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STATE OF TEXAS

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COUNTY OF FORT BEND

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**TAX ABATEMENT AGREEMENT BETWEEN
FORT BEND COUNTY AND
BRAES BAYOU GENERATING, LLC.**

This Tax Abatement Agreement, hereinafter referred to as "Agreement," is executed by and between **FORT BEND COUNTY, TEXAS**, hereinafter referred to as "County," acting by and through its Commissioners Court and **BRAES BAYOU GENERATING, LLC**, hereinafter referred to as "Owner" of the Real Property and Improvements located within the FORT BEND COUNTY Reinvestment Zone No. 27.

1. **Authorization:**

- a. This Agreement is authorized by the Property Redevelopment and Tax Abatement Act, Chapter 312, Subchapter B of the TEXAS TAX CODE as it exists on the effective date of this Agreement, and;
- b. The Guidelines and Criteria for Granting Tax Abatement in Reinvestment Zones created by Fort Bend County, Texas, were approved by the County's Commissioners Court on February 26, 2019. County has determined that the request for Tax Abatement presented by Owner conforms to the criteria established in the Guidelines for Tax Abatement.
- c. No official of County has an interest in the property subject to this Agreement.

2. **Definition:**

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

- a. The "Certified Appraised Value" or "Value" means the value certified as of January 1 of each year of this Agreement regarding the property within FORT BEND COUNTY Reinvestment Zone No. 27 by the Fort Bend Central Appraisal District ("FBCAD").
- b. "Real Property" means the approximate 20.104 acre tract of land described in Exhibit 1 attached hereto and incorporated herein for all purposes, and all improvements currently located thereon, which tract of land is located within the FORT BEND COUNTY Reinvestment Zone 27.
- c. "Improvements" means the peaking power generation facility and all equipment and machinery necessary for commercial operations to be located in Fort Bend County Reinvestment Zone No. 27 containing at least 20.104 acres of plant site in the aggregate, the interior improvements to such facilities and any sidewalks, parking lots, outdoor lighting, landscaping and other improvements to serve the building and plant, to be used for one or more of the purposes allowed within the FORT BEND COUNTY Reinvestment Zone No 27.
- d. "Effective Date" shall mean the date upon which this Agreement has been

executed by both County and Owner and the conditions set forth in Section 12 below have been satisfied.

- e. "Abatement" means the full or partial exemption from ad valorem taxes of certain property in the FORT BEND COUNTY Reinvestment Zone No. 27 designated for economic development purposes.
- f. "Eligible Property" means the Improvements described herein and eligible for Abatement under this Agreement.
- g. "Ineligible Property" means land, existing improvements, tangible personal property that the FBCAD classifies as inventory or supplies, real property used primarily to provide retail sales or services to the public, real property used for residential purposes, tangible personal property classified as furnishings, tangible personal property located in the reinvestment zone prior to the effective date of the tax abatement agreement, real property with a productive life of less than 10 years, or any other property for which abatement is not allowed by state law.
- h. "Owner" means **BRAES BAYOU GENERATING, LLC** and any Affiliate that owns Improvements on the Real Property, or other person or entity to which this Agreement is assigned in accordance with the terms of this Agreement. 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 any 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.
- i. "County" means the County of Fort Bend, Texas.
- j. "Lender" means any entity or person providing, directly or indirectly, with respect to the Project any of (i) senior or subordinated construction, interim, mezzanine 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 financing or refinancing), (ii) a leasing transaction, including a sale leaseback, inverted lease, or leveraged leasing structure, (iii) tax equity financing, (iv) any interest rate protection agreements to hedge any of the foregoing obligations, and/or (iv) an 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.
- k. "Project" means the peaking power generation facility that Owner proposes to construct on the Real Property in Fort Bend County Reinvestment Zone No. 27.

3. **Subject Property:**

- a. The FORT BEND COUNTY Reinvestment Zone No. 27 is an area located in Fort Bend County, Texas, being legally described in Exhibit 1 attached hereto and incorporated herein for all purposes.

- b. The FBCAD has established the base year values for the subject property as of January 1, 2020 (“Base Year”).

4. **Responsibilities:** In consideration of receiving the tax abatement granted herein, Owner represents and agrees:

a. Responsibilities of Owner:

- i. That construction of the Plant and Improvements will commence without delay following completion of financing and receipt of all required construction permits and other approvals.
- ii. No later than December 31, 2022 (the “Completion Date”), Owner shall ensure that construction of the Improvements are complete. Owner shall provide the County Tax Assessor/Collector with written documentation confirming completion of the Improvements on or before the Completion Date. Owner’s failure to provide the written documentation required by this Section may result in a forfeiture of the tax abatement provided for tax year 2023; provided that in the event Owner provides such documentation after December 31, 2022 but prior to December 31, 2023, the forfeiture of the tax abatement for failure to timely complete Improvements shall not apply to any tax abatement after tax year 2022.
- iii. That Owner shall provide the County’s Tax Assessor/Collector a certified statement that Owner has spent a minimum of \$92,500,000.00 in total project costs with respect to the Improvements (excluding the cost of the Real Property) within sixty (60) days after completion of the Improvements; and that the Certified Appraised Value of the Improvements on January 1, 2023, and on each and every January 1 thereafter during the term of this Agreement must not be less than \$74,000,000.
- iv. Owner may from time to time during the term of this Agreement install additional improvements, and modify, remove or replace improvements as Owner may determine in their discretion, provided that the minimum Certified Appraised Value of the Improvements required by this Agreement is met. Failure to meet the Certified Appraised Value shall not be a default but will invalidate the tax abatement for the year this requirement was not satisfied.
- v. OWNER SHALL BE RESPONSIBLE FOR NOTIFYING THE FBCAD OF THE ABATEMENT, INCLUDING FILING WITH THE FBCAD ANY APPLICATION OR OTHER FORMS NECESSARY TO QUALIFY FOR OR RECEIVE THE ABATEMENT GRANTED.
- vi. OWNER SHALL BE RESPONSIBLE FOR REQUESTING FROM COUNTY AN ASSIGNMENT OF THIS AGREEMENT IN THE EVENT THE REAL PROPERTY SUBJECT TO THIS AGREEMENT IS SOLD, TRANSFERRED OR ASSIGNED. EXCEPT AS OTHERWISE PROVIDED HEREIN, ANY ASSIGNMENT IS NOT EFFECTIVE UNTIL APPROVED IN WRITING BY COUNTY.
- vii. That Owner has as of the effective date of this Agreement, the financial resources to implement the above representations.
- viii. That Owner shall ensure that taxes on all property owned by it in Fort

Bend County are current. Delinquent taxes for any Fort Bend County property of Owner is a default of Owner and Owner's obligations hereunder and will be grounds for termination of this Agreement, regardless of whether the delinquent property is subject to an abatement under this Agreement.

- ix. That Owner will participate in the continuing economic development process in Fort Bend County by becoming and continuing a current membership as a Trustee Member (\$6,000/yr. dues) of the Greater Fort Bend Economic Development Council for a minimum period coinciding with the term of this Agreement.

5. Value and Term of Abatement:

- a. This Agreement shall be effective on the date executed by County and Owner, and shall terminate on December 31, 2032. In no event shall this Agreement extend beyond December 31, 2032.
- b. In each year that this Agreement is in effect, the amount of abatement shall be an amount equal to the percentage indicated below of the taxes assessed upon the Improvements.
- c. Subject to the limitations imposed by law and conditioned upon the representations outlined in Section 4 herein above, there shall be granted and allowed hereunder a property tax abatement of the County ad valorem taxes applicable to Owner on Eligible Property of Owner for the following years and in the following amounts on the value of the Improvements:

Tax Year	Percentage Abatement
2023	45%
2024	45%
2025	45%
2026	45%
2027	45%
2028	45%
2029	45%
2030	45%
2031	45%
2032	45%

- 1) The abatement granted shall not apply to any Ineligible Property.
- 2) The FBCAD's determination of values shall be used to determine the value of the property subject to this Agreement. If Owner protests the FBCAD's valuation of the property, the valuation placed on the property after the protest is resolved under State law shall be used.

- 3) On or before September 1 of each year of this Agreement, Owner shall certify in writing to the Fort Bend County Tax Assessor/Collector Owner's compliance with each term of this Agreement by completion and submission of the form attached as Exhibit 3 to this Agreement. No substitutions are allowed.
6. **Taxability:** During the period that this tax abatement is effective, the value of taxes shall be payable by the Owner as follows:
- a. The value of all property (Eligible and Ineligible Property), shall be determined in the Base Year by the FBCAD.
 - b. The value of Ineligible Property shall be fully taxable.
 - c. The value of Eligible Property shall be abated as set forth in Section 5(c).
7. **Event of Default:**
- a. County may declare Owner in default of this Agreement if: (1) Owner fails to comply with any material term of this Agreement or (2) Owner allows County ad valorem taxes on any property owned by Owner in Fort Bend County to become delinquent, even if the delinquent taxes are for a property not subject to an abatement or (3) Owner ceases operations on the Real Property for a continuous period of one hundred eighty (180) days before the expiration of the term of the Abatement without the prior written consent of the County, except that in the event of (i) a temporary shutdown of the facility, with assurance of the resumption of operations, for the purpose of facility modification, expansion, improvement, retooling or similar purpose, (ii) the facility is being actively marketed, the County shall not unreasonably withhold consent to a reasonable extension to such period to permit the sale of the facility to another operator, (iii) the closure of the facility pending settlement of insurance, casualty or condemnation claims or (iv) the closure of the facility due to inadequate or unacceptable raw water supply shall not constitute a vacating of or a cessation of operations on the Real Property under this Section 7(a)(3). Such exceptions are subject to further extension for force majeure as defined in Section 11 herein.
 - b. County shall notify Owner of any default in writing specifying the default. Owner shall have ninety (90) days from the date of the notice to cure any default. If Owner fails to cure the default within ninety (90) days from receipt of notice, County may terminate this Agreement by written notice.
 - c. Any Default Notice issued in accordance 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 ACTION TO
RECAPTURE OF TAXES ABATED PURSUANT TO THE
AGREEMENT.

- d. Owner agrees that all taxes previously abated by virtue of this Agreement and that Owner would otherwise have been legally required to pay will be recaptured and paid to County within thirty (30) days of the termination in the event that termination is due to Owner:
 - i. Allowing its ad valorem taxes owed the County to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or contest; or
 - ii. Failing to construct the Improvements; or
 - iii. Owner's cessation of operation of the Real Property in violation of Section 7(a)(3) above, and failure to cure such cessation within the applicable cure periods.
- e. Payment of recaptured taxes will include:
 - i. The amount of recaptured taxes abated during the term of this Agreement; and
 - ii. Interest on the abated and recaptured amount at the rate provided for in the Texas Tax Code for delinquent taxes.
 - iii. Penalties on the amount abated in the year of default, at the rate provided for in the Texas Tax Code for delinquent taxes.
- f. County shall have a lien against the Real Property, Ineligible Property and Eligible Property for the taxes and interest owed because of the recapture of taxes under this paragraph during the time period beginning on the date such payment obligation accrues and continuing until the date is paid.
- g. This paragraph is required by Chapter 2264, Texas Government Code and governs over any conflicting provisions of this Agreement. Owner is prohibited from knowingly employing undocumented workers as that term is defined in Section 2264.001, Texas Government Code. If Owner is convicted of a violation under 8 U.S.C. Section 1324a(f), the conviction shall be considered default of this Agreement, from which no cure provisions shall apply. In such event, County shall provide written notice to Owner of the default and this Agreement shall automatically terminate on the 30th day after the date of the notice of default from County to Owner. In the event of termination under this paragraph (d), Owner shall repay to County the amount of all property taxes abated under this Agreement, plus interest on the abated amount at the rate provided for in the Texas Tax Code for delinquent taxes.
- h. Except as set forth in Section 7(c) above, if this Agreement is terminated by County, as County's sole and exclusive remedy, all future abatement of taxes hereunder shall terminate.

8. Administration and Inspection

- a. This Agreement shall be administered by the Fort Bend County Tax Assessor/Collector or her designee. Owner shall allow employees or other representatives of County who have been designated by the Tax Assessor/Collector to have reasonable access to the Real Property (during

normal business hours) during the term of the Agreement. All inspections shall be made only after two (2) business days prior notice and will be conducted in such a manner as not to unreasonably interfere with the construction or operation of the facility. A representative of Owner may accompany the inspector. County shall cause each of its employees and representatives who conduct such inspections to abide by all of Owner's security, safety and operational rules (as the same may be amended from time to time), copies of which have been made available to County. County shall be limited to inspections during normal business days, during normal business hours.

- b. Upon completion of the placement and/or installation of the Eligible Property, County shall annually evaluate the Eligible Property to ensure compliance with the terms and provisions of this Agreement and shall report potential defaults to the Owner.
- c. The Chief Appraiser of the FBCAD shall annually determine (1) the taxable value under the terms of this abatement of any Eligible Property located on the Real Property and (2) the full taxable value without abatement of the Eligible Property located on the Real Property. The Chief Appraiser shall record both abatement taxable value and full taxable value in the appraisal records. The full taxable value figure listed in the appraisal records shall be used to compute the amount of abated taxes that is terminated in a manner that results in recapture of abated taxes.
- d. Owner shall furnish the Chief Appraiser annually such information as provided for under Chapter 22 of the Texas Tax Code as may be necessary for the administration of this Agreement. Such information shall also be provided annually to the County Tax Assessor/Collector in preparation of its annual evaluation for compliance with the terms and provisions of this Agreement.

9. Assignment

- a. The rights and responsibilities of Owner hereunder may be assigned, in whole or in part, 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 to a party other than an Affiliate only after obtaining the County's prior 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 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 Section 7 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 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. In no event shall the County's failure to timely respond to Owner's written notice of assignment be deemed to be the County's consent to the intended assignment.

- c. No assignment shall be effective or approved if County has declared a default hereunder which has not been cured or the assignee is delinquent in the payment of any ad valorem taxes owed to County.
- d. Any and all assignments shall contain substantially the same terms and conditions as set out in this Agreement and shall be granted for the remaining term of the original Agreement only.
- e. The parties agree that a transfer of all or a portion of the corporate ownership interests in Owner shall not be considered an assignment under the terms of this Agreement and shall not require any consent of the County. If the name of the Owner is changed, Owner will promptly notify County in writing of such change of name; this sentence is not intended to diminish the requirements of Section 9.a. above in the event of an actual assignment of the Agreement. The "corporate ownership" interests for the purposes of this Section 9.e. include limited liability company, corporation, or partnership ownership interests.
- f. Notwithstanding the provisions of subparagraph a. above, Owner may, without obtaining the County's consent, mortgage, pledge, or otherwise encumber (a "Mortgage") its interest in this Agreement or the Project to a Lender for the purpose of financing the construction or operations of 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 (a "Security Agreement") to one or more Lenders. In the event Owner takes any of the actions permitted by this subparagraph to grant a Mortgage or a Security Agreement in this Agreement, it shall promptly 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 (including default notices) delivered to Owner at the same time that the notice is delivered to Owner, and Lender shall be afforded the rights to cure afforded to Owner under this Agreement. If Owner does not provide the name and contact information of a Lender to the County, then such Lender shall not have the notice rights nor any other rights of a Lender under this Agreement. If a

Lender forecloses its Mortgage or Security Agreement rights in this Agreement, such Lender shall promptly notify the County of such foreclosure and promptly provide the County with the name and notice information for the company that succeeded to the rights of Owner under the Agreement pursuant to such foreclosure. Nothing in any Mortgage or Security Agreement shall be construed or interpreted to have the effect of changing any of the terms and conditions of this Agreement.

- g. Owner shall provide notice to County within ninety (90) days after any sale or assignment of the Real Property subject to this Agreement.

10. Indemnity

IT IS UNDERSTOOD AND AGREED BETWEEN THE PARTIES THAT OWNER IN PERFORMING OBLIGATIONS HEREUNDER, IS ACTING INDEPENDENTLY, AND COUNTY ASSUMES NO RESPONSIBILITIES OR LIABILITIES IN CONNECTION THEREWITH TO THIRD PARTIES. OWNER AGREES TO DEFEND, INDEMNIFY AND HOLD HARMLESS COUNTY AND THE FBCAD FROM ANY AND ALL NON-OWNER CLAIMS, SUITS, AND CAUSES OF ACTION OF ANY NATURE WHATSOEVER ARISING OUT OF OWNER'S BREACH OF ITS OBLIGATIONS HEREUNDER EXCEPT THAT THE INDEMNITY SHALL NOT APPLY TO THAT PORTION OF RESPONSIBILITIES AND LIABILITIES RESULTING FROM THE FAULT OR NEGLIGENCE OF COUNTY OR TAXING UNITS, THEIR RESPECTIVE OFFICERS, AGENTS OR EMPLOYEES. OWNER'S INDEMNIFICATION OBLIGATIONS INCLUDE THE PAYMENT OF REASONABLE ATTORNEYS FEES AND EXPENSES INCURRED IN THE DEFENSE OF ANY SUCH CLAIMS, SUITS, AND CAUSES OF ACTION WHICH ARE NOT DUE TO COUNTY'S OR THEIR REPRESENTATIVES' INTENTIONAL CONDUCT OR NEGLIGENCE. OWNER SHALL BE RESPONSIBLE FOR ALL FEES INCURRED BY COUNTY IN THE DEFENSE OF ANY SUCH CLAIMS, SUITS, OR CAUSES OF ACTION SO LONG AS DEFENSE COUNSEL AND COURSES OF ACTION ARE DETERMINED SOLELY BY OWNER. NOTHING IN THIS AGREEMENT SHALL BE INTERPRETED TO PROHIBIT COUNTY FROM INCURRING REPRESENTATION OF ANY SUCH CLAIM, SUIT OR CAUSE OF ACTION; PROVIDED, HOWEVER, OWNER SHALL NOT BE RESPONSIBLE FOR ANY SUCH COSTS AND OR FEES SO INCURRED.

11. Force Majeure:

If by reason of force majeure, Owner is unable to perform any obligation of this Agreement, it shall give notice of the force majeure to County in writing within thirty (30) calendar days after Owner first becomes aware or should have become aware of the occurrence relied upon. By doing so, the obligation of Owner to the extent and for the period of time affected by the force majeure, shall be suspended. Owner shall endeavor to remove or overcome the inability with all reasonable effort. For purposes of this provision, "force majeure" shall include, but not be limited to acts of God, landslides, lightning, earthquakes, hurricanes, storms,

floods, or other natural occurrences; epidemics or pandemics, strikes, lockouts, insurrections, riots, wars or other civil or industrial disturbances; orders of any kind of the federal or state government or of any civil or military authority; explosions, fires, breakage or accidents to machinery, lines, or equipment, or the failure or lack of capacity of the wastewater system or water supply system; governmental delays in granting approvals or issuing permits; or any other cause not reasonably within the control of the Owner.

12. Commissioners Court Approval:

This Agreement is conditioned entirely upon the approval of the Commissioners Court by the affirmative vote of a majority of the members present at a duly scheduled meeting of the Commissioners Court.

13. Compliance with State and Local Regulations:

This Agreement shall not be construed to alter or affect the obligations of Owner and to comply with any city ordinance or federal or state law or regulation.

14. Changes in Laws/Vested Rights:

The tax abatement provided in this Agreement is conditioned upon and subject to any changes in the state tax laws during the term of this Agreement, but only the extent required by law to be enforceable and after giving Owner all vesting, non-conforming and/or "grandfather" rights, contained in and applicable to this Agreement and allowed by law.

15. Miscellaneous:

- a. This Agreement and the rights and obligations of each party shall be construed and enforced under and in accordance with the laws of the State of Texas, and all obligations of the parties created hereunder are performable in Fort Bend County, Texas.
- b. In the event of one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.
- c. The waiver by either party of a breach of any provision of this Agreement shall not operate as or be construed as a waiver of any subsequent breach.
- d. Any amendments of this Agreement shall be of no effect unless in writing and signed by both parties hereto.

16. Notices

- a. Any notice required to be given under the provisions of this Agreement shall be in writing and shall be duly served when it shall have been hand delivered, deposited with a nationally recognized overnight courier, or deposited, enclosed in a wrapper with the proper postage prepaid thereon, and certified, return receipt requested, in a United States Post Office, addressed to County and Owner and at the mailing address as hereinafter set out. If mailed, any notice of communication shall be deemed to be

received three (3) business days after the date of deposit in the United States Mail.

- b. Unless otherwise provided in this Agreement, all notices shall be delivered to Owner or County at the following addresses:

To the Tax Assessor/Collector: The Honorable Carrie Surratt
Fort Bend County Tax Assessor-Collector
1317 Eugene Heimann Circle
Richmond, Texas 77469

To County: Fort Bend County
401 Jackson
Richmond, Texas 77469
Attention: County Judge

Copy to: Fort Bend County Attorney
401 Jackson
Richmond, Texas 77469

To Owner: Braes Bayou Generating LLC
8303 McHard Rd.
Houston, TX 77053
Attn: Mike Alvarado

With a copy to: WattBridge Energy, LLC
8303 McHard Rd.
Houston, TX 77053
Attn: Chief Financial Officer

- c. Any party may designate a different address by giving the other parties ten (10) days prior written notice thereof. Failure of Owner or to provide County Tax Assessor/Collector thirty (30) days' notice of a change of address may result in termination of this Agreement.

17. Entire Agreement

This Agreement contains the entire Agreement among the parties and supersedes all other negotiations and agreements, whether written or oral. This Agreement shall inure to the benefit of and be binding upon the parties hereto and each of their respective successors and assigns. Attached hereto are (a) Exhibit 1 – Fort Bend County Ordinance designating Reinvestment Zone No. 27 and legal description of Real Property (land) comprising the Reinvestment Zone (b) Exhibit 2, the Economic Impact Statement, and (c) Exhibit 3, the Annual Compliance Certificate—all of which are made part of this Agreement.

18. Execution

IN TESTIMONY OF WHICH, THIS AGREEMENT has been executed by County and Owner as of the dates below stated. Owner warrants and represents that the individuals executing this agreement on behalf of Owner have full authority to execute this Agreement and bind Owner to the same.

"COUNTY:"

FORT BEND COUNTY, TEXAS

By: _____
KP George, County Judge

ATTEST:

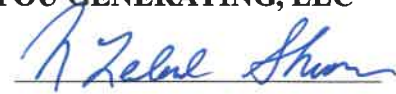
Date: _____

Laura Richard, County Clerk

"OWNER"

BRAES BAYOU GENERATING, LLC

By:



Printed Name:

N. Leland Shuman

Title:

CFO

Date:

October 20, 2020

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EXHIBIT 1

FORT BEND COUNTY ORDINANCE DESIGNATING REINVESTMENT ZONE NO. 27
AND LEGAL DESCRIPTION OF REAL PROPERTY (LAND) COMPRISING THE
REINVESTMENT ZONE

THE STATE OF TEXAS §
 §
 COUNTY OF FORT BEND §

The Commissioners Court of Fort Bend County, Texas (the "Commissioners Court"), acting for and on behalf of Fort Bend County, Texas, convened in regular session at a regular term of said Court, open to the public, on the 8th day of September, 2020, in the Commissioners Courtroom, 401 Jackson St., 2nd Floor, Richmond, Texas.

WHEREUPON, among other business, the following was transacted at said meeting:

ORDER DESIGNATING FORT BEND COUNTY REINVESTMENT ZONE NO. 27

The Order was duly introduced for the consideration of the Commissioners Court and reviewed in full. It was then duly moved and seconded that the Order be adopted; and, after due discussion, the motion, carrying with it the adoption of the Order, prevailed and carried by the following vote:

AYES: 5

NAYES: 0

The County Judge thereupon announced that the Motion had duly and lawfully carried and that the Order had been duly and lawfully adopted. The Order thus adopted follows:

ORDER DESIGNATING FORT BEND COUNTY
REINVESTMENT ZONE NO. 27

WHEREAS, the County Commissioners Court passed and approved Guidelines and Criteria for Granting Tax Abatement in Reinvestment Zones created in Fort Bend County, Texas, on February 26, 2019;

WHEREAS, pursuant to the Guidelines, the County has received a request for designation of a Reinvestment Zone and Tax Abatement;

WHEREAS, notice was given to all taxing entities where the proposed zone is to be located;

WHEREAS, after proper notice had been given in the August 27, 2020 edition of the Fort Bend Herald, the County has held a public hearing on September 8, 2020, where all interested persons were given an opportunity to speak, and evidence for and against the designation of Fort Bend County Reinvestment Zone No. 27 was gathered;

WHEREAS, the County Commissioners Court has determined, based on evidence gathered, that the improvements sought to be located in proposed Reinvestment Zone No. 27 are feasible and practical and would be a benefit to the land to be included in Reinvestment Zone No. 27 and to the County after the expiration of the Tax Abatement Agreement; and

WHEREAS, the designation of Reinvestment Zone No. 27 will reasonably likely contribute to the retention or expansion of primary employment, increase business opportunities in Fort Bend County and contribute to the economic development of both the property in Reinvestment Zone No. 27 and to Fort Bend County;

NOW THEREFORE, BE IT ORDERED BY THE COUNTY COMMISSIONERS COURT OF FORT BEND COUNTY:

SECTION ONE

That the findings and provisions set out in the preamble of this Order are hereby found to be true and correct, and are made a part of this Order for all purposes.

SECTION TWO

That Fort Bend County Reinvestment Zone No. 27 is hereby designated pursuant to the Guidelines for the purpose of encouraging economic development in Fort Bend County through tax abatement.

SECTION THREE

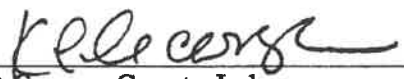
This designation shall be effective for five (5) years from the date of passage of this Order and may be renewed for five (5) year periods thereafter.

SECTION FOUR


Exhibit A, attached hereto describes the tract to be designated as Reinvestment Zone No.
27.

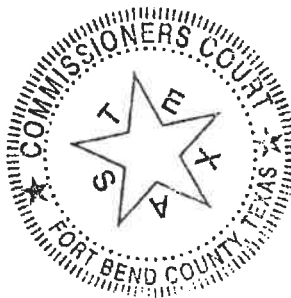
PASSED AND APPROVED this the 8 day of September 2020.

FORT BEND COUNTY, TEXAS

By: 
KP George, County Judge

ATTEST:


Laura Richard, County Clerk



EXHIBIT

A

Fort Bend CAD Property Search
Quick Ref ID: R225165 For Year 2020

Being 20.104 acres of land situated in the Samuel Kennedy League, A-44, Fort Bend County, Texas, and being part of and out of that certain called 526.29 acre tract described in Deed dated September 13, 1960, from Helen Johnson to R.E. Smith, recorded in Volume 408, Page 72 of the Deed Records of Fort Bend County, Texas; said 20.104 acres being more particularly described as follows:

BEGINNING at a 1/2 inch iron pipe found on the east right-of-way line of Lockwood Road and the north line of a 200 foot wide easement granted by instrument dated August 10, 1967 from R.E. Smith to Houston Lighting & Power Company, recorded in Volume 490, Page 840 of said Deed Records, for the northwest corner of said called 526.29 acre tract and the southwest corner of that certain called 86.54 acre tract described in Corrected Partition Deed dated August 4, 1921, from Louisa Tyler to Y. U. Jones, recorded in Volume 99, Page 411 of said Deed Records; said pipe having the Texas State Plane Coordinate $x = 3,043,077.44$ and $Y = 13,738,034.80$, U.S. Survey Foot, South Central Zone, (NAD'83);

Thence, $N 87^{\circ} 30' 17'' E$, along the north line of said called 526.29 acre tract and said 200 foot easement and the south line of said called 86.54 acre tract, a distance of 1550.44 feet to a 5/8 inch iron rod found on said north line and said south line for the northwest corner of that certain called 4.9670 acre tract described in General Warranty Deed dated September 4, 1980, from Vivian Smith, et al, to Houston Lighting & Power Company, recorded in Volume 924, Page 419 of said Deed Records;

Thence, $S 51^{\circ} 52' 30'' W$, along the west line of said called 4.9670 acre tract, at a distance of 343.48 feet pass the south line of said 200 foot easement, being also the northeast corner of that certain easement described in Instrument from Vivian Smith, et al to Houston Lighting & Power Company, recorded in Volume 924, Page 415 of said Deed Records, for a total distance of 562.29 feet to 5/8 inch iron rod found for an angle point in said west line and the east line of said easement;

Thence, $S 49^{\circ} 45' 50'' W$, continuing along said west line and said east easement line, a distance of 1339.22 feet to a 5/8 inch iron rod found on the east right-of-way line of said Lockwood Drive and the west line of said called 526.29 acre tract for the southwest corner of said easement and the northwest corner of said called 4.9270 acre tract;

Thence, $N 04^{\circ} 11' 27'' W$, along said west line and said east right-of-way line, a distance of 1148.08 feet to the POINT OF BEGINNING and containing 875,746 square feet or 20.104 acres of land.

Site Map for Proposed Reinvestment Zone consisting of 20.104 acres

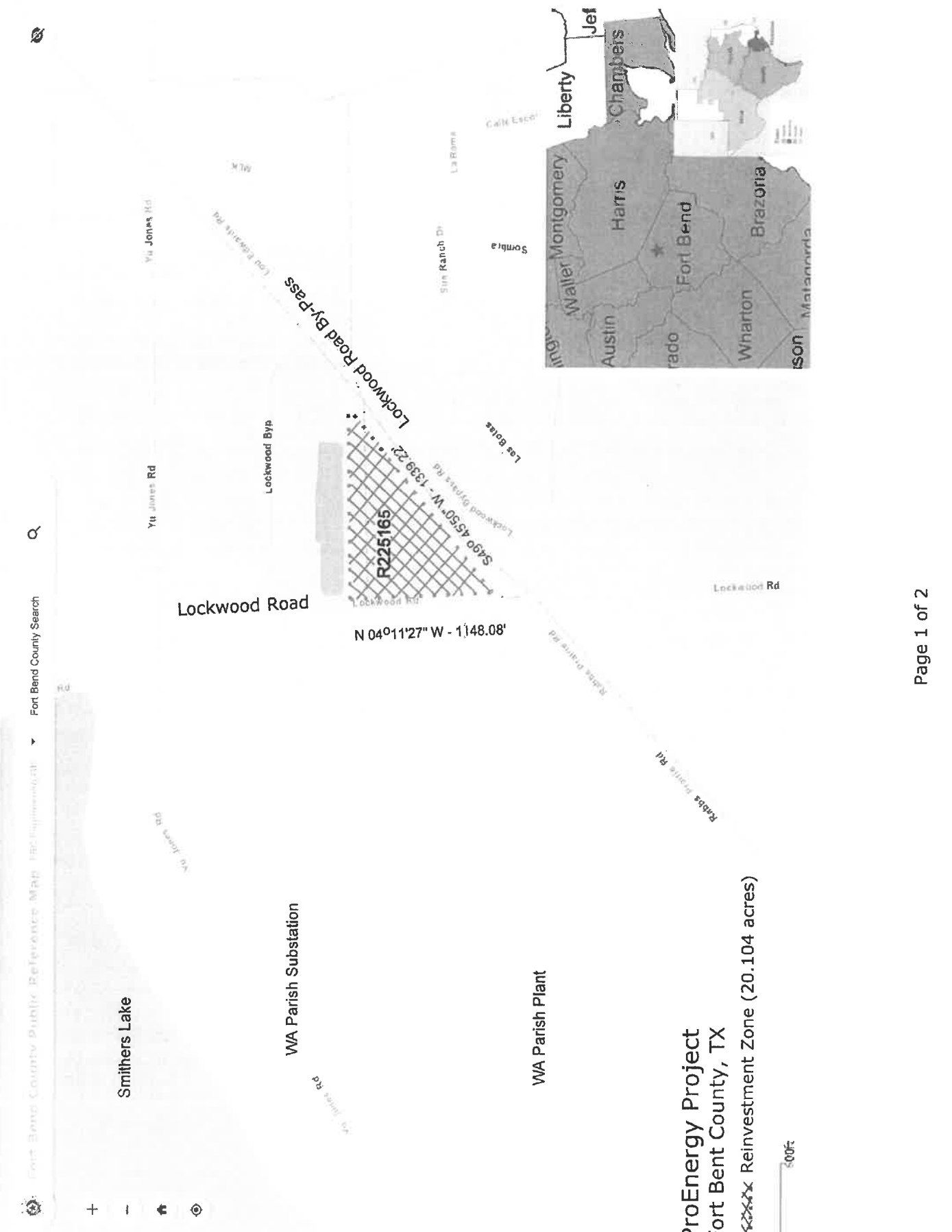


EXHIBIT 2

THE ECONOMIC IMPACT STATEMENT

EXHIBIT 3

THE ANNUAL COMPLIANCE CERTIFICATE



GREATER FORT BEND
ECONOMIC DEVELOPMENT
COUNCIL

ECONOMIC IMPACT STATEMENT QUESTIONNAIRE

Based on the information you provide below, the Greater Fort Bend Economic Development Council (GFBEDC) will begin prequalification of your project. The information you provide will allow the GFBEDC to begin to develop your application and economic impact statement for presentation to the taxing entities for consideration of economic incentives. The following factors will be considered as a whole to determine the entire economic impact of the company: location of project, type of business, is the company in one of the city's target industries, number of jobs, skill level of each job, average salary, investment in building improvements or new building,, value of taxable inventory, value of taxable personal property and equipment, sales tax revenue generated for the city, impact on local infrastructure, and impact (good or bad) on existing businesses in the County.

1. **Please describe how the proposed new property will be owned and operated. If the Improvements will be owned by one entity and leased to another, or if one company will own the Improvements, Personal Property, and operate out of the space, please answer the questions below for both entities/one entity as appropriate:**

The proposed new property will be owned and operated by Braes Bayou Generating, LLC.

Applicant/Owner of the Improvements and Personal Property

- a. **Contact Person:** Mike Alvarado **Title:** Senior VP Asset Development
- b. **Current Address:** 8303 McHard Rd., Houston, TX 77053
- c. **Office #:** (660) 829-5100
- d. **Mobile #:** (713) 517-0256
- e. **Fax #:** N/A
- f. **Website:** www.proenergyservices.com
- g. **Email Address:** MAlvarado@proenergyservices.com
- h. **The Company's Primary SIC Code:** 16299905-Power Plant Construction
- i. **Public or Privately Held:** Privately Held

Applicant/Owner of the Improvements

- a. **Contact Person:** N/A **Title:**
- b. **Current Address:**
- c. **Office #:**
- d. **Mobile #:**
- e. **Fax #:**
- f. **Website:**
- g. **Email Address:**

- h. The Company's Primary SIC Code:
i. Public or Privately Held

Applicant/Lessee of the Improvements; Owner of Personal Property:

- a. Contact Person: N/A Title:
b. Current Address:

- c. Office #:
d. Mobile #:
e. Fax #:
f. Website:
g. Email Address:
h. The Company's Primary SIC Code:
i. Public or Privately Held

2. Type of project (check all that apply for the company that will be operating in the space):

- ☐ Existing business in Fort Bend County
☒ New business to Fort Bend County
☐ Expansion of existing facility
☐ Construction of new facility
☐ Renovation of existing facility
☐ Corporate/Regional Headquarters

3. Location of proposed site(s) in Fort Bend (street address, name of Business Park or other development, city, or name of area if unincorporated):

Thompsons, Texas (GPS 29.480325, -95.620672); Lockwood Gubbles Rd. & Smithers Lake Rd.

FBCAD: R225165

4. Scope of project:

Size of new facility/expansion:	400,000
Size of existing facility (if applicable):	N/A
Size of lease space in existing facility (if applicable):	N/A
Number of acres at facility site:	20
Type of Construction (tilt wall, metal, concrete, etc.):	Modular containers, light industrial

5. Please give detailed breakdown of operations within the proposed facility (i.e., 20% office; 25% distribution; 15% metal fabrication; 40% warehouse, etc.):

- a. Office
- b. Distribution
- c. Fabrication
- d. Warehouse
- e. Other – 100% electricity generator

6. **Truck traffic to be generated (# daily or weekly):** Nominal to very little truck traffic
7. **Targeted start of construction:** October 2020
8. **Targeted start of operations:** June 2022
9. **Estimated costs of taxable assets that would be located at the facility in Fort Bend (new property to Fort Bend):**

Land	Completion Cost of Improvements	Initial Cost of Equipment & Machinery	Estimated Annual Inventory	Cost of Other Taxable Personal Property	Total
\$ 1.0 M	\$ 1.1 M*	\$ 91.4 M	N/A	\$ 5.2 M	\$ 98.9 M

*Improvements are consisting of buildings, painting & insulation, and site costs.

10. **Estimated percent of inventory that would be Freeport qualified, if any:** 0 %
Freeport goods are inventories (raw materials, goods-in-process, and finished products) acquired by a business and held for no more than 175 days before being shipped out of state. Fort Bend County does not offer the Freeport Exemption.

11. **Does the company require a Foreign Trade Zone (FTZ)? If so, what percent of the inventory would be FTZ qualified:** 0 %

12. **Employment information:**

Number of new jobs to Fort Bend County	Number of existing jobs to be retained (if company currently located in Fort Bend)	Total Number of Jobs
0	0	0

13. **Average salary (before benefits):**

N/A

14. **Amount of initial, annual local payroll to be created:**

N/A

15. **What are the estimated annual total sales at the new facility? What portion of the total sales will be subject to local (city) sales taxes?**

Estimated annual total sales at the new facility will be \$18 million, 100% will be subject to local (city) sales taxes.

16. Does the company own a corporate airplane that would be housed at a local corporate airport in Fort Bend (i.e., Sugar Land Regional Airport or Houston Southwest Airport)? If so, what is the plane's value:

No

17. Will the company's local business practices necessitate business travel that will bring clients or employees to the Fort Bend facility, resulting in hotel/motel bookings? If so, what is the estimated number of hotel/motel stays per year that will be booked locally:

Yes, 2 – 3 employees will provide routine maintenance to the Fort Bend facility. The CFO and other corporate employees will also visit the Fort Bend facility a couple times a year. The estimated number of hotel/motel stays per year ranges 15 – 20. The employees may stay in Fort Bend County/Harris County.

18. If your company currently has operations elsewhere in the State of Texas, please list the name of the communities:

- Texas City, Texas, Galveston County
- Houston, Texas, Harris County

19. Employee benefit burden (percent of employee's salary that is invested by the company into the employee's benefits):

Approximately 30% including health insurance and other benefits.

20. Current owner of real property (land/building) at the time of application:

Ronald E. Sebesta

21. Have you received or are you currently receiving tax abatement in Fort Bend:

____ Yes X No

22. Is this land currently under Agriculture Exemption: X Yes ____ No

- a. If so, what will be the increase in taxes paid annually to taxing authorities: *To be answered by GFBEDC*
- b. What is the value of roll back taxes to be collected as a result of being taken out of Ag Exemption: *To be answered by GFBEDC*

23. What is the expected increase in value of the land once it is sold? (to be answered by GFBEDC)

24. **Productive life of proposed improvements and/or initial term of lease:**

20 Years – 50 Years

25. **Time of day activities will be taking place (i.e, # of shifts):**

The Peaking Plant will run continuously based on electricity demand.

26. **The costs to be incurred by local government to provide facilities or services directly resulting from the new improvements:**

Explain any costs for development or depletion of infrastructure the city and/or water district are being asked to absorb, if any.

None

27. **Please provide wastewater information, including activities, facilities, plant processes, products, services, chemicals, materials, and hazardous substances that may be used or that may result from the activities to be conducted within the proposed improvements:**

The project does not intend to discharge wastewater into the sanitary sewer system.

28. **Explain any proposed pretreatment of wastewater prior to discharge into the sanitary sewer system:**

The project has obtained a wastewater discharge permit from TCEQ (TPDES Permit No. WQ0005270000) that allows for the treatment, discharge and monitoring of wastewater at the facility into a tributary of the Rabbs Bayou.

Please see Appendix A.

29. **Will there be any proposed monitoring of wastewater discharge into the sanitary sewer system:**

Please see response provided for (28) above.

30. **Public improvements to be made by the Company in which the public may benefit (please list if any):**

The project will provide electricity in periods of high demand and lower supply of electricity on the grid. These periods typically arise when temperatures are high, output has declined from renewable resources (e.g., low wind, low sunshine), demand for electricity peaks (e.g., late afternoon, early evening), and supply from other resources are removed from the grid (e.g., the retirement coal power plants). By offering the project as a fast-start, fuel-efficient, and environmentally friendly energy resource, the project help support the addition of renewable energy resources to the grid and provide a critical energy resource when output from

renewable resources ebbs during the day. This critical energy resource will also support the continued residential, commercial, and industrial growth in the region.

- 31. Will this business compete with existing businesses in the county? If so, please list local companies providing the same services:**

The project provides a critical commodity resource – electricity – that is also provided by utilities and independent power producers in a competitive marketplace – the Electric Reliability Council of Texas (ERCOT). ERCOT arranges financial settlement for the procurement of electricity throughout the State of Texas and transmission of that electricity where it is needed. Regardless of other power producers within the state, ERCOT continues to have significant need for additional power at peak periods.

- 32. Are there possibilities for local businesses to become suppliers? Any new retail opportunities? Please explain.**

N/A

- 33. Do you anticipate your relocation to attract other new businesses to the area? Please explain:**

- By providing electricity during peak periods, the project will support continued growth in the region (residential, commercial, and industrial).
- This project is one of several projects that we are developing in the area. We intend to hire approximately ten employees in Harris County to support and manage the operations of our projects.
- As battery storage technology improves and becomes more cost effective, we intend to install battery storage project at this site to augment the efficiency of the project.
- As technology evolves, we foresee transforming the site into a “green” hydrogen or fuel cell technology that will further extend the life of the project and allow us to maximize the site value of the existing infrastructure.
- We intend to be good a member of the community by contributing more than just tax revenue. We can commit to hiring locally where possible and developing internships for local college students. These internships can help local students prepare for careers in engineering, financing and technical trades as part of the new energy future.

- 34. Does the business produce any type of emissions or are there any other environmental matters for the city/county to consider:**

The project has obtained an Air Quality Permit from TCEQ (Permit No. 154465) that governs the authorized emissions. The plant will operate within the compliance limits set by the permit.

Please see Appendix B.

35. The company agrees to participate in the continuing economic development process in Fort Bend County by becoming a Trustee/Board member (\$6,000/yr) of the GFBEDC for a minimum period coinciding with the term of any County abatement agreement: X Yes No

The County Commissioners' Court encourages the company's participation in the Council to support the continued economic growth in the County. The Court considers your decision in their evaluation of the project.

36. By signing and submitting this application you certify that the company, its branches, divisions and departments (company) do not and will not knowingly employ an undocumented worker. An agreement with the company will require the company to repay the total amount of the public benefit received with interest at the rate and according to the terms of the agreement if the company is convicted of a violation under 8 U.S.C. Section 1324a. Repayment will be due no later than the 120th day after the date the City/County notifies the company of the violation as provided in the agreement.

An undocumented worker is an individual who, at the time of employment, is not:

- a. (1) lawfully admitted for permanent residence to the United States; or
- b. (2) authorized under law to be employed in that manner in the United States.

In order to prepare the documents creating the Reinvestment Zone, in which all eligible property placed therein would receive any property tax abatement, and the Abatement Agreement itself, a Site Plan and Legal Description, including a metes and bounds description is necessary. Please provide these as soon as possible if they are not available at the time this EIS is submitted.

CERTIFICATION:

I. APPLICANT:

Braes Bayou Generating, LLC does hereby certify that all statements and representations made herein are accurate to the best of their knowledge and agree to comply with these terms.

By Authorized Representative:


Signature

8.10.2020
Date

Printed Name: _____ Mike Alvarado _____

Title: _____ Sr. VP _____

II. CO-APPLICANT:

(Name of Company) _____ does
hereby certify that all statements and representations made herein are accurate to the best
of their knowledge and agree to comply with these terms.

By Authorized Representative:

Signature

Date

Printed Name: _____

Title: _____ FBEDC

III. GFBEDC

The Greater Fort Bend Economic Development Council certifies that _____

Has/have met the standard requirements and is qualified for value added tax abatement in Fort Bend County.

W. Jackson Belt
Executive Vice President
Greater Fort Bend Economic
Development Council

Date

FORT BEND COUNTY TAX ABATEMENT **ANNUAL COMPLIANCE CERTIFICATE**

Due by September 1 of current tax year

Current Tax Year _____

This certification is being made on behalf of the OWNER / LESSEE (circle one)
Each must prepare a separate report

Per the terms of the tax abatement agreement between Fort Bend County, Fort Bend County
Drainage District and

Owner _____ and

Lessee (if applicable) _____

dated _____ we are in compliance
with the following terms of the agreement:

1. Construction of the improvements was completed on: _____
2. Certified statement regarding project costs was provided to the Fort Bend County Tax
Assessor/Collector on: _____ (date)
3. Certificate of Occupancy was provided to the Fort Bend County Tax
Assessor/Collector on: _____ (date)
4. Certified appraised value of the improvements as of January 1 _____ (current tax
year) was \$ _____ which meets the required minimum value
requirement of \$ _____.
5. Certified appraised value of the eligible property (if included in abatement agreement) as
of January 1 _____ (current tax year) was \$ _____ which
meets the required minimum value requirement of \$ _____.
6. Total number of employees employed at the improvement for current tax year is
_____ which meets the required minimum value requirement of _____.
7. Owner / lessee (circle one) applied for/renewed membership in the Greater Fort Bend
Economic Development Council as required in the abatement agreement on
_____ (date).

8. Owner / lessee (circle one) filed the annual Application(s) for Property Tax Abatement Exemption (Form 50-116) with Fort Bend Central Appraisal District on

_____ (date).

9. If there are additional requirements under the specific abatement agreement(s) by and between Fort Bend County, Fort Bend County Drainage District, Owner / Lessee noted above, please list requirement(s) and certify compliance here:

At this time, Owner/Lessee (circle one) wishes to designate a different mailing address for notices under the terms of this abatement agreement.

NEW NOTIFICATION ADDRESS:

To Owner / Lessee :
(circle one)

Please indicate the basis for your authority to represent the property owner in filing this certificate:

_____ Officer of the company

_____ General Partner of the company

_____ Attorney for property owner

_____ Agent for tax matters appointed under Tax Code Section 1.111 (copy of completed Form 50-162 filed with Fort Bend Central Appraisal District)

I _____, swear or affirm the following:
(print name)

- To the best of Company's knowledge and belief, each fact contained in this certificate is true and correct, and that Company is in compliance with the terms of the Agreement.
- Company understands that this Certificate is being relied upon by the County in connection with the tax abatement provided for in the Agreement.
- Company understands the consequences for noncompliance with the abatement agreement.
- The undersigned signatory has the legal and express authority to sign this Certificate on behalf of Company.

Signature of Authorized Representative: _____

Title of Authorized Representative: _____

Phone Number: _____

Email Address: _____

Mailing Address: _____

SWORN TO and SUBSCRIBED before me on this the _____ day

of _____ A.D. _____

NOTARY PUBLIC _____

STATE OF _____, COUNTY OF _____

MY COMMISSION EXPIRES _____

