# Tax Abatement
# Agreement Between
# Cochran County, Texas and NextEra Energy Resources, LLC
# Regarding Wildcat Ranch Energy Storage I

*State of Texas*

*County of Cochran*

This Tax Abatement Agreement (this "**Agreement**") is made and entered into by and between Cochran County, Texas (the "**County**"), acting through its duly elected officers, and NextEra Energy Resources, LLC, a Delaware limited liability company, to be located on a portion of a tract of land within the Wildcat Ranch Reinvestment Zone No. 1, more specifically described in Attachment A to this Agreement. This Agreement becomes effective upon final signature by both parties (the "**Effective Date**") and remains in effect until fulfillment of the obligations described in Section IV herein, unless terminated earlier as provided herein.

## Recitals

WHEREAS, the County indicated its election to be eligible to participate in tax abatements and established the Cochran County Tax Abatement Guidelines and Criteria (the "**Guidelines**") in a resolution dated on or about August 5, 2024; and

WHEREAS, the Commissioners Court of Cochran County, Texas (the "**County Commissioners Court**") desires to promote economic development within its jurisdiction as authorized by the Property Redevelopment and Tax Abatement Act, as amended (Texas Tax Code § 312.001, *et seq*.), and the Guidelines; and

WHEREAS, on September 5, 2024, a hearing before the County Commissioners Court was held, such date being at least seven (7) days after the date of publication of the notice of such public hearing in the local newspaper of general circulation in the County and the delivery of written notice to the respective presiding officers of each taxing entity that includes within its boundaries real property that is to be included in the Reinvestment Zone (as defined below); and

WHEREAS, the County Commissioners Court, after conducting a hearing, having heard evidence and testimony, and prior to considering this Agreement, found, based on the evidence and testimony presented to it, the Wildcat Ranch Reinvestment Zone No. 1 (the "**Zone"**) met the criteria set forth in Chapter 312 of the Texas Tax Code for the creation of a reinvestment zone as set forth in the Property Redevelopment and Tax Abatement Act, as amended, and the Guidelines, in that it was reasonably likely as a result of the designation to contribute to the retention or expansion of primary employment or to attract investment in the zone that would be a benefit to the property and contribute to the economic development of the County, and that the entire tract of land was located entirely within an unincorporated area of the County; and

WHEREAS, entering into this Agreement will serve the best interests of the County and its citizens and comply with the Guidelines by:

A. enhancing and diversifying the economic and industrial bases of the County;

B. contributing to the retention and expansion of primary employment; and

C. attracting major investment that will be of benefit to and contribute to the economic development of the County; and

WHEREAS, the contemplated use of the Site (as defined below) and the contemplated Improvements (as defined below) as set forth in this Agreement, and the other terms of this Agreement will encourage development of the Reinvestment Zone, are in accordance with the purposes for its creation, and are in compliance with the Guidelines and all applicable laws; and

WHEREAS, Owner's (as defined below) use of the Site is expected to favorably influence the economic and employment base of the County; and

WHEREAS, the County finds that the Improvements sought are feasible and practical and willbe of benefit to the real property located in the Reinvestment Zone, to the Site, and to the County after expiration of this Agreement; and

WHEREAS, the County finds that the terms of this Agreement and the proposed Improvements and Eligible Property subject to this Agreement meet the Guidelines; and

WHEREAS, as required by TEX. TAX CODE §312.207(c), notice of the meeting in which this Agreement was acted upon and approved by the County Commissioners Court was posted more than thirty (30) days in advance of such meeting at the Cochran County Courthouse and otherwise in accordance with TEX. TAX CODE §312.207(d); and

WHEREAS, a copy of this Agreement has been furnished, in the manner prescribed by law, to the presiding officers of the governing bodies of each of the taxing units in which the property subject to this Agreement is located; and

NOW, THEREFORE, in consideration of these Recitals, premises, the promises, mutual covenants, and agreements contained in this Agreement, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the County and Owner agree as follows:

## I. Authorization

This Agreement is authorized and governed by Chapter 312 of the Texas Tax Code, as amended, and by the Cochran County Tax Abatement Guidelines & Criteria.

## 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 ad valorem taxes on property in a Reinvestment Zone as provided herein and in no event can the duration of the Abatement period exceed ten (10) years.

B. "**Base Year**" means the Calendar Year in which the Effective Date occurs.

C. "**Calendar Year**" means each year beginning on January 1 and ending on December 31.

D. "**Certificate**" means a letter, provided by Owner to the County, certifying that the Project has achieved Commercial Operations, outlining the Improvements and stipulating the overall Nameplate Capacity of the Project. Upon receipt of the Certificate, the County may inspect the property in accordance with this Agreement to determine that the Improvements are in place as certified. If the Certificate indicates that Commercial Operations are attained prior to completion of the Improvements, or that certain ancillary facilities not required for Commercial Operations are still under construction on the date that the Certificate is delivered, Owner will deliver an amended Certificate to the County within thirty (30) days after all Project construction is complete. In the event of amendment, unless otherwise provided, the term shall mean the latest amended Certificate.

E. "**Certified Appraised Value**" means the appraised value, for property tax purposes, of the property within the Reinvestment Zone as certified by the Cochran County Appraisal District (the "**Appraisal District**") for each taxable year.

F. "**COD**" means the date that the Project commences Commercial Operations.

G. "**Commercial Operations**" means that the Project has become commercially operational and placed into service as a battery energy storage system with its stored electricity for sale in one or more commercial markets.

H. "**Eligible Property**" means property eligible for Abatement under the Guidelines, including: new, expanded or modernized buildings and structures; fixed machinery and equipment (including batteries); Site improvements; related fixed improvements; other tangible items necessary to the operation and administration of the Project or facility; and all other real and tangible personal property permitted by Chapter 312 of the Texas Tax Code and the Guidelines. Taxes on Real Property may be abated only to the extent the property's value for a given year exceeds its value for the year in which this Agreement is executed. Tangible personal property located on the Real Property at any time before the

period covered by this Agreement is not eligible for Abatement. Tangible personal property eligible for Abatement shall not include inventory or supplies. Intangible personal property, including any intellectual property or right to tax credits or subsidies provided for by Texas or Federal law, is recognized to be nontaxable pursuant to Tex. Tax Code § 11.02.

I. "**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 (to the extent such causes and events are not reasonably within the control of the party claiming suspension): 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 Force Majeure; wars; blockades; insurrections; riots; epidemics and 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; or any other event that is beyond the reasonable control of the party claiming Force Majeure.

J. "**Improvements**" means Eligible Property meeting the definition for improvements provided by Chapter 1 of the Texas Tax Code and includes, without limitation, any building, structure, or fixture erected on or affixed to the land either permanently or temporarily. Improvements specifically include Owner's fixed machinery, equipment and process units that may consist of batteries, control units, substations and switching stations, underground and overhead electrical distribution and transmission facilities, transformers, appurtenant electric equipment, communication cable, and data collection facilities to be installed, added, upgraded, or used on the Property by or for Owner and located in the County.

K. **"Initial Certified Appraised Value"** means the Certified Appraised Value of all Improvements described in the Certificate, including any amendments thereto.

L. "**Owner**" means NextEra Energy Resources, LLC, the entity that owns or leases the Real Property for which Abatement is being granted, and any permitted assignee or successor in interest of NextEra Energy Resources, LLC. The terms "NextEra Energy Resources, LLC" or "NEER" mean and include Owner. 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 themanagement or operation of such entity whether by ownership (directly or indirectly) of securities, by contract or otherwise.

M. "**Payments In Lieu of Taxes**" or "**PILOTs**" means the payments to be made by Owner to the County described in Section IV(D) of this Agreement.

N. "**Project**" means the construction and operation of the Improvements on the Site as set forth in this Agreement.

O. "**Real Property**" means Eligible Property meeting the description for real property provided by Chapter 1 of the Texas Tax Code.

P. "**Reinvestment Zone**" means the reinvestment zone, as that term is defined in Chapter 312 of the Texas Tax Code, created by the County by the resolution described in the Recitals, which was duly passed by the County Commissioners Court, and referred to as the Cochran County Reinvestment Zone #1, more specifically described in Attachment A to this Agreement. The fact that the designation of the Reinvestment Zone may expire before this Agreement shall not affect the terms and condition of this Agreement.

Q. "**Site**" means the portion of the Reinvestment Zone on which Owner makes the Improvements for which the Abatement is granted hereunder and which is shown in Attachment A. Upon completion of construction of the Improvements, the parties agree to amend Attachment A to include the as-built Improvements within the Site to the extent such Improvements are not included therein.

R. "**Nameplate Capacity**" means the electric energy storage capacity of the Project (in megawatt-hours alternating current) as designated by the manufacturer(s) of the battery energy storage equipment to be constructed as Improvements hereunder and where appropriate may refer to the total or overall electric storage capacity.

S. "**Cost to Capacity Ratio"** (which may be hereinafter referred to as the "Ratio") means the total cost of the project (in U.S. dollars) divided by the Nameplate Capacity of the Project.

T. "**Lender**" means any entity or person providing, directly or indirectly, including an assignee of an initial Lender, with respect to the Improvements or Project any of (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.

## III. Improvements in Reinvestment Zone

Owner agrees to make the following Improvements in consideration for the Abatement set forth in Section IV of this Agreement:

A. Owner is proposing to construct Improvements on the Site consisting of a forty-eight megawatt (48 MW) discharge capability, electric battery energy storage system capable of receiving, storing, and discharging electric energy with a Nameplate Capacity of one hundred ninety-two megawatt-hours (192.0 MWh) located in the Reinvestment Zone. Owner agrees that its electric battery energy storage system on the Site in the Reinvestment Zone will have a minimum Nameplate Capacity of ninety-six megawatt-hours (96.0 MWh). It is anticipated that, if built to its planned capacity, the electric battery energy storage system will require a capital investment of approximately seventy-four million dollars ($74,000,000.00), inclusive of installation labor, site preparation, materials, and installed equipment. This Agreement is therefore based upon an Initial Certified Appraised Value of seventy-four million dollars ($74,000,000.00) at the Nameplate Capacity set forth herein, but the parties recognize that the actual determination of the Initial Certified Appraised Value will depend upon appraisal by the Cochran County Appraisal District after completion of the Project and delivery of the Certificate, and may be more than or less than the amount stated herein. The size of the electric battery energy storage system may vary, but the Abatement shall be conditioned upon the overall Nameplate Capacity of the Project being not less than ninety-six megawatt-hours (96.0 MWh) nor more than two hundred forty megawatt-hours (240.0 MWh), unless approved in writing by the County.

B. Improvements also shall include any other property on the Site meeting the definition of "Eligible Property" that is used to receive and store electric energy and perform other functions related to the storage, distribution and transmission of electric power. The County agrees, without limitation, that the batteries, control units, transmission lines, substations, and other related materials and equipment affixed to the land will constitute Improvements under this Agreement.

C. Owner agrees that the Project shall achieve Commercial Operations on or before December 31, 2026.

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

A. The County and Owner specifically agree and acknowledge that the property on the Site within the Reinvestment Zone shall be taxable in the following ways before and during 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 on the Site prior to execution of this Agreement shall not be subject to this Agreement and shall be fully taxable at all times;

3. Prior to commencement of the Abatement period designated in Section IV(B), 100% of property taxes levied on the Certified Appraised Value of real and personal property of Owner located on the Site will be owed and payable by Owner;

4. All County property taxes on the Certified Appraised Value of Eligible Property shall be abated for the periods and in the amounts as provided for by Section IV(B) below; and

5. 100% of the Certified Appraised Value of Eligible Property existing on the Site shall be fully taxable after expiration of the Abatement period designatedin Section IV(B), including 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 all County property taxes as follows:

1. Beginning with the Calendar Year after the Calendar Year in which the COD occurs (or such earlier Calendar Year if elected by Owner pursuant to Section IV(B)(6)) and ending upon the conclusion of ten (10) full Calendar Years thereafter, the Abatement percentage of the value of Eligible Property to be abated each year is 100%.

2. The percentage of property taxes set forth in Section IV(B)(1) above on the Certified Appraised Value of all Improvements described in the Certificate (and actually in place on the Site) is abated in the respective period designated in Section IV(B)(1) above.

3. The percentage of property taxes set forth in Section IV(B)(1) above on the Certified Appraised Value of any and all otherwise taxable personal property owned by Owner and located on the Site is abated in the respective period designated in Section IV(B)(1) above.

4. As of January 1 of the Base Year, the value for the proposed Improvements is zero.

5. The Abatement granted under this Agreement shall commence upon January 1 of the Calendar Year after the Calendar Year in which the COD occurs (or such earlier Calendar Year if elected by Owner pursuant to Section IV(B)(6)) and shall expire at the end of the tenth (10th) Calendar Year thereafter. Owner shall provide the Certificate in writing both to the County and to the Appraisal District within sixty (60) days of

the COD. The Certificate shall specify whether the Improvements are complete and 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 that Commercial Operations are attained prior to completion of the Improvements or that any ancillary facilities not required for Commercial Operations are still under construction, Owner will deliver an amended Certificate to the County and to the Appraisal District within thirty (30) days after the construction of all Improvements is complete. Such ancillary facilities, once completed and if eligible, shall become part of the Improvements eligible for the Abatement under this Agreement.

6. If Owner, at its sole election, desires that the ten-year Abatement period commence prior to January 1 of the of the Calendar Year after the Calendar Year in which the COD occurs, 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 a statement of the following form: "Owner elects for the ten-year Abatement period to begin on January 1, 20XX"; 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 nine (9) additional and continuous Calendar Years thereafter. 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 hereby shall not extend beyond ten (10) Calendar Years.

C. A portion or all of the 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 Improvements.

D. As principal consideration for this Abatement, Owner agrees to make an annual Payment in Lieu of Taxes to the County in an amount equal to One Thousand One Hundred Forty-Five Dollars and Eighty-Three and One-Third cents ($1,145.83 $\overline{3}$ ) multiplied by the total Nameplate Capacity included in the Certificate (and actually in place on the Site) during the ten (10) Calendar Years the Abatement is in effect. For example, if built to the anticipated capacity as stated in Section III(B), and assuming Section IV(E), *infra*, is inapplicable, the annual PILOTs required under this paragraph would be Two Hundred and Twenty Thousand Dollars ($220,000.00). The first such payment shall be due

and payable on October 1 of the first Calendar Year of the Abatement, and delinquent if not paid on or before January 31 of the immediately following Calendar Year, with the remaining nine (9) payments due and payable annually on or before October 1 thereafter and delinquent if not paid on or before the immediately following January 31. By way of illustration, if Year 1 of the Abatement period is 2027, then the PILOT owed for 2027 shall be due and payable on October 1, 2027, and delinquent if not paid on or before January 31, 2028. There shall be a total of ten (10) PILOTs due under this Agreement. Past due amounts shall be subject to any and all statutory interest and penalties applicable to the payment and collection of taxes as provided in the Texas Tax Code. Force Majeure shall not apply to any Payment in Lieu of Taxes or taxes owed under the terms of this Agreement.

E. The PILOT comprising the principal consideration for this Abatement is based on a projected Initial Certified Appraised Value of seventy-four million dollars ($74,000,000.00) and a Nameplate Capacity of one hundred ninety-two megawatt-hours (192.0 MWh), as described in Section III(A), *supra,* for a projected Cost to Capacity Ratio of three hundred eight-five thousand four hundred sixteen dollars and sixty-six and two-thirds cents ($385,416.66 $\overline{6}$ ) per MWh. If the actual Ratio of the Initial Certified Appraised Value to actual installed Nameplate Capacity varies by more than five percent (5.00%) from the foregoing projected Ratio, then the PILOT shall be recalculated on a pro rata basis, or as the parties may agree to by written Amendment executed as provided in Section XIII of this Agreement. By way of illustration, (1) if the Ratio is eleven percent (11%) higher than the above projection, the PILOT calculated in Section IV(D) will increase by eleven percent (11%), (2) if the Ratio is eight percent (8%) lower than the above projection, the PILOT will decrease by eight percent (8%), and (3) if the Ratio is either four percent (4%) higher or four percent (4%) lower than the above projection, the PILOT will not be adjusted.

F. As secondary consideration for this Abatement, in addition to the PILOTs provided for in Section IV(D), *supra*, Owner agrees to pay a sum total of One Hundred Thousand Dollars ($100,000.00) to the Cochran County Treasurer for deposit in a dedicated community investment fund ("the Fund") under control of the County, with said sum payable in two installments as follows:

1. the first payment of Twenty-Five Thousand Dollars ($25,000.00) shall be due within thirty (30) days after execution of this Agreement by all Parties; and

2. the second payment of Seventy-Five Thousand Dollars ($75,000.00) shall be due within thirty (30) days after the COD.

Owner and the County agree that the Cochran County Commissioners Court, directly or via delegation, may use its sole discretion in determining project(s)

eligible for receiving money from the Fund, so long as said money is used for community projects, including but not limited to capital projects benefiting the people of Cochran County, and not for the ordinary maintenance and operations of the County. Additionally, if the Project fails to achieve Commercial Operations by December 31, 2026, Owner agrees to make an additional payment to the Cochran County Treasurer in an amount equal to Fifty Thousand Dollars ($50,000.00) to the Fund not later than January 31, 2027 in exchange for a one-year extension to the date the Project must achieve Commercial Operations, and if such payment is timely made, failure to achieve Commercial Operations as required in Section III(C) shall not constitute a breach of this Agreeement. Owner agrees that if for any reason this Agreement is terminated, particularly including as a result of breach of this Agreement or a decision by Owner not to proceed with the Project, any monies paid under this Section IV(F) shall remain property of the County, and Owner shall not be entitled to any refund of said payments.

G. Owner agrees that the Improvements described in Section III, once constructed, will remain in place until at least twenty (20) Calendar Years after COD (the period beginning on the Effective Date and ending on the last day of the twentieth Calendar Year after COD is referred to herein as the "**Term**"); provided that nothing herein prevents Owner from replacing equipment or fixtures comprising the Improvements prior to that date, as long as such replacement does not result in a reduction of the Certified Appraised Value of the Improvements. In the event that Owner removes Improvements (comprising in the aggregate not more than twenty percent (20%) of all Improvements), Owner's removal shall not be deemed a default under this Agreement if Owner pays to the County as liquidated damages for such removal from the Abatement in this Agreement, within thirty (30) days after demand, all taxes for such removed Improvements which otherwise would have been paid to the County without benefit of a tax Abatement, along with interest at the statutory rate under the Texas Tax Code, as amended, but without penalty. IN THE EVENT OF A BREACH OF THIS SECTION IV(G), THE SOLE REMEDY OF THE COUNTY, AND OWNER'S SOLE LIABILITY, WILL BE FOR OWNER TO PAY TO THE COUNTY THE FULL AMOUNT OF ACTUAL TAXES ABATED AT ANY TIME UNDER THIS AGREEMENT ON THE REMOVED IMPROVEMENTS WITH INTEREST, BUT LESS ANY TAX PAYMENTS OR PAYMENTS IN LIEU OF TAXES REMITTED TO THE COUNTY WITH RESPECT TO THE REMOVED IMPROVEMENTS. IN THE EVENT OF A BREACH OF THIS SECTION IV(G), 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.

H. Owner understands that there may be filing requirements with the Cochran Central Appraisal District in order to claim the benefits offered under this Agreement, and that failure to make such filings timely may result in the

assessment of full taxes for any year in which such filing is not made timely. Owner agrees and understands that compliance with these requirements is Owner's sole responsibility, and that Cochran County bears no responsibility for making such filings. Owner understands that in the event full taxes for a given year are assessed due to such a failure to timely make any required filings, that (a) the term of this Agreement will not be extended, (b) that the Owner's entitlement under this Agreement to make a PILOT for that year will be forfeited; and (c) that such an event shall not constitute a breach or grounds for termination of this Agreement.

## V. Representations

The County and Owner make the following respective representations:

A. Owner represents and agrees that (i) Owner and its successors and/or assigns will have a taxable interest with respect to Improvements to be placed on the Site; (ii) construction of the proposed Improvements described in Section III 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 property in the Reinvestment Zone will be limited to the use described in this Agreement during the Term; (iv) all representations made in this Agreement and in the Application for Abatement, if any, are true and correct in all material respects to the best of Owner's knowledge; (v) Owner will make required filings, if any, by Owner with the Office of the Comptroller of Public Accounts and other governmental entities concerning this Agreement that may be required in the future; (vi) the Project will not be constructed without first obtaining all necessary local, state and federal environmental and construction permits, and Owner will abide by all conditions of the permits and all laws, ordinances, rules and regulations governing the construction and operation of the Project throughout itseconomic life; and (vii) the planned use of the property within the Project will not constitute a hazard to public health or safety throughout the economic life of the Project, except that uses that are customary and industry standard for a utility-scale electric battery storage project shall in no event be deemed to constitute such a hazard.

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 and this Agreement have been created in accordance with Chapter 312 of the Texas Tax Code and the Guidelines as both exist on the Effective Date of this Agreement; (iii) as applicable, (a) no interest in the Improvements or the land on which they are located is held or subleased by a member of the County Commissioners Court, or (b) any member of the County Commissioners Court that has a potential economic or financial interest in the Improvements or the land on which the Improvements are located has abstained from any vote or decision regarding this Agreement; (iv) the property within the Reinvestment Zone 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 and this Agreement.

C. Owner represents and agrees that if it builds the Improvements and if the COD occurs, the Project will (i) add not less than One Million Dollars ($1,000,000.00) to the tax roll of Eligible Property, (ii) make a commercially reasonable effort to ensure the Project leads to a positive net economic benefit to the County of at least One Million Dollars ($1,000,000.00) over the life of this Agreement, computed to include (but not limited to) new sustaining payroll and/or cost of installed capital improvement, and/or property taxes, and/or payments in lieu of property taxes, and/or other payments to the County under this Agreement and (iii) will not solely or primarily have the effect of transferring employment from one part of Cochran County to another.

## VI. Access to and Inspection of Property by County Employees

A. Owner shall allow the County's employees access to the Improvements for the purpose of inspecting any 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 three (3) business days' notice and shall be conducted in such a manner as to avoid any unreasonable interference with the construction and/or operation of the Improvements. All such inspections shall be made with one (1) or more representatives of Owner in accordance with all applicable safety standards.

B. Owner shall, on or before March 31 of each Calendar Year starting with the first Calendar Year beginning after Owner delivers the Certificate, certify annually to the County its compliance with this Agreement by providing written testament to the same to the County Judge using the form attached hereto as Attachment C.

## VII. Default, Remedies and Limitation of Liability

A. The County may declare a default if Owner breaches any material term or condition of this Agreement. If the County declares a default of this Agreement, this Agreement shall terminate, after notice and opportunity to cure as provided for below, or the County may modify this Agreement upon mutual agreement with Owner. If Owner believes that such termination was improper, Owner may file suit in the proper court challenging such termination. In the event of default, the County may pursue the remedies provided for in Section VII(C) below or the preceding Section IV(G), as applicable. 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, and for such longer period as is reasonably necessary for such party to remedy or remediate such condition or event when acting with all reasonable dispatch. The party prevented or hindered from performing shall give prompt (but in no event later than twenty (20) business days after the occurrence of such event) notice and reasonably full particulars of such event to the other party and shall make commercially reasonable efforts within its power to remove the basis for nonperformance, and after doing so shall resume performance as soon as possible. With respect to the settlement of strikes, lockouts, or resolutions of differences with workers which are within the discretion of the affected party, the above requirement that an affected party attempt to remedy any Force Majeure condition 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.

B. The County shall notify Owner and any Lender for which Owner has provided contact information to the County of any default in writing in the manner prescribed herein. All contact information for purposes of a notice of default shall be provided to the County Judge. The notice shall specify the basis for the declaration of default, and Owner shall have sixty (60) days from the date of such notice to cure any default, except that where the default is incapable of being cured within sixty (60) days using reasonable business efforts, Owner shall commence performance of the cure within thirty (30) days after receipt of notice and diligently pursue those efforts until the default is cured. Any Lender of which the County has notice shall maintain the right to cure any defect, including any defect caused by an assignee or contractor of Owner during the same cure period identified in the foregoing sentence.

C. As required by section 312.205 of the Texas Tax Code, if Owner fails to make the Improvements as provided for by this Agreement or fails to cure a default after proper notice and the expiration of the provided cure period, the County shall be entitled to cancel this Agreement and recapture property tax revenue lost as a result of this Agreement, less any PILOTs paid by Owner to the County, subject to the above provisions regarding notice and right to cure.

D. LIMITATION OF LIABILITY: CANCELLATION OF THIS AGREEMENT (RESULTING IN A FORFEITURE OF ANY RIGHT TO ABATEMENT HEREUNDER BEYOND THE CANCELLATION DATE), RECAPTURE OF PROPERTY TAXES ABATED (BUT LESS ALL PAYMENTS IN LIEU OF TAXES PAID BY OWNER) ONLY AS PROVIDED FOR AND ONLY UNDER THE CIRCUMSTANCES DEFINED IN SECTION VII(C) OF THIS

AGREEMENT, AND/OR RECOVERY OF THE AMOUNTS PROVIDED FOR IN SECTION IV(G) ONLY AS PROVIDED FOR AND ONLY UNDER THE CIRCUMSTANCES DEFINED IN SECTION IV(G), ALONG WITH ANY REASONABLY INCURRED COSTS AND FEES, SHALL BE THE COUNTY'S SOLE REMEDY, AND OWNER'S SOLE LIABILITY, IN THE EVENT OWNER FAILS TO MAKE THE SPECIFIED IMPROVEMENTS OR TAKE OTHER ACTION REQUIRED BY THIS AGREEMENT, INCLUDING ANY FAILURE TO PAY AMOUNTS OWED UNDER THIS AGREEMENT. OWNER AND THE 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 AMOUNTS DUE FROM 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. Any notice of default 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 SIXTY (60) DAYS OF NOTICE OR OTHERWISE CURE THE DEFAULT AS PROVIDED BY THE TAX ABATEMENT AGREEMENT SHALL RESULT IN TERMINATION OF THE TAX ABATEMENT AGREEMENT AND MAY INCLUDE RECAPTURE OF TAXES ABATED PURSUANT TO THAT AGREEMENT.

## VIII. 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.

## IX. Assignment of Agreement

A. The rights and responsibilities of Owner hereunder may be assigned in their entirety to an Affiliate without County's prior consent. Owner shall provide notice to the County of any assignment to an Affiliate. Owner's assignment of the Agreement to an Affiliate 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.

B. The rights and responsibilities of Owner hereunder may be assigned in their entirety to a party other than an Affiliate, but only after obtaining the County's prior written consent, which consent shall not be unreasonably withheld,

conditioned, or delayed. Any assignment by Owner to a party other than an Affiliate without first obtaining the written consent of the County shall be a default under this Agreement subject to the notice provisions, cure provisions, remedies, and other terms and conditions of Article VII above. Owner shall give the County forty-five (45) days' written notice of any intended assignment to a party other than an Affiliate, 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.

C. No assignment under Sections IX(A) or IX(B) 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 owedto the County or any other taxing jurisdiction in the County. Consent to a transfer or assignment requested under Section IX(B) will be subject to the County approving the financial capacity of the transferee/assignee and subject to all conditions and obligations in this Agreement being assumed and guaranteed by the transferee/assignee. The County shall not unreasonably withhold consent to a transferor an assignment under Section IX(B). The transfer or assignment shall be presumed to be reasonable where the proposed transferee/assignee demonstrates to the County its financial capacity to meet the terms of this Agreement, agrees to be bound by all conditions and obligations stated herein, and is not in default under any other agreementwith the County.

D. The parties agree that a transfer of all or a portion of the ownership interests in Owner to a third party shall not be considered an assignment under the terms of this Agreementand shall not require any consent of the County.

E. Upon any assignment and assumption under Section IX(A) or IX(B) of Owner's entire interest in the Agreement, Owner shall have no further rights, duties or obligations under the Agreement. No partial assignments are permitted by Owner.

F. In addition to its rights under Sections IX(A) and IX(B), Owner may, without obtaining the County's consent, mortgage, pledge, or otherwise encumber its interest in this Agreement or the Project to a Lender for the purpose of financing the operations of the Project or constructing the Project or acquiring additional equipment following any initial phase of construction. Owner's encumbering its interest in this Agreement may include an assignment of Owner's rights and obligations under this Agreement for purposes of granting a security interest in

this Agreement. In the event Owner takes any of the actions permitted by this subparagraph, it may provide written notice of such action to the County with such notice to include the name and notice information of the Lender. If Owner provides the name and contact information of a Lender to the County, then the County shall be required to provide a copy to such Lender of all Notices delivered to Owner at the same time that the Notice is delivered to Owner. If Owner does not provide the name and contact information of a Lender to the County in writing, then such Lender shall not have the notice rights or other rights of a Lender under this Agreement.

## X. Notice

All notices, demands, or other communications of any type (collectively, "**Notices**" and each individually, a "**Notice**") given 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 such delivery is confirmed by the courier delivery service); by United States Postal Service (USPS), postage prepaid, as a registered or certified item, return receipt requested in a proper wrapper and with proper postage; by recognized overnight delivery service as evidenced by a bill of lading, or by electronic mail or facsimile transmission. Notices delivered by commercial delivery service shall be deemed delivered on receipt or refusal; Notices delivered by USPS shall be deemed to have been given upon deposit with the same; electronic mail or facsimile Notice shall be effective upon receipt by the sender of an electronic confirmation. Regardless of the method of delivery, in no case shall Notice be deemed delivered later than actual receipt. In the event of a notice of default given pursuant to Article VII, such Notice shall be given by at least two (2) methods of delivery and consistent with Section VII(E). All Notices shall be mailed or delivered to the following addresses:

To Owner:

NextEra Energy Resources, LLC
c/o UBS Asset Management (Americas) Inc.
700 Universe Blvd
Juno Beach, FL 33408

To the County:

Cochran County Judge
100 N. Main Street, Room 105
Morton, TX 79346

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

## XI. Severability

In the event any section or other part of this Agreement is held invalid, illegal, factually

insufficient, unconstitutional or otherwise unenforceable, 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, illegal, factually insufficient, unconstitutional or otherwise unenforceable section(s) or other part(s). 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.

## XII. Applicable Law and Venue

This Agreement shall be construed under and governed by the laws of the State of Texas. This Agreement, in its entirety, shall be performable in Cochran County, Texas. As part of the consideration for entering into this Agreement, both the County and Owner agree that any litigation to construe or enforce the terms or conditions of this Agreement shall be brought solely in the state or federal district courts having jurisdiction and venue in Cochran County, Texas.

## XIII. 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 includedin 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.

## XIV. Guidelines and Criteria

This Agreement is entered into by the parties consistent with the Guidelines, and where necessary, the Guidelines are considered to be part of this Agreement. To the extent this Agreement expressly varies from or conflicts with any requirement or procedure set forth in the Guidelines, the Guidelines are deemed amended for purposes of this Agreement only.

## XV. Entire Agreement

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

## XVI. Coordination of Local Hiring and Services

A. Owner shall use reasonable commercial efforts to maximize its use of County labor as well as services and supplies purchased from County businesses in the course of performing under this Agreement, as is further described in Section IV(B) of the Guidelines as well as the Local Spending and Support Plan attached

to this Agreement as Attachment B.

B. For every year during the Term after the COD, Owner, its contractors, and their respective affiliates are not required by this Agreement to maintain any minimum level of employment in the County with respect to the Improvements.

C. Upon request by Owner, County shall provide a written statement certifying that Owner is then in compliance (or has fully complied) with the Local Spending and Support Plan; if County cannot make such statement, County will provide an explanation to Owner of its determination.

## XVII. Road and Bridge Maintenance

During construction of the Improvements, Owner agrees to use commercially reasonable efforts to minimize the disruption to County roads (for purposes of this paragraph, the term "roads" includes, without limitation, all adjacent ditches and rights-of-way), culverts, and bridges and agrees to repair any damage caused to County roads, culverts, or bridges by Owner or its agents. Any use of a County road, culvert, or bridge which does not allow other traffic access over such road, culvert or bridge requires the County's prior consent. After construction, Owner will leave such County roads, culverts, and bridges in a state of equal or better condition than they were in prior to construction, excepting normal wear and tear. Any upgrade or requirement to upgrade any road, culvert, or bridge used or necessary for Owner's operations will be borne solely by Owner. After construction, the County will only be responsible for the normal routine maintenance of the County roads, culverts, and bridges, and Owner will be responsible for any extraordinary repair or maintenance of County roads, culverts, and/or bridges that becomes necessary or appropriate due to the use of such roads, culverts, and bridges by Owner or its agents. All repairs, maintenance, replacements, and upgrades will be made with prior approval of the County and in accordance with County standards and specifications, and Owner will only use such materials in repairing, maintaining, replacing, and upgrading County roads, culverts, and bridges as are acceptable to the County, in the County's sole discretion.

## XVIII. Indemnity

Owner agrees to indemnify, defend, and hold the County, each of its elected officials, all of its servants, agents, and employees, any person or legal entity designated by the County to perform any function required under the Guidelines, under the tax abatement application, or by the terms of this Agreement, and the Appraisal District, its officers, directors, servants, agents and employees (collectively, the "**Indemnitees**") harmless from any and all claims, demands, liabilities, losses, costs, actions, causes of action, and attorneys' fees incurred by or alleged against the Indemnitees arising from or in any way relating to the tax abatement application, the terms, covenants, and conditions contained in this Agreement, and the actions contemplated by this Agreement.

## XIX. Insurance Requirements

Owner shall maintain in full force and effect, starting with the commencement of construction of the Eligible Facilities and continuing throughout the term of this Agreement the following insurance coverage issued by insurance companies authorized to conduct business in the State

of Texas:

A. Commercial general liability coverage (including coverage for all equipment and vehicles) with aggregate limits of not less than five million dollars ($5,000,000.00);

B. Worker's compensation coverage for all full-time employees to the extent required by Texas law; and

C. Casualty insurance in an amount equal to the full insurable value of the Eligible Facilities.

## XX. Removal of Equipment After Expiration

Any lease, easement, or other agreement between Owner and the owners of land upon which the Eligible Facilities are to be constructed shall contain minimum standards for the removal of the project improvements and a bond for removal of the project improvements as required by Exhibit B, Schedule I of the Guidelines, and those provisions are incorporated herein as if fully set out.

## XXI. Reimbursement of Legal Expenses

Within thirty (30) days of the date of receipt of an invoice, Owner agrees to reimburse the County for or pay directly to the County's attorneys, as applicable, the reasonable and necessary attorney's fees and expenses incurred, directly or indirectly, by the County in connection with the negotiation and formalization of the Abatement and this Agreement in an amount not to exceed Ten Thousand Dollars ($10,000.00).

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

ATTEST/SEAL:

**FOR COCHRAN COUNTY, TEXAS** Date: January 30, 2025

_____
Pat Sabala Henry, County Judge

_____
Richard Williams
Commissioner, Precinct 1

_____
Kris Brown
Commissioner, Precinct 3

_____
Matt Evans
Commissioner, Precinct 2

_____
Reynaldo Morin
Commissioner, Precinct 4

Attest:

_____
Lisa Smith, Cochran County Clerk

**FOR NEXTERA ENERGY RESOURCES, LLC,**
a Delaware Limited Liability Company

By: _____ Date: _____
Printed Name: _____
Title: _____

By: _____ Date: _____
Printed Name: _____
Title: _____

## Attachment A

Attached is the Reinvestment Zone resolution dated September 5, 2024, duly passed by the County Commissioners Court and referred to as the Wildcat Ranch Reinvestment Zone No. 1, and the legal description and/or map of the property to be abated within said Zone.

**LEGAL DESCRIPTION AND MAP OF**
**PROJECT SITE**

The Project Site is comprised of the following parcel, which the parties stipulate is located within the Wildcat Ranch Reinvestment Zone No. 1, as set forth previously in this Attachment A. In the event of discrepancy between description and the attached map, this description shall control; provided however, that no portion of the Project Site shall be located within the boundaries of any municipality.

**Attachment B**

## LOCAL SPENDING AND SUPPORT PLAN

A. In connection with the construction and operation of the Improvements in the County, Owner and Owner's prime contractor(s) ("**Prime Contractor(s)**") responsible for overseeing construction and/or operation of the Improvements will use commercially reasonable efforts during the Term to invest at least one hundred thousand dollars ($100,000) in services, materials, and supplies purchased from County individuals and businesses, provided that nothing in this paragraph shall require Owner or the Prime Contractor(s) to use services, materials and supplies provided by County residents that are not: (i) of similarquality or specifications as those provided by nonresidents; or (ii) made available on terms and/or at prices comparable to those offered by nonresidents. Within ninety (90) days following the COD,Owner shall provide the County with a written report showing the status of spending in the County and its compliance with the requirement set forth in this Local Spending and Support Plan.

B. In no event shall Owner or the Prime Contractor discriminate against County residents or businesses in employment or in the purchase of goods and services.

C. In filling employment vacancies in connection with the Project, Owner and the Prime Contractor(s) will use commercially reasonable efforts to use County labor, provided that nothing in this paragraph shall require Owner or the Prime Contractor to employ County residents who are not: (i) equally or more qualified than nonresident applicants; or (ii) available for employment on terms and/or at salaries comparable to those required by nonresident applicants. Individuals who resided in Cochran County at the time of their initial employment shall be considered "County labor" even if they relocate to a residence outside of the County during their term of employment.

D. Owner or the Prime Contractor shall designate a Coordinator of Local Hiring and Services who will act as a liaison between all contractors and any individual or business residing in the County who is interested in obtaining information about (i) employment, or (ii) commercial services or supplies expected to be purchased by a contractor. Additionally, the commercially reasonable efforts to use County labor provided for in Paragraph C shall include advertisement in at least one local newspaper in Cochran County for local contractors to perform work on the construction, maintenance, repair, or operation of the project prior to filling any such position. In the event that such positions are not advertised timely in Cochran County, Owner agrees to pay to Cochran County a sum equal to 20% of the gross salary of any position that was filled without compliance with this advertising and notice provision.

E. Owner or the Prime Contractor shall hold a job and contracting information session within sixty (60) days following execution of this Agreement at which information will be provided regarding the construction and hiring needs of the Project. Such information also will be provided on a continuing basis through the Coordinator of Local Hiring and Services.

F. For every year during the term after the COD, Owner, its contractors, and their respective affiliates are not required by this Agreement to maintain any minimum level of employment in the County with respect to the Improvements, as described in Section

XVI(B) of the Agreement.

**Attachment C**

| **Owner's Annual Reporting and Compliance Form** | | |
|---|---|---|
| Pursuant to Section VI(B) of the Agreement, this form shall be submitted by Owner to the County Judge on or before March 31 of each Calendar Year beginning with the first Calendar Year after Owner delivers the Certificate. To the extent that any of the provisions herein conflict with the provisions in the Agreement, the provisions of the Agreement shall control. | | |
| **Provision and Description** | **Compliance Guidelines** | **Provision Complied With?** |
| | | Yes (date complied with)/No/In Process (include explanation) |
| Improvements and Reinvestment Zone – Section III(A) | Owner constructed the Improvements on the Site as set forth in Section III(A). | |
| Improvements and Reinvestment Zone - Section III(C) | Owner commenced construction of the Improvements and the Project achieved Commercial Operations as required by the timelines. | |
| Representations - Section V | Owner has made all required filings with the Office of the Comptroller of Public Accountants and other governmental entities concerning the Agreement.<br><br>Note: Any filings made during the course of the prior year by Owner which pertain to the Agreement should be listed here. | |
| Assignment - Section IX | Describe any instances in which the Agreement was duly assigned or transferred in accordance with Section IX of the Agreement. | |
| Local Spending Plan – Attachment B, Section A | During construction of the Project and within 90 days following the COD, Owner provided the County with a written project summary showing its good faith and commercially reasonable efforts to comply with the requirements set forth in the Local Spending and Support Plan (in the form of Attachment B), which includes all reasonably available local spending information collected by Owner in the ordinary course of business including (among other information): | |

| | | |
|---|---|---|
| | • Summary of Local services/materials/supplies purchased within the County<br>• Proof that Owner designated a Coordinator of Local Hiring Services (per Attachment B, Section D)<br>• Proof that Owner used commercially reasonable efforts to utilize the County Labor Force by conducting a job and contracting information session within 60 days of execution of the Agreement (per Attachment B, Section E) | |
| Local Spending Plan – Attachment B, Section D | Owner or the Prime Contractor designated a Coordinator of Local Hiring Services who acted as a liaison to residents of the County. | |
| Full-time Project Jobs – Section XVI(B) and Attachment B, Section F | For every year during the Term after the COD, Owner or its contractors or their respective affiliates are not required by this Agreement to maintain any minimum level of employment in the County with respect to the Improvements, as described in Section XVI(B) of the Agreement. | |