, eff. September 1, 2021.

Sec. 302.0002. APPLICABILITY. This chapter applies only to a solar power facility that is a generation asset as defined by Section 39.251.

Added by Acts 2021, 87th Leg., R.S., Ch. 582 (S.B. 760), Sec. 2, eff. September 1, 2021.

Sec. 302.0003. WAIVER VOID; REMEDIES. (a) A provision of a solar power facility agreement that purports to waive a right or exempt a grantee from a liability or duty established by this chapter is void.

(b) A person who is harmed by a violation of this chapter is entitled to appropriate injunctive relief to prevent further violation of this chapter.

(c) The provisions of this section are not exclusive. The remedies provided in this section are in addition to any other procedures or remedies provided by other law.

Added by Acts 2021, 87th Leg., R.S., Ch. 582 (S.B. 760), Sec. 2, eff. September 1, 2021.

Sec. 302.0004. REQUIRED AGREEMENT PROVISIONS ON FACILITY REMOVAL. (a) A solar power facility agreement must provide that the grantee is responsible for removing the grantee's solar power facilities from the landowner's property and that the grantee shall, in accordance with any other applicable laws or regulations, safely:

(1) clear, clean, and remove from the property each solar energy device, transformer, and substation;

(2) for each foundation of a solar energy device, transformer, or substation installed in the ground:

(A) clear, clean, and remove the foundation from the ground to a depth of at least three feet below the surface grade of the land in which the foundation is installed; and

(B) ensure that each hole or cavity created in the ground by the removal is filled with soil of the same type or a similar type as the predominant soil found on the property;

(3) for each buried cable, including power, fiber-optic, and communications cables, installed in the ground:

(A) clear, clean, and remove the cable from the ground to a depth of at least three feet below the surface grade of the land in which the cable is installed; and

(B) ensure that each hole or cavity created in the ground by the removal is filled with soil of the same type or a similar type as the predominant soil found on the property; and

(4) clear, clean, and remove from the property each overhead power or communications line installed by the grantee on the property.

(b) The agreement must provide that, at the request of the landowner, the grantee shall:

(1) clear, clean, and remove each road constructed by the grantee on the property; and

(2) ensure that each hole or cavity created in the ground by the removal is filled with soil of the same type or a similar type as the predominant soil found on the property.

(c) The agreement must provide that, at the request of the landowner, if reasonable, the grantee shall:

(1) remove from the property all rocks over 12 inches in diameter excavated during the decommissioning or removal process;



(2) return the property to a tillable state using scarification, V-rip, or disc methods, as appropriate; and

(3) ensure that:

(A) each hole or cavity created in the ground by the removal is filled with soil of the same type or a similar type as the predominant soil found on the property; and

(B) the surface is returned as near as reasonably possible to the same condition as before the grantee dug holes or cavities, including by reseeding pastureland with native grasses prescribed by an appropriate governmental agency, if any.

(d) The landowner shall make a request under Subsection (b) or (c) not later than the 180th day after the later of:

(1) the date on which the solar power facility is no longer capable of generating electricity in commercial quantities; or

(2) the date the landowner receives written notice of intent to decommission the solar power facility from the grantee.

Added by Acts 2021, 87th Leg., R.S., Ch. 582 (S.B. 760), Sec. 2, eff. September 1, 2021.

Sec. 302.0005. REQUIRED AGREEMENT PROVISIONS ON FINANCIAL ASSURANCE. (a) A solar power facility agreement must provide that the grantee shall obtain and deliver to the landowner evidence of financial assurance that conforms to the requirements of this section to secure the performance of the grantee's obligation to remove the grantee's solar power facilities located on the landowner's property as described by Section 302.0004. Acceptable forms of financial assurance include a parent company guaranty with a minimum investment grade credit rating for the parent company issued by a major domestic credit rating agency, a letter of credit, a bond, or another form of financial assurance reasonably acceptable to the landowner.

(b) The amount of the financial assurance must be at least equal to the estimated amount by which the cost of removing the solar power facilities from the landowner's property and restoring the property to as near as reasonably possible the condition of the property as of the date the agreement begins exceeds the salvage value of the solar power facilities, less any portion of the value of the solar power facilities pledged to secure outstanding debt.

(c) The agreement must provide that:

(1) the estimated cost of removing the solar power facilities from the landowner's property and restoring the property to as near as reasonably possible the condition of the property as of the date the agreement begins and the estimated salvage value of the solar



power facilities must be determined by an independent, third-party professional engineer licensed in this state;

(2) the grantee must deliver to the landowner an updated estimate, prepared by an independent, third-party professional engineer licensed in this state, of the cost of removal and the salvage value:

(A) on or before the 10th anniversary of the commercial operations date of the solar power facilities; and

(B) at least once every five years after the commercial operations date of the solar power facilities for the remainder of the term of the agreement; and

(3) the grantee is responsible for ensuring that the amount of the financial assurance remains sufficient to cover the amount required by Subsection (b), consistent with the estimates required by this subsection.

(d) The grantee is responsible for the costs of obtaining financial assurance described by this section and costs of determining the estimated removal costs and salvage value.

(e) The agreement must provide that the grantee shall deliver the financial assurance not later than the earlier of:

(1) the date the solar power facility agreement is terminated; or

(2) the 20th anniversary of the commercial operations date of the solar power facilities located on the landowner's leased property.

(f) For purposes of this section, "commercial operations date" means the date on which the solar power facilities are approved for participation in market operations by a regional transmission organization and does not include the generation of electrical energy or other operations conducted before that date for purposes of maintenance and testing.

(g) The grantee may not cancel financial assurance before the date the grantee has completed the grantee's obligation to remove the grantee's solar power facilities located on the landowner's property in the manner provided by this chapter, unless the grantee provides the landowner with replacement financial assurance at the time of or before the cancellation. In the event of a transfer of ownership of the grantee's solar power facilities, the financial security provided by the grantee shall remain in place until the date evidence of financial security meeting the requirements of this chapter is provided to the landowner.

Added by Acts 2021, 87th Leg., R.S., Ch. 582 (S.B. 760), Sec. 2, eff. September 1, 2021.

**Attachment G**

Attached is the List of Anticipated Equipment for the Project and Improvements

## **Attachment G**

Seven Flags anticipates constructing a 100-megawatt, two (2) hour lithium-ion battery storage facility. Additional improvements for the project will include but are not limited to battery containers, large storage racks, HVAC system, electrical transmission cables, transformers, inverters, and any other equipment necessary to safely store, maintain, and dispatch power to the electrical grid