

STATE OF TEXAS

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COUNTY OF FORT BEND

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**TRUE UP PAYMENT IN LIEU OF TAXES AGREEMENT
BETWEEN FORT BEND COUNTY AND TESLA, INC.
REINVESTMENT ZONE NO. 34**

This True Up Payment in Lieu of Taxes Agreement, hereinafter referred to as “True Up PILOT 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 hereinafter referred to as “Owner”), the proposed Owner of Eligible Property (as hereinafter defined) located within the boundaries of Fort Bend County Reinvestment Zone No. 34. The County and Owner are hereinafter sometimes collectively referred to as the “Parties” and individually as a “Party.”

I. Authorization and Findings:

- A. Owner proposes to develop Project Crystal Sun, 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 expected to create substantial capital investment and employment in Fort Bend County as further described on the attached Exhibit 1 (the “**Project**”) on certain real property owned by Owner generally located near FM 762 and FM 1994 in unincorporated Fort Bend County, Texas (the “**Property**”);
- B. 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;
- C. Reinvestment Zone No. 34 was created on August 24, 2026, by the Fort Bend County Commissioners Court in accordance with Texas Tax Code, Chapter 312 (“Reinvestment Zone No. 34”), and the Property subject to this Agreement is located within Reinvestment Zone No. 34; a copy of the resolution designating Reinvestment Zone No. 34 is attached to this Agreement as Exhibit 2;
- D. The County and Owner have, pursuant to Section 312.402, Texas Tax Code, entered into that certain tax abatement agreement of even date herewith covering certain Eligible Property (as defined therein) located within Reinvestment Zone No. 34 (the “County Abatement Agreement”) to support and encourage the Project;
- E. The Fort Bend County Drainage District (the “District”) and Owner have, pursuant to Section 312.002, Texas Tax Code, entered into that certain tax abatement agreement

of even date herewith covering certain Eligible Property (as defined therein) located within Reinvestment Zone No. 34 (the "District Abatement Agreement" and together with the County Abatement Agreement, the "Abatement Agreements") to support and encourage the Project;

- F. The County is authorized to establish a program for economic development in accordance with Article III, Section 52-a, of the Texas Constitution and Chapter 381, Texas Local Government Code, under which the County has the authority to use public funds for the public purposes of promoting local economic development and stimulating business and commercial activity within the County, including the Project;
- G. The County and Owner have, pursuant to Chapter 381, Texas Local Government Code, entered into that certain Chapter 381 Economic Development Agreement of even date herewith (the "Chapter 381 Agreement" and together with the Abatement Agreements, the "Incentive Agreements") pursuant to which the County agrees to, upon the receipt of tax payments from Owner, pay certain County Rebate Grants or Special Extension Grants (as such terms are defined therein) to Owner as further set forth in the Chapter 381 Agreement to support the Project;
- H. The County and Owner have entered into that certain Foreign Trade Zone Site Non Objection and Payment in Lieu of Taxes Agreement of even date herewith (the "FTZ Agreement") to further encourage the Project and pursuant to which Owner agrees to make certain FTZ PILOT Payments (as hereinafter defined) to the County and the County agreed to provide a Non-Objection Letter so the Property and the Project could participate in the Port Freeport Foreign Trade Zone No. 149 to further support and advance the Project;
- I. The Parties agree the Incentive Agreements are an important economic and financial factor and incentive for locating the Project in the County;
- J. The Parties also acknowledge and agree that, in order to offset additional County costs of services, administration, oversight, and other costs of the County, both tangible and intangible, that would otherwise be funded through the receipt of certain taxes that are either abated, granted back, or otherwise no longer required to be paid by Owner under the Incentive Agreements, the receipt by the County of certain minimum revenues is necessary and desirable; and
- K. By entering into this Agreement, the Parties desire to establish a basis for balancing the economic benefits and burdens between Owner and the County, ensuring the successful completion of the Project, building and expanding the tax base for the benefit of the County and other taxing units within the County, and providing a degree of economic certainty in the County's budgeting process.

II. Definitions:

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

- A. "Abatement" means the full or partial exemption from ad valorem taxes of certain property located in Reinvestment Zone No. 34 designated for economic development purposes pursuant to the Abatement Agreements.
- B. "Abatement Agreements" has the meaning set forth in Section I hereof.
- C. "Affiliate" means an entity that directly or indirectly controls, is controlled by, or is under common control with Owner.
- D. "Chapter 381 Agreement" has the meaning set forth in Section I hereof.
- E. "Commercial Operation" means the date on which the Project begins regular commercial production of solar cells, as attested to by an authorized Owner officer.
- F. "Commissioners Court" means the Commissioners Court of Fort Bend County, Texas.
- G. "County Abatement Agreement" has the meaning ascribed to it in Section I hereof.
- H. "County Portion" shall have the meaning assigned to such term in the Chapter 381 Agreement.
- I. "County Rebate Grant Period" shall have the meaning assigned to such term in the Chapter 381 Agreement.
- J. "District Abatement Agreement" has the meaning ascribed to it in Section I hereof.
- K. "Eligible Property" shall have the meaning assigned to such term in the Chapter 312 Agreement and the Chapter 381 Agreement.
- L. "Event of Default" shall mean the occurrence of the following events: (1) failure by Owner to make the required True Up PILOT Payment in any year; and (2) the occurrence of a Material Default or Default under the Abatement Agreements, the Chapter 381 Agreement, or the FTZ Agreement.
- M. "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.
- N. "FTZ Agreement" has the meaning set forth in Section I hereof.
- O. "FTZ PILOT Payment" means the payments made by Owner to the County pursuant to the FTZ Agreement on the terms and conditions set forth therein.
- P. "Material Expansion" has the meaning ascribed to it in the Abatement Agreements.
- Q. "True Up PILOT Payment" has the meaning assigned to such term in Section III, C.
- R. "True Up PILOT Period" means the period beginning with and including (a) the earlier of (i) Abatement Year 1 (as defined in the Abatement Agreements), and (ii) the first calendar year with respect to which Owner is obligated to make an FTZ PILOT Payment to the County, and continuing for each calendar year thereafter so long as at least one of the Incentive Agreements is valid, effective and outstanding.
- S. "Reinvestment Zone No. 34" has the meaning set forth in Section I hereof.

III. Term and Payment of PILOT

- A. This Agreement is effective as of the date of execution hereof and shall continue through the last day of the last year in which any one of the Incentive Agreements remains valid, effective and outstanding (the "Term") unless terminated earlier as provided elsewhere herein.
- B. In the event that Owner's performance of any obligation under the Incentive Agreements is tolled or extended pursuant to the provision of any such Incentive Agreement related to Force Majeure or ERCOT Delay (as defined in the Abatement Agreements), and to the extent that such extension or tolling extends the term of any such Incentive Agreement, it is the Parties intent that obligations under this Agreement shall be similarly tolled or extended.
- C. Owner agrees that for each calendar year during the True Up PILOT Period, Owner shall make payment over to the County of an annual amount calculated for each such calendar year (the "True Up PILOT Payment") as follows: an amount equal to \$2,000,000 minus (a) 25% of the amount of ad valorem taxes actually received by the County from Owner for such year that are assessed against the Real Property (as defined in the Abatement Agreements) included in the Project for such year minus (b) the amount of the County Portion retained by the County under the Chapter 381 Agreement (during the County Rebate Grant Period) for such year minus (c) the amount of the FTZ PILOT Payment received by the County from Owner pursuant to the FTZ Agreement for such year. In any year in which the resulting amount is a positive amount, Owner shall make payment to the County of that amount as the True Up PILOT Payment for such year. In any year in which the resulting amount is zero or a negative number, there shall be no True Up PILOT Payment owed by Owner for such year, such nonpayment obligation to be documented in writing by the County.
- D. The Director of Economic Opportunity and Development will issue an invoice to Owner for the True Up PILOT Payment certifying the calculation of the True Up PILOT Payment no later than December 31 of each year during the True Up PILOT Period. However, failure to invoice is not a breach of this Agreement and will not relieve Owner from the obligation to make the True Up PILOT Payment when due.
- E. With respect to each year during the True Up PILOT Period, Owner shall issue the True Up PILOT Payment to the County Treasurer not later than the later of (a) the January 31 immediately following the end of such year, and (b) thirty (30) days after the Director of Economic Opportunity and Development delivers the invoice for such year to Owner. By way of illustration only, if the first year True Up PILOT Period is 2029, the True Up PILOT Payment must be paid not later than the later of (a) January 31, 2030 and (b) thirty (30) days after the Director of Economic Opportunity and Development delivers the invoice for such year to Owner.

- F. Each annual True Up PILOT Payment shall be made payable to Fort Bend County and shall note the Project's name and corresponding year of the True Up PILOT Period, and be mailed as follows:

Fort Bend County
Attn: Treasurer
301 Jackson Street, Suite 514
Richmond, TX 77469

- G. In the event that any information used in the calculation of a True Up PILOT Payment made or to be made to the County under this Agreement for a year during the True Up PILOT Period 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, Owner 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 Owner to the County or the County to Owner, as the case may be, within forty-five (45) calendar days after delivery of such revised calculation to the Owner.

IV. Responsibilities:

- A. Owner and the County hereby affirm and acknowledge the responsibilities and obligations assigned to them in each of the respective Incentive Agreements and reaffirm that the True Up PILOT Payment is an important component of the overall structure of those separate agreements.

V. Automatic Termination if Abatement Agreements Terminate; No Obligation to Repay

- A. In the event that all of the Incentive Agreements are terminated or expired on their own respective terms, as set forth in each, this Agreement shall also terminate effective as of the date of termination of the last such Incentive Agreement.
- B. If Owner is obligated to repay to the County and the District any taxes abated under the Abatement Agreements, the County shall not be required to make repayment of True Up PILOT Payments to Owner.

VI. Default

- A. In the event Owner fails to pay to the County by the date prescribed herein the full True Up PILOT Payment owed to the County under this Agreement and such failure continues for a period of thirty (30) days following written notice of such failure from the County to Owner, the County may declare a default. In the event of non-payment, Owner shall remain liable for all amounts owed under this Agreement, including interest accrued at the rate of 15% per annum from the date on which the True Up PILOT Payment was due through the date on which it is actually paid.
- B. For any other default under this Agreement, written notice shall be provided to the defaulting party at the address and in the manner specified below under Section VII, and the defaulting party shall have 30 days to cure the identified default.

VII. 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 THE DISTRICT 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 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, and (ii) the County has made and will continue to make all required filing with the Office of the Comptroller of Public Accounts and other governmental entities concerning Reinvestment Zone No. 34 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 the state 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 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 Improvements located within Reinvestment Zone No. 34 is located within Reinvestment Zone No. 34 as of the effective date of this Agreement.

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 Tax Laws. If a change in law materially affects either Owner or the County under the terms of this Agreement, 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 the Agreement.
- 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 Fort Bend County, with supporting documentation sufficient to enable the 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	Project description
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Exhibit 2	RZ ORDER and legal description of Real Property (land) comprising Reinvestment Zone No. 34(including Attachment A to this Exhibit);

[Signature Page Follows]

DRAFT

XV. 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

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.

District's Original executed document
to be returned to:

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

EXHIBIT A

(Project Description)

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EXHIBIT B

(Order Forming Reinvestment Zone)

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