

STATE OF TEXAS

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COUNTY OF FORT BEND

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**TAX ABATEMENT AGREEMENT BETWEEN
FORT BEND COUNTY AND
TESLA, INC.**

This Tax Abatement Agreement hereinafter referred to as "Agreement," is executed by and between FORT BEND COUNTY, TEXAS (a taxing entity, hereinafter referred to as "County"), acting by and through its Commissioners Court and **TESLA, INC.** (a Texas corporation, herein after referred to as "Owner"), the current Owner of Eligible Property (as hereinafter defined) located within Fort Bend County Reinvestment Zone No. 34 ("Reinvestment Zone No. 34") to be effective as of the date the County signs this Agreement (the "Effective Date").

I. Authorization and Findings:

- A. The County is authorized to provide tax abatement benefits in accordance with the State of Texas Property Redevelopment and Tax Abatement Act, Chapter 312 of the Texas Tax Code;
- B. Owner is proposing to develop a high technology, utility-scale, photovoltaic manufacturing facility together with related production, processing, research and development, assembly, testing, logistics, utility, administrative and other supporting operations on the property (the "Facility") to establish domestically integrated production capacity for photovoltaic, energy, electrification, advanced materials, or other related technologies and to correspondingly invest approximately \$10,000,000,000 in completing the Facility (as defined herein) which will, at full build out and operational capacity, employ approximately 9,712 Employees;
- C. Owner intends to seek designation and activation of the Facility as a Foreign Trade Zone or subzone of an existing Foreign Trade Zone under Federal law and the laws of the State of Texas. The County finds that its support of such designation and activation, subject to applicable federal law, the limitations contained in this Agreement, and the terms and conditions of the FTZ Agreement (as defined below), to be separately entered into between the parties, will complement and further the economic-development purposes of this Agreement and the development and operation of the Project;
- D. The County has adopted its 2025 TAX ABATEMENT GUIDELINES AND CRITERIA FOR GRANTING TAX ABATEMENTS on June 10, 2025 (the "Guidelines and Criteria"), and determined that Owner's request for tax abatement conforms with those current

Guidelines and Criteria;

- E. Any deviation or modification from the Guidelines and Criteria in this Agreement has been made based on good faith negotiation, upon a showing of good cause for the granting of such deviation or modification as necessary to achieve the County's goals and objectives, and has been approved by the affirmative vote of at least a three-fourths of the members of the Commissioners Court;
- F. Owner first made Application for Abatement with the County on or about August 7, 2026, for which the current Guidelines and Criteria specify such Application shall be applicable (and which are incorporated by reference), except as may otherwise be noted;
- G. Reinvestment Zone No. 34 was created on August 24, 2026, by the County in accordance with Texas Tax Code, Section 312.401, and the property subject to tax abatement under this Agreement is located within said Reinvestment Zone No. 34;
- H. The County is authorized under Section 312.402, Texas Tax Code to execute a tax abatement agreement with the owner of Eligible Property located in a reinvestment zone to exempt from taxation all or a portion of the value of Real Property, Tangible Personal Property, or both;
- I. No official of the County has an interest in the property subject to this Agreement;
- J. That the public notice required by Texas Tax Code Section 312.207 has been satisfied prior to the submission of this Agreement for consideration by this taxing entity and is attached as Exhibit 1 to this Agreement;
- K. Proper notice of the County's intent to enter into this Agreement has been provided to the presiding officers of each of the other taxing units levying taxes in the Reinvestment Zone not less than 7 days prior to the date on which this Agreement was approved by the Commissioners Court; and
- L. Though County taxes will be abated during the term of this Agreement, the following benefits will result, and which would not be secured but for this Agreement:
 - 1. Owner will locate this substantial capital and technological investment in Fort Bend County, rather than any other county;
 - 2. The Project will result in a net increase in current and (and any future) taxing units levying taxes within the Reinvestment Zone beginning in the first year of the Agreement, tax revenue that would not be available if Owner chose another location for the Project;
 - a. Fort Bend County Drainage District has agreed to its own tax reduction to incentivize the Project for a period of years, which will

result in higher future revenues for that taxing entity.

3. The County's receipt of applicable payments under the FTZ Agreement, and the County's agreement to provide a non-objection or concurrence letter in support of the designation of a FTZ zone or subzone, as provided pursuant the FTZ Agreement, will further support the benefits secured by this Agreement;
4. The County's receipt of taxes owed on Real Property from Owner during the period of Abatement results in a stable revenue stream for the County and reasonably offsets additional costs of the County operations and services related to the development of the Project; and
5. The County's receipt of applicable payments under that certain True Up PILOT Agreement by and between Owner and the County of even date herewith (the "True Up PILOT Agreement") results in a stable revenue stream for the County and reasonably offsets additional costs of the County operations and services related to the development of the Project.

II. Definitions: As used in this Agreement, the following terms shall have the meanings set forth below. Capitalized terms used, but not defined below, have the meaning ascribed to them in the Guidelines and Criteria.

- A. "Abatement" means the full or partial exemption from ad valorem taxes of Eligible Property located in Reinvestment Zone No. 34 designated for economic development purposes.
- B. "Abatement Period" means ten consecutive tax years beginning with Abatement Year 1 and ending with Abatement Year 10.
- C. "Abatement Year 1" means tax year 2029, unless Owner elects an earlier tax year or the first tax year following Commercial Operations by written notice delivered to the County and FBCAD before the applicable January 1 in which event the tax year specified in such written notice shall be Abatement Year 1. Abatement Year 1 may not be later than tax year 2031 without the County's written approval, except to the extent such delay is caused by a Force Majeure or ERCOT Delay event, in which case Abatement Year 1 shall be extended by a period equal to the duration of such Force Majeure or ERCOT Delay event.
- D. "Affiliate" means an entity that directly or indirectly controls, is controlled by, or is under common control with Owner.
- E. "Base Year" means the calendar year in which the Effective Date occurs.
- F. "Commercial Operations" means the date on which the Facility begins regular commercial production of solar cells, as attested to by an authorized Owner officer.
- G. "Commissioners Court" means the Commissioners Court of Fort Bend County, Texas.
- H. "Eligible Payroll" means aggregate employer-paid wages (including overtime and paid leave), payroll taxes, and employer-paid health, welfare, retirement, and similar benefits for Employees, including comparable documented employee-level costs for

qualifying contract-provider Employees but excluding contract-provider overhead and profit.

- I. "Eligible Property" means the Tangible Personal Property of Owner described in Exhibit 5, including qualifying Replacement Property, that is located in the Reinvestment Zone and eligible for Abatement under applicable law and this Agreement.
- J. "Eligible Taxable Value" means the appraised value of Eligible Property before application of the Abatement, as certified by FBCAD, excluding land, inventory, Base Year appraised values, and property outside agreed Eligible Property.
- K. "Employee" means a person whose employment is both permanent and full- time, who works for and is an employee of Owner or an employee of a contract provider to Owner, who works a minimum of 1,750 hours per year and whose employment is reflected in Owner's (and/or contract provider's, as applicable) quarterly report filed with the Texas Workforce Commission (TWC); but excluding any individual directly engaged by Owner as an independent contractor (seasonal, part- time, and full-time equivalent). As used in this Agreement, "Employee" does not include any employee who is engaged in construction, design, or pre-operational work, or interns. Any contract provider must maintain sufficient records to substantiate assignment and hours worked on the Project.
- L. "Employment Year" means the first full calendar year beginning after Commercial Operations, which shall be Employment Year 1. Employment Years 2, 3, and 4 are the next three calendar years.
- M. "ERCOT Delay" has the meaning assigned to such term in Section V, B, 1, a.
- N. "FBCAD" means the Fort Bend Central Appraisal District or its lawful successor.
- O. "Facility" has the meaning assigned to such term in Section I, B, of this Agreement.
- P. "Force Majeure" means an event beyond the reasonable control of the affected party, including, but not limited to, casualty, natural disaster, epidemic, war, terrorism, supply-chain interruption, utility interruption, governmental order, permitting delay not caused by that party, or labor disruption that makes continued performance of the obligations hereunder impossible, not merely impracticable or unprofitable. Unfavorable economic conditions alone are not Force Majeure.
- Q. "FTZ Agreement" means that certain agreement by and between Owner and the County of even date herewith pursuant to which the County agreed to provide a non-objection or concurrence letter to Owner for purposes of Owner pursuing designation of a Foreign Trade Zone or subzone covering the Facility and the Project on the terms, conditions and restrictions as set forth therein.
- R. "Improvement" has the meaning assigned to such term in Section 1.04(3) of the Texas Tax Code or any successor provision.
- S. "Investment Commitment" means a total Qualified Investment of \$10,000,000,000.
- T. "Investment Deadline" means the later of December 31, 2031 or the second anniversary of Commercial Operations, subject to extension for a Force Majeure or ERCOT Delay event or by the agreement of the County Director of Economic Opportunity and Development.
- U. "Material Expansion" means a distinct later phase or independent expansion that

adds land, a separate manufacturing building or production line, a materially different product, or more than 20 percent cumulative nameplate production capacity beyond the Project described in Exhibit 5. Replacement, debottlenecking, modernization, and ordinary capacity optimization are not Material Expansion.

- V. "Project" means the planning, construction, development, ownership, operation and maintenance of the Facility near FM 762 and FM 1994 in unincorporated Fort Bend County, Texas, as further described herein.
- W. "Qualified Investment" means all costs incurred by Owner and its Affiliates to plan, construct, develop, and place the Project in service, including land, buildings and other improvements, equipment and other tangible personal property, construction labor, related soft costs and financing costs but excluding inventory and operating expenses.
- X. "Real Property" has the meaning assigned to such term in Section 1.04(2) of the Texas Tax Code or any successor provision.
- Y. "Reinvestment Zone" means a geographic area of the County designated as such for the purpose of tax abatement as authorized by Chapter 312 of the Texas Tax Code, and for purposes of this Agreement, the Reinvestment Zone shall be County Reinvestment Zone No. 34, attached as Exhibit 1.
- Z. "Replacement Property" means property acquired or installed to repair, replace, modernize, refresh, or improve Eligible Property and used for substantially the same Facility function.
- AA. "State" means the State of Texas.
- BB. "Tangible Personal Property" has the meaning assigned to such term in Section 1.04(5) of the Texas Tax Code or any successor provision.

III. Project and Improvements in Reinvestment Zone

- A. Owner is proposing to construct the Facility, on an approximate 1,731.84 acre tract of land located within the boundaries of Reinvestment Zone No. 34 as described in Exhibit 2, attached hereto and incorporated herein for all purposes. The Project, Facility and Improvements are targeted to have a total Qualified Investment in an amount equal to at least the Investment Commitment. The Facility is projected, upon full build out and hiring ramp up to have 9,712 Employees. The Facility will include but is not limited to the components listed on Exhibit 5.
- B. The Eligible Property to be abated under this Agreement shall mean and refer to the Tangible Personal Property including fixtures and equipment, which are more particularly described in Owner's detailed application for abatement which is attached to this Agreement as Exhibit 5, that are installed in the County and subject to Abatement under this Agreement. The kind, number and location of all contemplated Improvements are described in Exhibit 5. Eligible Property includes Replacement Property that performs substantially the same function as Eligible Property for the Project or in the Facility and modernization improvements necessary

to maintain the Facility and continue operation of the Project.

- C. The Project and Improvements includes any other Property in the Reinvestment Zone(s) owned or leased by Owner that is used for the Project, including specifically the Eligible Property listed in Exhibit 5 to this Agreement, but excluding Material Expansions.
- D. Eligible Property must meet the following General Requirements:
 - 1. Property must be located within the Reinvestment Zone
 - 2. Property must be eligible for tax abatement pursuant to Chapter 312 of the Texas Tax Code; and
 - 3. Property must meet the definition of Tangible Personal Property as provided in Chapter 1 of the Texas Tax Code, and
 - 4. Property must be constructed, assembled, placed or installed after the date this Agreement is approved by the Commissioners Court.
 - 5. The Tangible Personal Property subject to Abatement hereunder is separate and distinct from the Tangible Personal Property that is the subject of the FTZ Agreement.
- E. Material Expansions. This Agreement shall not cover any Material Expansions, and any Material Expansion shall be separately applied for under Chapter 312, Texas Tax Code.
- F. Foreign Trade Zone Considerations. The County and Owner agree that the FTZ Agreement and the respective benefits, terms, conditions, and obligations set forth thereunder are both material to and complementary of this Agreement but that any abatement or exemptions available under the FTZ Agreement or under Federal or State law are not a part of the Abatement granted hereunder and are independent of this Agreement.

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

- A. This Agreement is effective as of the date of execution hereof and shall continue for a period of 10 tax years commencing with Abatement Year 1, unless terminated earlier pursuant to Section VIII.
- B. Notwithstanding the foregoing, Owner's obligations upon Material Default to pay the County any taxes abated under this Agreement, and any penalty and interest thereon, as herein provided shall not terminate until the abated taxes, plus any such penalty and interest, are actually repaid to and received by the County.
- C. FBCAD has established the Base Year appraised values for all the Eligible Property as of January 1, 2026, which the Parties agree to be zero.

- D. The County and Owner specifically agree and acknowledge that Owner's property in the Reinvestment Zone(s) shall be taxable in the following ways before, during, and after the Term of this Agreement:
1. Property not eligible for Abatement hereunder shall be fully taxable at all times;
 2. The certified appraised value of and Improvements existing in the Reinvestment Zone prior to execution of this Agreement shall be fully taxable at all times;
 3. Prior to commencement of the Abatement Period, the certified appraised value of Real Property and Tangible Personal Property owned by Owner and already located in the Reinvestment Zone (if any) shall be fully taxable;
 4. During the Abatement Period, 100% of County property taxes including both maintenance-and-operations and interest-and-sinking-fund or debt-service components to the extent permitted by applicable law, on the certified appraised value of the Eligible Property shall be abated in accordance with this Agreement;
 5. After expiration of the Abatement Period, 100% of the certified appraised value of Real Property and Tangible Personal Property owned by Owner and located in the Reinvestment Zone shall be fully taxable at all times, including during the performance of any post-Abatement Period obligations; and
 6. Taxation of any property that is subject to any matter addressed by the FTZ Agreement shall be taxed, not taxed, abated, or otherwise assessed as provided in the FTZ Agreement.

V. Responsibilities:

- A. The tax abatement granted by this Agreement is expressly conditioned upon the following requirements set forth below, which must be satisfied throughout the entire term of this Agreement and with which Owner agrees to comply with at all times, subject, however, to the notice and cure rights of Owner as set forth herein.
- B. Performance Criteria
1. Construction and Completion
 - a. Owner shall commence construction of the Project no later than June 30, 2027, and shall complete the construction and commence Commercial Operations not later than December 31, 2030, subject to Force Majeure delays or delay resulting from the Electric Reliability Council of Texas not timely granting an application to connect the Facility to the electrical grid (an "ERCOT Delay"). The Company shall notify the County in writing of any actual or reasonably anticipated Force Majeure delay or ERCOT Delay in the commencement or completion of construction or the commencement of Commercial Operations, including the anticipated duration of the delay; provided, however, that neither the delay nor the delivery of such notice shall, standing alone, constitute a default or result

in any penalty, recapture, termination, or other adverse remedy under this Agreement. In addition to a Force Majeure delay or an ERCOT Delay, the County Director of Economic Opportunity and Development may grant up to a twelve (12) month extension for Project completion, construction completion or commencement of Commercial Operations for good cause shown.

- i. In the event that Owner invokes a Force Majeure delay or an ERCOT Delay, Owner shall notify the County in writing transmitted to the County Director of Economic Opportunity and Development setting forth the date on which the delay began and a basis for invocation of this Section. When the conditions giving rise to Force Majeure conditions or ERCOT Delay no longer exist, Owner shall provide written notice of the end of such condition, and the applicable construction completion deadline or commencement of Commercial Operations date. Any extension under this Section V, B, 1, shall also include a reasonable period for remobilization and shall be so identified in the notice required hereunder.
- b. Owner shall provide a letter to the County Director of Economic Opportunity and Development attesting to the date that the Project has achieved Commercial Operations.

2. Minimum Project Investment.

- a. Owner shall, by no later than the Investment Deadline, make total Qualified Investment in the Project in an amount at least equal to the Investment Commitment verified as set forth in paragraphs (b) and (c), below.
 - i. At the Investment Deadline, should total Qualified Investment be less than the Investment Commitment, Owner shall not receive any Abatement for the tax year that includes the Investment Deadline and shall owe all County taxes on Eligible Property for such tax year.
 - ii. If Owner has not made Qualified Investment in an amount equal to the Investment Commitment by the date that is one year after the Investment Deadline, Owner shall not receive any abatement for that tax year and will be in breach of this Agreement as provided in Section VIII, below.
- b. Owner shall provide the County Director of Economic Opportunity and Development an attested statement for the total Qualified Investment costs with respect to the Project within thirty (30) days after the Investment Deadline, or such earlier date by which Owner has made Qualified Investment equal to or greater than the Investment Commitment. This attested statement shall include documents and supporting reports and information to reasonably substantiate the total Qualified Investment costs.

- i. If the Owner has not met the Investment Commitment by the Investment Deadline as set forth in paragraph (a), above, Owner shall notify the County in writing and the obligation to provide the attested statement required shall be 12 months after the date set forth above.
- c. The attestation of Qualified Investment is subject to audit by the County, its agents or consultants, and Owner agrees to cooperate with such an audit, provided, however:
 - i. Any audit shall be conducted upon at least five (5) business days' prior written notice, during normal business hours, in a manner that does not unreasonably interfere with Owner's operations, and shall be limited to records reasonably necessary to verify the attested minimum Qualified Investment;
 - ii. The County and its agents and consultants shall maintain the confidentiality of Owner's nonpublic information to the extent permitted by applicable law, including open records laws. Owner shall not be required to disclose information unrelated to the attestation, attorney-client privileged information, or competitively sensitive information except pursuant to mutually acceptable confidentiality protections within the scope of applicable law; and
 - iii. Any audit must be initiated within sixty (60) days after the County's receipt of the attestation and completed within ninety (90) days after initiation of the County's audit. The pendency of an audit shall not delay, condition, reduce, or otherwise affect Owner's entitlement to any Abatement, grant, extension, or other incentive benefit under this Agreement, unless the County has provided Owner written notice identifying a material inaccuracy in the attestation and Owner has failed to cure that inaccuracy within the applicable cure period.

3. Employment Commitments.

- a. Owner shall commit to achieving the following Employee headcount obligations in the identified Employment Year: Employment Year 1 - 2,500 Employees; Employment Year 2 - 5,000 Employees; Employment Year 3 - 7,500 Employees; Employment Year 4 and thereafter - 9,712. Employee headcount for an Employment Year shall be based on the average annual employment measured by the average of the Employee headcounts on January 1, April 1, July 1, and October 1 of that year.
 - i. Owner shall be entitled to 100% of the Abatement granted under this Agreement if it achieves 90% of the Employee headcount obligations in any Employment Year. In the event Owner does not achieve 90% of the Employee headcount obligation set forth herein in any

Employment Year, Owner shall not be entitled to the Abatement granted under this Agreement for that year. In the event Owner does not achieve the Employee headcount obligations in two successive years, Owner shall not be entitled to Abatement for those years and shall be in breach of this Agreement as provided in Section VIII, below.

- b. Owner shall commit to a minimum annual average Employee Compensation of \$55.00 per hour based on Eligible Payroll records requirements to be attested to the County along with reasonable supporting documentation which may include payroll and benefit reports for each Abatement Year.
 - i. In the event Owner does not achieve the minimum annual average Employee Compensation target set forth above in any Employment Year, Owner shall not be entitled to the Abatement granted under this Agreement for that year. In the event Owner does not achieve the minimum annual average Employee Compensation target set forth above in two successive years, Owner shall not be entitled to Abatement for those years and shall be in breach of this Agreement as provided in Section VIII, below.

4. Continued Operations.

- a. During the Abatement Period, Owner will maintain bona fide Project operations subject only to ordinary outages, maintenance standdowns, retooling, installation of Replacement Property, casualty event such as fire or flood, and Force Majeure.

5. FTZ Agreement.

- a. Owner agrees to comply with all of its obligations under the FTZ Agreement, including the making of any payments owed to the County thereunder during the period of time for which the FTZ Agreement remains in place. Owner acknowledges and agrees that compliance with the FTZ Agreement is a material term to this Agreement.
- b. The County agrees that its compliance with all of its obligations under the FTZ Agreement is a material term to this Agreement and the Owner.

6. True Up PILOT Agreement.

- a. Owner agrees to comply with all of its obligations under the True Up PILOT Agreement, including the making of any payments owed to the County thereunder during the period of time for which the True Up PILOT Agreement remains in place. Owner acknowledges and agrees that compliance with the True Up PILOT Agreement is a material term to this Agreement.
- b. The County agrees that its compliance with all of its obligations under the

True Up PILOT Agreement is a material term to this Agreement and the Owner.

C. General Requirements

1. Owner shall ensure that construction of the Project is in conformity with all applicable regulations, ordinances, restrictions and permits. Failure to comply or cure non-compliance with those requirements shall be a breach of this Agreement.
2. Owner shall ensure that use of the property is limited to that which is consistent with the general purpose of encouraging development or redevelopment of the zone during the Abatement Period; namely that such use will be as described in Exhibit 5.
3. OWNER SHALL BE RESPONSIBLE FOR NOTIFYING FBCAD OF THE ABATEMENT, INCLUDING FILING WITH FBCAD ANY APPLICATION OR OTHER FORMS NECESSARY TO QUALIFY FOR OR RECEIVE THE ABATEMENT GRANTED.
4. On or before September 1 of each year of this Agreement, Owner shall attest in writing to the Fort Bend County Economic Development Office compliance with each term of this Agreement by submission of the Annual Compliance Statement attached as Exhibit 4. The first Annual Compliance Statement shall be due on September 1 following the end of the first Employment Year. For the avoidance of doubt, Owner shall have no obligation to submit an Annual Compliance Statement before the September 1 following the end of the first Employment Year.
5. Owner shall ensure that taxes on all property owned by it in the County are current.
6. Owner shall annually furnish information necessary for the County's evaluation of Applicant's compliance with the terms and conditions of this Agreement and the Guidelines and Criteria (in the form of the Annual Compliance Statement).

VI. Owner Obligations after Abatement Period

- A. Continued Operations following Abatement. After the end of the Abatement Period, but only so long as the FTZ Agreement remains valid, enforceable, and in operation, Owner and its successors or assigns agree to continue routine commercial operation of the Facilities and the Project in a commercially reasonable manner and in substantially the same manner as required hereunder. This obligation is subject to Force Majeure, routine outages, maintenance, retooling, and casualty repair.

VII. Administration

- A. This Agreement shall be administered in accordance with the Guidelines and Criteria. Any deviation from the Guidelines and Criteria contained in this Agreement is intentional, has been negotiated in good faith by the County and Owner, and is for good cause in order to affect the economies and benefits of this Agreement to both the County and Owner.
- B. FBCAD annually determines an assessment of the Real Property and Tangible Personal Property within the Reinvestment Zone. Each year, Owner shall furnish FBCAD with such information as may be necessary for the calculation of all assessable taxable property including Real Property and Tangible Personal Property. After value has been established, the County receives the certified appraised value from FBCAD.
- C. During the Abatement Period, the County shall request that FBCAD annually determine both (i) the certified appraised value of the Eligible Property owned by Owner in the Reinvestment Zone and (ii) the taxable value (taking into account the terms of the Abatement in this Agreement) of the Eligible Property owned by Owner in the Reinvestment Zone. FBCAD shall record both the certified appraised value and the abated taxable value of the Eligible Property in the County appraisal records. The certified appraised value listed in the County appraisal records shall be the standard used for calculating the amount of taxes to be recaptured by the County in the event that the County is entitled to recapture abated taxes under this Agreement.
- 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.
- E. Upon completion of the construction of the Facility and the placement and/or installation of the Eligible Property, the County shall annually evaluate the Eligible Property to ensure compliance with the terms and provisions of this Agreement and shall report potential defaults to Owner.
- F. Owner shall allow employees or other representatives of the County who have been designated by Commissioners Court to have reasonable access to the Facility to ensure that the Improvements or repairs are made according to the specifications and conditions of this Agreement and the following shall apply with respect to any such inspection:
 - 1. Inspection shall be conducted in such a manner as not to unreasonably interfere with the construction and/or operation of the Facility and in accordance with its safety standards;
 - 2. Seventy-two (72) hours prior notice shall be given;
 - 3. One or more representatives of Owner is present; and

4. Limited to one inspection per year of this Agreement.

VIII. Default, Cure and Recapture of Abatements

A. Notice of Default and Opportunity to Cure:

1. All defaults, whether Material Default, defined default under this Section, or “Other Default” shall be identified in writing by the County to Owner as set forth in this Article VIII, below, and 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 MAY RESULT IN THE APPLICATION OF REMEDIES EXPRESSLY PROVIDED BY THE TAX ABATEMENT AGREEMENT, INCLUDING THE RECAPTURE OF TAXES ABATED FOR THE CURRENT YEAR OR PRIOR YEARS.

2. Owner shall have sixty (60) days from the date of the written notice to cure any default identified. The County may approve a reasonable written extension for a nonmonetary cure that cannot reasonably be completed within 60 days (including, but not limited to, by reason of an event constituting Force Majeure or an ERCOT Delay) if the Company begins and diligently pursues cure. No cure applies to fraud or to a conviction for knowingly employing an undocumented worker to the extent prohibited by law.

B. Material Default: The County may declare a Material Default upon the happening of one of the below defined events of Material Default. If the County declares a Material Default of this Agreement, this Agreement shall terminate, after notice and opportunity to cure as provided in this Article VIII, or the County and Owner may modify this Agreement upon mutual agreement. If this Agreement terminates due to an unremedied or uncured Material Default, all taxes abated under this Agreement shall be recaptured and paid within sixty (60) days of such termination. If the County does not receive full payment within said 60 days, a penalty may be added, equal to 15% of the total amount of abated taxes recaptured. Material Defaults are:

1. Failure to make the Qualified Investment in the amount of the Investment Commitment by the Investment Deadline, after any approved and applicable extensions under this Agreement including by reason of any Force Majeure or ERCOT Delay event and expiration of Owner’s cure rights;
2. Failure to commence construction or Commercial Operations as set forth herein after applicable extensions including Force Majeure events, ERCOT

- delay, and expiration of Owner's cure rights;
3. Abandonment of substantially all Project operations for twelve (12) consecutive months, excluding Force Majeure events and also excluding closure for maintenance, retooling, or casualty repair provided that such maintenance, retooling, or casualty repair is pursued with reasonable diligence and in good faith;
 4. Failure to comply with the FTZ Agreement or otherwise commit an event of default under the FTZ Agreement after any approved and applicable extensions under the FTZ Agreement and expiration of Owner's cure rights thereunder;
 5. Failure to comply with the True Up PILOT Agreement or otherwise commit an event of default under the True Up PILOT Agreement after any approved and applicable extensions for performance and expiration of Owner's cure rights thereunder; and
 6. Fraud or knowing material misrepresentation, or material uncured breach of an express obligation under this Agreement.
- C. Delinquent Taxes Default, Notice and Cure: In the event that Owner allows undisputed County ad valorem taxes on any Real Property or Tangible Personal Property located in the County to become delinquent, such delinquency shall not constitute a default under this Agreement unless the County provides Owner written notice of the delinquency and Owner fails to pay the delinquent taxes, together with any penalties and interest required by applicable law, within sixty (60) days after Owner's receipt of that notice. No default shall arise from taxes subject to a timely filed protest, appeal, or other contest permitted by applicable law, provided Owner timely pays all amounts required by applicable law to preserve its protest, appeal, or contest rights. If Owner fails to cure a delinquency within the applicable cure period, the County may terminate the Abatement solely for the tax year to which the uncured delinquency relates. Such termination shall not terminate this Agreement or affect the Abatement for any subsequent tax year, except as otherwise expressly provided for a separate, uncured default under this Agreement.
- D. Performance Criteria Adjustment: In the event that Owner fails to meet any other performance criteria provided by Section V.B. of this Agreement not considered a Material Default, above, the Abatement for the applicable tax year shall be adjusted only as expressly provided in this Agreement and in the event Owner fails to meet such performance criteria under Section V.B. of this Agreement in two consecutive years, the County may terminate this Agreement upon 60 days written notice as expressly provided in this Agreement after applicable extensions and expiration of Owner's cure rights.
- E. Undocumented Workers Default: 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 a default of this Agreement, from which no cure provisions shall apply. In such event, the 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 the County to Owner. In the event of termination under this paragraph (d), Owner shall repay to the 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.

- F. Owner's obligations upon termination to pay County monies owed for taxes abated, interest and penalties thereon shall survive termination of this Agreement, and the County shall have a lien against Owner's Property and any Improvements or Eligible Property located thereon for the monies owed until paid.

IX. Notice

- 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 the 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. Notwithstanding anything to the contrary contained herein, the parties acknowledge and agree that any notice required to be given under the provisions of this Agreement may be made by e-mail, alone or in addition to other methods for giving notice provided for herein.
- C. Unless otherwise provided in this Agreement, all notices shall be delivered to Owner or the County at the following addresses:

County: Fort Bend County
Attn: County Judge
401 Jackson Street
Richmond, TX 77469

With a copy to: Fort Bend County

Attn: Director of Economic Opportunity & Development
301 Jackson Street
Richmond, TX 77469

Owner: Tesla, Inc.
1 Tesla Road
Austin, TX 78725
Attn: General Counsel

With digital copy to: darksta@tesla.com
uspropertytax@tesla.com

- D. Any party may designate a different physical mailing or e-mail address by giving the other parties sixty (60) days prior written notice thereof.

XI. Indemnity

- A. IT IS UNDERSTOOD AND AGREED BETWEEN THE PARTIES THAT OWNER IN PERFORMING OBLIGATIONS HEREUNDER, IS ACTING INDEPENDENTLY, AND THE COUNTY ASSUMES NO RESPONSIBILITIES OR LIABILITIES IN CONNECTION THEREWITH TO THIRD PARTIES. OWNER AGREES TO DEFEND, INDEMNIFY AND HOLD HARMLESS THE COUNTY AND 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. 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. OWNER SHALL BE RESPONSIBLE FOR ALL FEES INCURRED BY THE COUNTY IN THE DEFENSE OF ANY SUCH CLAIMS, SUITS, OR CAUSES OF ACTION.
- B. The parties hereto expressly acknowledge that the County's authority to indemnify and hold harmless any third party is governed by Article XI, Section 7 of the Texas Constitution, and any provision that purports to require indemnification by the County is invalid. Nothing in this Agreement requires that the County incur debt, assess or collect funds, or create a sinking fund.

XII. Representations

- A. The County hereby warrants and represents that (i) this Agreement was authorized by an order of the Commissioners Court adopted on the date recited above authorizing the County Judge to execute this Agreement on behalf of the County, (ii) this Agreement conforms to the Criteria and Guidelines, and any deviation or modification from the Criteria and Guidelines were negotiated in good faith and good cause exists to make

such modification to secure the benefits of this Agreement to the County and complete the Project as intended, and (iii) 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.

B. Owner hereby warrants and represents to the County:

1. That Owner is a Texas corporation in good standing under the laws of Texas and authorized to do business in the State of Texas; or in the case of a permitted assignee of this Agreement, that such assignee is authorized to do business in the State of Texas.
2. That Owner is not in default in the payment of any taxes owing to the County.
3. That the officer of Owner signing this Agreement is properly authorized to enter into this Agreement and bind Owner to the terms thereof and Owner is thereby authorized to perform all covenants undertaken by Owner pursuant to this Agreement.
4. That there is no operating agreement, certificate of formation provision, or agreement between Owner and any third party which in any way limits Owner's authority to enter into this Agreement and perform all covenants and agreements set forth herein.
5. That none of the Tangible Personal Property that is intended to be a part of the Project located within the Reinvestment Zone is located within the Reinvestment Zone as of the Effective Date.

XIII. General Provisions:

- A. **Assignments.** The terms and conditions of this Agreement are binding upon the successors and assigns of all parties hereto. This Agreement may be transferred or assigned by Owner only upon written permission by the County, which permission shall not be unreasonably withheld, delayed, or conditioned. The County shall not object to an assignment by Owner to an Affiliate. Owner may also grant a collateral assignment to Project lenders, provided the County receives notice and each notified lender has the applicable Owner cure period plus thirty (30) days to cure or begin diligently pursuing its remedies. No assignment shall be approved if the assignor or assignee is indebted to the County for ad valorem taxes or other obligations.
- B. **Changes in Laws.** The tax abatement provided in this Agreement is conditioned upon and subject to any changes in the state tax laws specifically, and any other changes in law generally that materially affect either party during the term of this Agreement. If a change in law materially affects either Owner or the County, the parties may confer in good faith regarding the effect of that change. Pending any mutually approved written amendment, this Agreement and its economic terms will remain in full force, and neither Owner nor the County may unilaterally

amend, reduce, suspend, offset, or otherwise alter an Abatement, Chapter 381 Grant, the FTZ Agreement or other agreed benefit or obligation. If the Parties do not agree on an amendment within 90 days, the existing agreements and their economic terms will continue unchanged. A change in law, fiscal impact, or failure to agree will not constitute a Company default, permit recapture, or permit reduction, suspension, offset, or withholding of a Chapter 381 Grant.

- C. 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 ordinance, rule, or regulation or law.
- D. Public Information. This Agreement is public information. To the extent, if any, that any provision of this Agreement is in conflict with the Texas Government Code Chapter 552, as amended (the "Texas Public Information Act"), such provision shall be void and have no force or effect.
- E. Severability and Reformation.
 - 1. Unless the court applies subsection (2), if any provision of this Agreement or the application thereof to any person or circumstance is ever judicially declared invalid, such provision shall be deemed severed from this Agreement, and the remaining portions of this Agreement shall remain in effect.
 - 2. If any provision of this Agreement or the application thereof to any person or circumstance is prohibited by or invalid under applicable law, it shall be deemed modified to conform with the minimum requirements of such law, or, if for any reason it is not deemed so modified, it shall be prohibited or invalid only to the extent of such prohibition or invalidity without the remainder thereof or any such other provision being prohibited or invalid.
- F. Venue. 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.
- G. Expenses of Negotiation and Compliance. Upon full execution of this Agreement, Owner agrees to pay the County's reasonable expenses incurred as a result of the negotiation, including all costs of publication or other required procedures under applicable statutes, of this Agreement including all reasonable and necessary attorney fees incurred during the negotiation and preparation of this Agreement. Payment is to be made within 60 days of receipt by Owner of invoice from the County, with supporting documentation sufficient to enable Owner to verify such expenses. Notwithstanding anything in this paragraph, the maximum reimbursement to be paid by Owner is \$7,500.00.

XIV. Entire Agreement.

This executed instrument is understood and intended to be the final expression of the parties' agreement and is a complete and exclusive statement of the terms and conditions with respect thereto, superseding all prior agreements or representations, oral or written, and all other communication between the parties relating to the subject matter of this agreement. Any oral representations or modifications concerning this instrument shall be of no force or effect excepting a subsequent modification in writing signed by all the parties hereto.

Attached hereto are:

Exhibit 1	Required Notice
Exhibit 2	RZ ORDER and legal description of Real Property (land) comprising the Reinvestment Zone (including Attachment A to this Exhibit);
Exhibit 3	Application
Exhibit 4	The Annual Compliance Statement
Exhibit 5	Eligible Property Exhibit

All of which are made part of this Agreement.

XV. Conflict

Conflicts among documents shall be resolved in favor of the following order of priority. No other document shall be construed as to create a cross default of this Agreement except as explicitly set forth herein.

First	Exhibit 2	RZ ORDER and legal description of Real Property (land) comprising the Reinvestment Zone (including Attachment A to this Exhibit);
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Second	N/A	this document titled TAX ABATEMENT AGREEMENT between FORT BEND COUNTY and TESLA INC., Fort Bend County Reinvestment Zone No. 34
Third	Exhibit 3	Application
Reference Only	Exhibit 1	Required Notice
Reference Only	Exhibit 4	Annual Compliance Statement (attached as form document)

XVI. Execution

IN TESTIMONY OF WHICH, THIS AGREEMENT has been executed by the 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.

FORT BEND COUNTY, TEXAS

By: _____
Daniel Wong, County Judge
Date: _____

ATTEST:

Laura Richard, County Clerk

**OWNER
TESLA, INC.**

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

APPROVED AS TO LEGAL FORM:

Michelle L. Turner
First Assistant County Attorney
County Attorney Office*

*By law, the County Attorney's Office may only advise or approve contracts or legal documents on behalf of the County. It may not advise or approve a contract or legal document on behalf of other parties. Our review of this document was conducted solely from the legal perspective of the County. Our approval of this document was offered solely for the benefit of the County. Other parties should not rely on this approval, and should seek review and approval by their own respective attorney.

County's Original executed document
to be returned to:

Economic Development Office
ATTN: Director of Economic Opportunity and Development
Address:

EXHIBIT 1
(Required Notice)

DRAFT

Exhibit 2

(Order Forming Reinvestment Zone No. 34)

DRAFT

Exhibit 3
(Application for Abatement)

DRAFT

Exhibit 4
(Annual Compliance Statement)

DRAFT

Exhibit 5
(Eligible Property Description)

DRAFT