

G. The Operator and the County desire that designation and activation of the FTZ Site cause no financial harm or lost revenue to the County.

H. The Operator and the County have entered into this Agreement, the Chapter 312 Agreement, the Chapter 381 Agreement and the True Up PILOT Agreement (all as later defined herein) as part of a collaborative economic development and incentive scheme to further use of the FTZ Site and best effectuate the goals and objectives set forth across the referenced agreements.

NOW THEREFORE, in consideration of the mutual commitments expressed in this Agreement, the parties agree to the following:

A. DEFINITIONS

When used herein, the listed words have the following meanings:

"Board" means Foreign-Trade Zones Board within U. S. Department of Commerce.

"DEOD" means Fort Bend County Director of Economic Opportunity & Development.

"Chapter 312 Agreement" means that certain Tax Abatement Agreement by and between the County and the Operator of even date herewith pursuant to which the County agreed to abate certain taxes otherwise owed by the Operator subject to certain terms, conditions, and obligations thereunder.

"Chapter 381 Agreement" means the Chapter 381 Economic Development Agreement by and between the County and the Operator of even date herewith pursuant to which the County agreed to make certain rebate payments to the Operator as an economic development incentive subject to certain terms, conditions, and obligations thereunder.

"Customs" means Bureau of Customs and Border Protection within U.S. Department of Homeland Security.

"FTZ Exemption" means the 19 U.S.C. § 81o(e) federal exemption for certain tangible personal property imported from outside the United States and held in a zone for the purpose of storage, sale, exhibition, repackaging, assembly, distribution, sorting, grading, cleaning, mixing, display, manufacturing, or processing, and tangible personal property produced in the United States and held in a zone for exportation, either in its original form or as altered by any of the above processes, which tangible personal property is exempt from State and local ad valorem taxation. For the avoidance of doubt, property subject to the FTZ Exemption is not property subject to the Chapter 312 Agreement or the Chapter 381 Agreement.

"FTZ Inventory" means any tangible personal property held in the FTZ Site that qualifies for the FTZ Exemption and that would otherwise be taxable by the County but for the FTZ Exemption.

"FTZ Site" means the tract(s) described in Exhibit B.

"FBCAD" means the Fort Bend Central Appraisal District.

"Interest" means interest payments on delinquent amounts owed to the County under this Agreement.

"Letter" means the executed Letter of Non-Objection from the County issued on behalf of the Operator in substantially the form attached hereto as Exhibit A.

"PILOT Payment" means the payment by the Operator to the County of an amount equal to all or a portion of the County taxes that would have been due and payable by the Operator to the County on FTZ Inventory if the FTZ Site had not been designated and activated, in the amounts required by this Agreement.

"True Up PILOT Agreement" means that certain True Up PILOT Agreement by and between the Operator and the County of even date herewith pursuant to which the Operator agreed to make certain payments to the County as further set forth therein.

B. OBLIGATIONS

The Operator understands that if any FTZ Inventory receives the FTZ Exemption, the County will suffer lost revenue. Therefore, the Operator agrees to the following:

1. To the extent provided herein, the Operator agrees to make PILOT Payment(s) to the County each year for FTZ Inventory stored in the FTZ Site as it relates to ad valorem taxes that would have been levied by the County but for the FTZ Exemption. The Operator's obligation for PILOT Payment(s) to the County shall extend to all FTZ Inventory, whether owned by itself or owned by an affiliated or unaffiliated third-party storing FTZ Inventory within the FTZ Site.
2. The amount of the PILOT Payment in any year shall be determined as follows:
 - a. From the effective date of the inclusion of the FTZ Site in the FTZ and for so long as the Chapter 312 Agreement remains valid, in full force and effect and the Operator is in compliance with all terms, conditions and obligations thereunder, the PILOT Payment shall be zero dollars or 0% of the total County ad valorem taxes that would have been levied by the County on the FTZ Inventory but for the FTZ Exemption.

b. Beginning on the date upon which the Chapter 312 Agreement terminates on its own terms and during the period in which the Chapter 381 Agreement remain valid, in full force and effect, and the Operator is in compliance with all terms, conditions and obligations thereunder, the PILOT Payment shall be an amount equal to 10% of the total County ad valorem taxes that would have been levied by the County on the FTZ Inventory but for the FTZ Exemption.

i. In the event the Chapter 312 or Chapter 381 Agreement terminates as the result of a Material Default by the Operator as defined and set forth in either such agreement, the amount of the PILOT Payment shall for tax years thereafter be equal to 100% of the County ad valorem taxes that would have been levied by the County on the FTZ Inventory but for the FTZ Exemption.

c. No earlier than twelve (12) months prior the expiration of the Chapter 381 Agreement, and assuming that the Operator is not in breach of any provision thereof, at that time, the Operator and the County shall commence good faith negotiations to determine the calculation of PILOT Payments for the ten (10) tax years following expiration of the Chapter 381 Agreement, and on the ten (10) year anniversary of each renegotiation thereafter for subsequent ten (10) year terms. In the event the parties are unable to reach agreement on the calculation or an amount of PILOT Payment for a ten (10) year period, the amount shall be 100% of the total County ad valorem taxes that would have been levied by the County on the FTZ Inventory but for the FTZ Exemption.

3. The Operator agrees to disburse each PILOT Payment to the County in the form of a check payable to "Fort Bend County, Attn: Treasurer" in an amount equal to the applicable percentage of the ad valorem taxes that would have been due on all FTZ Inventory in the FTZ Site for the preceding tax year, and to deliver such payment before the date such ad valorem taxes would have become delinquent under the Texas Property Tax Code had the Operator, or any other party owning FTZ Inventory in the FTZ Site, not received the FTZ Exemption under 19 U.S.C. §810(e).

4. In the event that any information concerning the FTZ Inventory for ad valorem tax purposes which is used in the calculation of a PILOT Payment made or to be made to the County under this Agreement (including any such information concerning the quantity, value or exempt status of such FTZ Inventory) is changed as a result of any administrative or judicial proceeding challenging or otherwise affecting such information, or otherwise, then within thirty (30) calendar days after such change becomes final as a result of a final and non-appealable judgment or order entered or issued by a court or administrative agency with appropriate jurisdiction, a final and binding settlement or compromise, or other final disposition (including, but not limited to, the expiration of the period for timely filing suit) or mutual agreement of the parties hereto, the Operator shall

deliver to the County a revised calculation reflecting such change, and, if the County agrees that such change is warranted (which agreement shall not be unreasonably withheld, delayed or conditioned), any payment or payments theretofore made between the County and the Operator under this Agreement shall be appropriately adjusted by means of a payment, without interest or penalty, from the Operator to the County or the County to the Operator, as the case may be, within thirty (30) calendar days after delivery of such revised calculation to the County.

5. No later than April 15 of each year, as long as this Agreement is in effect, the Operator agrees to furnish: (1) to DEOD, a notarized report detailing ALL inventories stored in the subject FTZ Site and; (2) to FBCAD, a copy of such notarized report.

6. Any additional information that may be requested in writing by DEOD and/or FBCAD must be furnished by the Operator within 15 business days after receipt of such request.

7. Upon execution of this Agreement, the County shall furnish its Letter of Non-Objection, in the form shown in Exhibit A, based on the commitments of the Operator herein to pay the County the PILOT Payment(s) to partially offset the reduced or lost revenues that the County would incur as a result of the FTZ Exemptions on the FTZ Site.

8. The Operator agrees to pay Interest calculated as described in “C. **MISCELLANEOUS PROVISIONS.**”

9. The Operator agrees that this Agreement is necessary for the designation and/or activation of the FTZ Site. Therefore, any default by the Operator under this Agreement or a determination of the invalidity of this Agreement would justify a reversal of the FTZ Site designation and/or activation by the Board and/or Customs. Furthermore, the Operator acknowledges that default under this Agreement shall, upon notice of such default by the County to Freeport, also be a default under the Operators Agreement, and result in the initiation by Freeport of Deactivation and/or Deauthorization (as applicable) proceedings for the FTZ Site.

10. As long as this Agreement is in effect, the Operator shall not modify its FTZ Site boundaries as described in Exhibit B, transfer ownership or leasehold rights in any part of the FTZ Site or its operations, or otherwise take any action allowing any party whether affiliated or unaffiliated to operate in the FTZ Site, unless the County, by express action of its Commissioners Court, enters into a new or modified Agreement with the Operator allowing the boundary modification and/or with such party expressly allowing such transfer of operation.

11. Notwithstanding anything contained herein to the contrary, the amounts payable by the Operator to the County under this Agreement shall in no event exceed the

amounts of ad valorem taxes that would have been payable to the County pursuant to the Texas Property Tax Code on FTZ Inventory in the FTZ Site had the Operator and/or any other party owning FTZ Inventory in the FTZ Site not received the FTZ Exemption under 19 U.S.C. §810(e).

12. This Agreement shall apply only to the FTZ Inventory eligible for the FTZ Exemption. Any property (other than any such FTZ Inventory) that is the subject of the Chapter 312 Agreement or the Chapter 381 Agreement shall be taxed, not taxed, abated, or otherwise assessed as provided in those respective Agreements.

C. MISCELLANEOUS PROVISIONS

1. Governing Law. This Agreement will be governed by and interpreted under the laws of the State of Texas.

2. Interest. Interest shall accrue on any delinquent amount under this Agreement at the rate provided for in the Texas Property Tax Code as though such delinquent amount is a tax payment.

3. Binding Effect. This Agreement shall extend to and be binding upon and inure to the benefit of the parties hereto, and their respective legal representatives, and future occupants of the FTZ Site. It is agreed that each County entity is a beneficiary of this Agreement and shall be entitled to enforce its terms and seek damages for its breach.

4. Entire Agreement. This Agreement supersedes any prior understanding or agreements between the parties hereto with respect to the subject matter hereof and constitutes the entire understanding and agreement between the parties hereto with respect to the subject matter hereof, and there are no agreements, understandings, restrictions, representations, or warranties among the parties hereto with respect to the subject matter hereof other than those set forth herein or provided for herein.

5. This Agreement Does Not Affect Other Rights, Obligations or Agreements. This Agreement does not supersede, modify, or affect any other agreement that has been or may be entered into between the Operator and any other taxing jurisdiction or any other entity, except as otherwise expressly stated in this Agreement.

6. Modification of Agreement. This Agreement may be modified only by written consent of all of the parties hereto.

7. Further Assurances. The parties hereto covenant and agree that they will execute such other and further documents as are or may become necessary or convenient to effectuate and carry out the purpose of this Agreement.

8. Severability. To the extent permitted by law, a holding by any court that any part or any provision in this Agreement is invalid, illegal, or unenforceable in any respect, shall not affect any other provision, and this Agreement shall be construed as if the invalid, illegal, or unenforceable provision had never been a part of the Agreement.

9. Termination of Agreement. This Agreement shall terminate upon the revocation of FTZ Site status by the Board, but such termination shall not relieve the Operator from its obligation to pay damages as provided in this Agreement.

10. Electronic or Facsimile Signatures and Duplicate Originals. Pursuant to the requirements of the Uniform Electronic Transactions Act in Chapter 322 of the Texas Business and Commerce Code and the Federal Electronic Signatures in Global and National Commerce Act (beginning at 15 U.S.C. Section 7001), the Parties have agreed that the transactions under this Agreement may be conducted by electronic means, including online or electronic notarization performed in compliance with Chapter 406 of the Texas Government Code. Pursuant to these statutes, this Agreement may not be denied legal effect or enforceability solely because it is in electronic form or because it contains an electronic signature. This Agreement may be executed in duplicate counterparts and with electronic or facsimile signatures with the same effect as if the signatures were on the same document. Each multiple original of this document shall be deemed an original, but all multiple copies together shall constitute one and the same instrument.

11. Termination. This Agreement shall terminate if the County provides the Operator written notice it is in Material Default of an obligation of Operator under the Chapter 312 Agreement or the Chapter 381 Agreement and the Operator fails to cure such Material Default as set forth in the respective agreement. Such termination constitutes grounds for the immediate initiation of proceedings for Deactivation and/or Deauthorization of the subject FTZ Site, as applicable, and such Deactivation and/or Deauthorization of the subject FTZ Site actually occurs as a result of such uncured, material misrepresentation.

12. Notices. Any notice permitted or required to be given must be in writing delivered in person or by certified U.S. Mail, return receipt requested, to the applicable party addressed as follows:

To the 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

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

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

[Signature page follows.]

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IN TESTIMONY OF WHICH, THIS AGREEMENT has been executed by the County, the Fort Bend County Drainage District, 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 DRAINAGE DISTRICT,
TEXAS**

By: _____
Daniel Wong, County Judge

Date: _____

ATTEST:

Laura Richard, County Clerk

FORT BEND COUNTY, TEXAS

By: _____
Daniel Wong, County Judge

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 A

(Site Description)

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EXHIBIT B

(Form of Non-Objection Letter)

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