

State of Texas §
 §
Young County §

Tax Abatement Agreement between Young County, Texas and Tapaderos Solar, LLC

This Tax Abatement Agreement (the “**Agreement**”) is made and entered into by and between Young County, Texas (the “**County**”), acting through its duly elected officers, and Tapaderos Solar, LLC, a Delaware 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) tax rates and corresponding ad valorem taxes on property in a Reinvestment Zone(s) as provided herein.
- 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. “Battery Energy Storage Resource” means an electrochemical device, whether connected at the transmission or distribution level, that charges from the grid or a co-located generation resource and discharges that energy at a later time.
- E. “Calendar Year” means each year beginning on January 1 and ending on December 31.
- F. “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 Generation and the actual Nameplate Capacity of Two-Hour Storage of the Project and Improvements.
- G. “Certified Appraised Value,” means the appraised value, for property tax purposes, of Owner’s Eligible Property (including the Project and Improvements) within the

Court on April 8th, 2024 (the "Guidelines and Criteria"), a copy of which is attached hereto as Attachment B to this Agreement.

- O. "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.
- P. "Local Outreach Plan" means the plan attached to this Agreement as Attachment D.
- Q. "Nameplate Capacity of Generation" means the total or overall generating capacity of the photovoltaic solar panels included in the Project and Improvements on the Site (as designated in Megawatt [MW] AC units).
- R. "Nameplate Capacity of Two-Hour Storage" means the total or overall two-hour storage capacity of the energy storage system included in the Project and Improvements on the Site, as designated in MW AC units per hour [MWH], which is calculated by multiplying the total MW of installed Rated Power Capacity by Two.
- S. "Rated Power Capacity" is the number of MW of maximum instantaneous power discharge capability that the Project and Improvements can achieve, starting from a fully charged state.
- T. "Notice of Abatement Commencement" has the meaning assigned in Paragraph IV(B)(5) of this Agreement.
- U. "Notices" means all notices, demands, or other communications of any type given shall be given in accordance with Paragraph XII, including Default Notices.
- V. "Owner," on the Effective Date, means Tapaderos Solar, LLC, a Delaware limited liability company, the entity that owns the Eligible Property for which the Abatement is being granted, and also includes any assignee or successor-in-interest of such party. An "Affiliate" of an Owner means any entity that directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with such Owner. For purposes of this definition, "control" of an entity means (i) the ownership, directly or indirectly, of fifty percent (50%) or more of the voting rights in a company or other legal entity or (ii) the right to direct the management or operation of such entity whether by ownership (directly or indirectly) of securities, by contract or otherwise.
- W. "Payment In Lieu of Taxes" or "PILOT" means a payment made by Owner to the County described in Paragraph IV(E) of this Agreement.
- X. "Project and Improvements" means Eligible Property meeting the definition for improvements provided by Chapter 1 of the Texas Tax Code and includes, but is not

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 Tax 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 the 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 Tax on the Certified Appraised Value of all eligible Project and Improvements described in the Certificate (and actually in place in the Reinvestment Zone(s) 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

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(E) of this Agreement

- E. If the Project and Improvements are constructed and the COD is achieved, Owner agrees to make an annual PILOT to the County in the amount set forth in the table below for each year of the Abatement Period. Each PILOT described in this Paragraph IV(E) shall be due on January 31st of the Calendar Year following the Calendar Year for which the Abatement applies, and Owner shall pay a late charge of \$300 per day for PILOTs received after January 31st. By way of illustration, if Year 1 of the Abatement Period is 2028, then the PILOT owed for 2028 shall be due and payable on January 31, 2029. There shall be a total of ten (10) PILOTs under this Agreement.

<u>Year of Abatement Period</u>	Tapaderos Solar, LLC	Tapaderos Solar, LLC
	PILOT Amount - (Per MW AC of Nameplate Capacity of Generation Capacity) ¹ .	PILOT Amount - (per MWH of Nameplate Capacity of Two-Hour Storage) ² .
Year 1	\$2,439	\$1,028
Year 2	\$2,439	\$1,028
Year 3	\$2,439	\$1,028
Year 4	\$2,439	\$1,028
Year 5	\$2,439	\$1,028
Year 6	\$2,439	\$1,028
Year 7	\$2,439	\$1,028
Year 8	\$2,439	\$1,028
Year 9	\$2,439	\$1,028
Year 10	\$2,439	\$1,028

- i. By way of illustration, a 300 MW Solar Generation Facility has a Nameplate Capacity of Generation of 300 megawatts; and the corresponding annual PILOT is \$731,713 (300 x \$2,439).
- ii. By way of illustration, a 200 MW Two-Hour Energy Storage Facility has a Nameplate Capacity of Two-Hour Storage of 400 megawatt hours; and the corresponding annual PILOT is \$411,200 (400 x \$1,028).

resulting in the value of the materials being separately identified from other costs and designating the County as the situs of any sales and use tax paid and related thereto.

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 Young County, Texas the situs of sales and use taxes.

C. Deliver to County:

1. Forty-five (45) days prior to the commencement of construction of the Project and Improvements.
 - i. An exterior buffer plan providing a minimum 75-foot distance between the property line and the Project and Improvements and a screening plan for equipment located within five hundred feet of a business or residence.
 - 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. Battery energy storage resource documentation certifying compliance with the applicable standards for design, installation, operation, and safety per Chapter 187 of the Texas Utilities Code, including site layout, manufacturer specifications, UL 9540A report and any UL listings and associated documentation, National Fire Protection Association standards and associated documentation, electrical drawings, monitoring procedures and fire protection system documentation.
 - v. Internal site-road layouts and relevant site-road construction drawings that document Owner's plans to provide all-weather access to the Project and Improvements.
 - vi. Project's Vegetation Control Plan to include fire risk mitigation at the perimeter of the Project and Improvements and chemicals planned for application, if applicable.
 - vii. Project's Geotechnical Report.
 - viii. Project's Phase 1 Environmental Site Assessment.
 - ix. Project's Stormwater Pollution Prevention Plan.
 - x. Copies of any Material Safety Data Sheets ("MSDS") or warnings that are relevant to the handling, installation, or maintenance of the solar

between County, first responders and emergency contacts designated by Owner;

- g. Emergency operations protocols to ensure safety during critical events, including protocols that provide for the safety of nearby residents, neighboring properties, and first responders.
 - h. Provide the site-specific emergency operations plan developed under Subsection (c) of Section 187.004 of Subtitle B, Title 4 of the Texas Utilities Code to County and the local first responder that is responsible for providing fire protection services in the area in which the facility is located;
 - i. Maintain safety data sheets or comparable documents and the site-specific emergency operations plan at an on-site location accessible to personnel responsible for the operations and maintenance of the battery energy storage facility and first responders; and
 - j. Offer to local first responders, at no cost to the responders, education and annual training regarding responding to an equipment failure incident at the battery energy storage facility site, including training on specific characteristics of battery energy storage technology, training on protecting first responders during incident response, training on hazards commonly associated with incident response, and training on incident response protocols, including an overview of the site-specific emergency operations plan, and an on-site review of the perimeter, major equipment, and ingress and egress to the site.
3. Sixty (60) days after the date that the Project and Improvements commence Commercial Operations.
- i. Owner shall provide a Certificate evidencing the commencement date of commercial operations to the County and to the County Appraisal District. 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.
4. Owner shall, on or before May 1 of each Calendar Year after COD certify annually to the County its compliance with this Agreement by providing a written statement of compliance to the County Judge. The annual certification shall include a listing of Project and Improvement costs prepared in accordance

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, storage, distribution, dispatch, 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.) and TXDOT roads, 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 and TXDOT to maintain roads and rights-of-way utilized for construction of the Project and Improvements in an effort to keep the road safe for the traveling public will be tracked by Young County and TXDOT and damage caused by Owner shall be reasonably documented by Young County and TXDOT, 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 roads and rights-of-way, and will be limited to actual repair costs incurred by the County and TXDOT 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. If applicable, costs associated with the issuance of a County driveway permit, which shall be required in the event the Project and Improvements are accessed directly by a County Road, shall be paid by Owner within thirty days of receipt of billing. Owner agrees to promptly submit a completed County driveway permit application to the precinct Commissioner.

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

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

B. Owner shall allow the County's employees and consultants access to the Site for the purpose of inspecting the Project and Improvements erected to ensure that the same are conforming to the minimum specifications of this Agreement and to ensure that all terms and conditions of this Agreement are being met. All such inspections shall

or difference when such course is inadvisable in the reasonably exercised discretion of the affected party.

- C. The County shall notify Owner 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.
- 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, plus penalties and interest at the statutory rate for delinquent taxes as determined by Sections 26.15 and 33 of the Tax Code, as amended, 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 and further agrees that any amounts paid after this sixty (60) day period shall include a daily late fee of \$300.00 up to the date payment in full is received by County.
- 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 COURT COSTS, ATTORNEYS' FEES, PENALTIES AND INTEREST AT THE STATUTORY RATE FOR DELINQUENT TAXES AS DETERMINED BY SECTIONS 26.15 AND 33 OF THE TAX CODE, AS AMENDED, 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 AND ALL PROPERTY TAX WHICH WOULD HAVE BEEN ASSESSED AGAINST THE PROPERTY AND IMPROVEMENTS FROM THE EFFECTIVE DATE AND WHICH WOULD HAVE BEEN DUE AND PAYABLE TO COUNTY AS IF THIS AGREEMENT NEVER EXISTED, INCLUDING ALL PENALTIES AND INTEREST RELATED TO LATE PAYMENT OF TAXES THROUGH THE DATE PAYMENT IS RECEIVED BY COUNTY. SHOULD COUNTY NOT RECEIVE SUCH PAYMENT WITHIN SIXTY (60) DAYS OF TERMINATION OF THIS AGREEMENT, COUNTY MAY MAKE WRITTEN DEMAND TO OWNER FOR CUMULATIVE PAYMENT OF UNPAID TAXES, PENALTIES, AND INTEREST PAYABLE UNDER THE PROVISIONS OF THIS PARAGRAPH. IF COUNTY DOES NOT RECEIVE FULL PAYMENT WITHIN THIRTY (30) DAYS AFTER DEMAND WAS POSTMARKED, COUNTY MAY, AT COUNTY'S SOLE ELECTION, AND

- C. 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.
- D. 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. Owner will pay County an administration fee of \$1,000 for each estoppel or notice of compliance provided by County.

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: Tapaderos Solar, LLC c/o Titus LCV
777 Taylor Street
Suite 1050
Fort Worth, Texas 76102
Attention: Jeff Ferguson
Telephone: (281) 804-1877
Email address: jferguson@tituslcv.com

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 Young 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 Young 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.

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OWNER:

Tapaderos Solar, LLC

By Titus Low Carbon Ventures, LLC, its Sole Member

By: _____

Date: _____

Print Name:

Print Title:

Attachment B

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

Attachment D

Attached is the Local Outreach Plan.

Attachment F

Attached is Title 6, Chapters 302 and 303 of the Texas Utilities Code