TAX ABATEMENT AGREEMENT

BETWEEN

ANDREWS COUNTY, TEXAS

AND

PROSPERO SOLAR II, LLC
Within
The Andrews County Reinvestment Zone No. 8-Longhorn

DATED

February 18, 2020

STATE OF TEXAS §
§
COUNTY OF ANDREWS §

THIS TAX ABATEMENT AGREEMENT (the "Agreement"), effective as of the last date set forth on the signature page hereto (the "Effective Date"), is made and entered into by and between Andrews County, Texas, ("County"), acting through its duly elected officers and Prospero Solar II, LLC, a Delaware limited liability company, ("Prospero II"), holding a fee simple or leasehold interest (or an option for such interests) in the real property described herein (referred to hereinafter as the "Site"). In this Agreement PROSPERO II and County may be referred to individually as a "Party" or collectively as "Parties."

RECITALS

WHEREAS, PROSPERO II wishes to develop approximately a two hundred fifty megawatt (250 MW) alternating current (AC) solar photovoltaic generation facility (hereinafter the "Project," described more fully on Exhibit A hereto) within the jurisdictional limits of County. The Project may be larger or smaller than 250 MW upon full construction and installation;

WHEREAS, the property taxes otherwise imposed by County on PROSPERO II's planned Project (coupled with the aggregate effects of other local property taxes) form a considerable financial impediment such that, absent abatement by County, PROSPERO II might not develop the Project within Andrews County;

WHEREAS, the Project is located entirely within the Reinvestment Zone designated by County, as referenced and defined in the County's Guidelines & Criteria (defined below); and

WHEREAS, County wishes to abate the property taxes otherwise imposed (absent abatement) upon PROSPERO II by virtue of its Project and PROSPERO II wishes to develop its Project in Andrews County provided that County abates property taxes associated with the Project.

NOW, THEREFORE, for good and valuable consideration, including, without limitation, the covenants and agreements contained herein, the amount and sufficiency of which are expressly acknowledged, the Parties agree to the terms and conditions stated in this Agreement.

ARTICLE 1
DEFINITIONS

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

"Abatement" means the full or partial exemption from Ad Valorem Taxes on property in the Reinvestment Zone.

"Ad Valorem Taxes" means those property taxes assessed by Andrews County on real and personal property located within Andrews County.

"PROSPERO II" means PROSPERO SOLAR II, LLC, as set forth in the introductory paragraph of this Agreement.

"Business Activities" has the meaning set forth in Article 3.2 of this Agreement.

"Business Day" means any day except a Saturday, Sunday, a Federal Reserve Bank holiday or an official State of Texas holiday. A Business Day shall commence at 8:00 ante meridiem (AM) central standard time (CST) and close at 5:00 post meridiem (PM) CST.

"Calendar Year" means each year beginning on January 1 and ending on the close of business December 31 thereafter.

"Certificate" means a letter provided by PROSPERO II to County within thirty (30) days after the Completion Deadline (as may be extended or deferred) that certifies that PROSPERO II has completed construction of the Project, outlines Improvements included in the Project, and states the overall Nameplate Capacity of the Project. Upon receipt of a Certificate, Andrews County may inspect the Site and the Project within the Reinvestment Zone in accordance with the terms of this Agreement in order to verify that the Improvements are as certified in such Certificate.

"Certified Appraised Value" means the appraised value, for property tax purposes, of the property on the Site within the Reinvestment Zone, as certified by the Andrews County Appraisal District for each taxable year.

"Commissioners Court" means the Commissioners Court of Andrews County, Texas.

"Completion Deadline" has the meaning set forth in Article 6.1(A)(i) of this Agreement.

"County" means Andrews County, Texas, as set forth in the introductory paragraph of this Agreement.

"County Judge" means the County Judge of Andrews County, Texas.

"Effective Date" has the meaning set forth in the introductory paragraph of this Agreement.

"Eligible Property" means property eligible for Abatement under the Guidelines & Criteria, including (but not limited to) new, expanded, or modernized buildings and structures; fixed machinery and equipment; Improvements; related fixed improvements; other tangible items necessary to the Project's operation and administration; and all other tangible personal property permitted by Chapter 312 of the Texas Tax Code and the Guidelines & Criteria. Tangible personal property located on the real property comprising the Site at any time before the period covered by this Agreement is not eligible for Abatement, nor is any real property comprising the Site. Tangible personal property eligible for Abatement shall not include inventory or supplies.

"Force Majeure" has the meaning set forth in Article 8.1 of this Agreement.

"Governmental Authority" means any federal, state, territorial or local government body (including the State of Texas and Andrews County); any governmental, quasi-governmental, regulatory or administrative agency, commission, body or other authority exercising or entitled to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power; or any court or governmental tribunal.

"Guidelines & Criteria" has the meaning set forth in Article 2.1 of this Agreement. Such Guidelines and Criteria have been previously approved and duly adopted by the Commissioners Court.

"Improvements" means Eligible Property meeting the definition for Improvements provided by Chapter 312 of the Texas Tax Code and includes (but is not limited to) any building, structure, or fixture erected on or affixed to the land. A list of the proposed Improvements is set forth on Exhibit D hereto.

"Local" means an individual or entity whose principal residence or business address is located within the jurisdictional limits of Andrews County, Texas.

"Nameplate Capacity" means the maximum installed instantaneous generation capacity of the completed Project, expressed in MW (AC) as measured on the AC side of the inverters.

"Reinvestment Zone" means the reinvestment zone, as that term is defined in Chapter 312 of the Texas Tax Code, created by Andrews County by the resolution dated February 18, duly passed by the Commissioners Court and included as Exhibit E hereto.

"Related Entity" means any parent, subsidiary, or affiliate of PROSPERO II (or any entity resulting from any merger, acquisition, or other corporate restructure or reorganization of PROSPERO II), or any component thereof, or any tax equity participant in the Project, and specifically includes PROSPERO SOLAR II, LLC, and any affiliates thereof.

"Site" means that specific real property located within the Reinvestment Zone on which PROSPERO II intends to make the Improvements for which the Abatement is granted hereunder; the Site is more particularly described on Exhibit B attached hereto; the term "Site" also includes any other land actually leased, or optioned to lease, or owned by PROSPERO II within the Reinvestment Zone as of the Completion Deadline.

"Term Of Abatement" has the meaning set forth in Article 6.2 of this Agreement.

"Term Of Agreement" means the time period commencing on the Effective Date and continuing until the date this Agreement is terminated or the date the Term Of Abatement ends.

ARTICLE 2
AUTHORITY TO ENTER AGREEMENT

2.1 **AUTHORIZATION**. This Agreement is authorized by Chapter 312 of the Texas Tax Code, as amended, and by the "Andrews County Guidelines and Criteria for Tax Abatement," previously approved by the Commissioners Court which are attached hereto as Exhibit C).

2.2 **FINDINGS**. County, by its approval of this Agreement, hereby finds that the terms of this Agreement are within its Guidelines & Criteria, subject to any exceptions approved by the Commissioners Court, and that the approval of this Agreement will not have any substantial, long-term, adverse effect upon the provision of County's services or its tax base. The Commissioners Court hereby resolves that it is eligible to participate in tax abatement (pursuant to Texas Tax Code §312.002(a)) and that PROSPERO II's planned use of the Site inside the Reinvestment Zone does not constitute a hazard to public safety, health, or morals.

ARTICLE 3
THE SITE, PROJECT, AND IMPROVEMENTS

3.1 **THE SITE**. PROSPERO II is fee simple owner or lessee (or has an option for such an interest) in control of real property as legally described in Exhibit B (attached hereto and incorporated herein), which property is referred to herein as the "Site." The Site location qualifies as a Reinvestment Zone for the purposes of the Texas Property Redevelopment and Tax Abatement Act of 1987, V.A.T.S. Tax Code, Chapter 312.

3.2 **BUSINESS ACTIVITIES**. PROSPERO II desires to install the Project upon the Site for the sale of generated solar energy (the "Business Activities"). PROSPERO II (or its affiliates, agents, successors, or its assigns) shall conduct the Business Activities on the Site for the Term Of Abatement. Notwithstanding, nothing herein shall cause to commit PROSPERO II to installing the Projcct and the actual construction of the Project at the Site is completely discretionary.

3.3 **INVESTMENT**. With the construction of the Project, PROSPERO II will invest an amount estimated to be two hundred fifty million and zero one hundredths dollars ($250,000,000.00) in the Improvements and control (acquisition or lease) of the Site for the Business Activities, albeit the actual amount of the investment may be much larger or smaller depending on the size of the Project ultimately built and/or the actual cost of materials and labor at time of construction. PROSPERO II shall not place (or cause to be placed) the Improvements on the Site before the Effective Date of this Agreement.

3.4 **PAYMENTS BY PROSPERO II.** Payments made by PROSPERO II pursuant to this Agreement shall be sent to the Andrews County Tax Assessor/Collector. and assigned a line item by the Andrews County Auditor.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES

4.1 **REPRESENTATIONS BY PROSPERO II**. PROSPERO II represents and warrants to County, as of the Effective Date, that the following statements are true and correct:

A. That PROSPERO II has no knowledge that any interest in the Site is presently owned, held, or leased by any member of the Commissioners Court, the County Judge, or any other County officer or employee;

B. That PROSPERO II will have a taxable interest with respect to Improvements to be placed on the Property;

C. That construction / integration of the proposed Improvements will be performed by PROSPERO II and/or its contractors or subcontractors;

D. That PROSPERO II's use of the property in the Reinvestment Zone is limited to that which is consistent with: 1) the County's general purpose of encouraging development or redevelopment of the area during the period of the Abatement; and 2) the terms of this Agreement;

E. That all representations made in the Application for Abatement (as applicable) are true and correct to the best of PROSPERO II's knowledge;

F. That no litigation is pending against PROSPERO II for any violations under the Occupation Safety and Health Act ("OSHA");

G. That a solar generation facility similar in size and technology to that of the Project is expected to create an average of one (1) new permanent job; and

H. That the productive life of the Project's facility is expected to be twenty-five (25) or more years and at least as long as the Term Of Agreement.

4.2 **REPRESENTATIONS BY COUNTY**. County represents and warrants to PROSPERO II, as of the Effective Date, that the following statements are true and correct:

A. That the Reinvestment Zone and this Agreement have been created in accordance with Chapter 312 of the Texas Tax Code and the Guidelines & Criteria as both exist on the Effective Date;

B. That no member of the Commissioners Court, County Judge, or other officer or employee of County owns, possesses, or subleases any interest in the Site or in the Improvements;

C. That the Site is wholly within the Reinvestment Zone and is wholly within the legal boundaries of Andrews County, Texas; and

D. That County has made and will continue to make all necessary filings with the Office of the Comptroller of Public Accounts and any other requisite governmental entities concerning the Reinvestment Zone and this Agreement.

E. Road Repair. Prospero II and its contractors and service providers shall have the right to use County roads during the construction of the project. If requested by Prospero II the County shall provide a separate letter in a reasonable form, executed by the County Judge, that evidences the permission granted by the County to Prospero II to use the County roads.

F. During construction of the Improvements, Prospero II shall to use commercially reasonable efforts to minimize disruption to County roads caused by the construction process and to repair any and all damage to the extent directly caused to County roads by Prospero II or its agents during the construction period. Prospero II shall have no obligation under this Article to repair or replace (in whole or in part) any County road that Prospero II actually uses if any party (or parties) other than Prospero II collectively causes fifty percent (50.00%) or more of the damage to such road between the Effective Date and the date of the issuance by Prospero II of the Certificate. Prospero II will give the County prior notice of the county roads to be utilized by Prospero II for construction of the Improvements. The County will document the condition of the roads and provide Prospero II with a copy of such condition report, and the County will take reasonable steps to document use of the identified roads during the construction of the Improvements. In the event the Prospero II disagrees with the County's determination of the condition of the roads to be utilized by the Prospero II, Prospero II shall, at its sole expense, engage a consultant to determine the condition of such roads. The selection of the consultant shall be subject to the approval of the County, such approval not to be unreasonably withheld, conditioned or delayed. The County shall perform a post- COD road inspection to determine any cost to repair such roads within thirty (30) days following COD, and Prospero II will be provided a copy of said report and given an opportunity to challenge any alleged damages.

ARTICLE 5
COVENANTS BY PROSPERO II

5.1 **DEVELOPMENT OF THE PROJECT**. PROSPERO II owns, possesses, holds an interest in, or otherwise controls the Site and Improvements that are the subject matter of this Agreement. PROSPERO II agrees to use commercially reasonable efforts to develop the Project, with a goal of investing up to an estimated two hundred fifty million and zero one hundredths dollars ($250,000,000.00) in constructing the Improvements by December 31, 2021. PROSPERO II already has leased, has acquired, or has obtained options for control of the Site for the duration of the Term of this Agreement. Upon development of the Site for the Project, PROSPERO II shall occupy and use the Site only for its Business Activities (and any other purpose that is reasonably related thereto).

A. **LOCAL LABOR**. PROSPERO II covenants and agrees to make commercially reasonable efforts to hire Local contractors and subcontractors, if necessarily qualified and available, to fulfill its requirements under Article 5.2 and in maintaining the Site and the Improvements thereafter. Notwithstanding, nothing herein shall cause to bind PROSPERO II to hire local contractors.

B. **LOCAL SUPPLIES AND EQUIPMENT**. PROSPERO II covenants and agrees to make good faith efforts to purchase Local supplies and equipment in constructing and maintaining the Site and the Improvements thereafter. Notwithstanding, nothing herein shall bind PROSPERO II to procure equipment and supplies from local vendors and PROSPERO II may seek competitive bids from outside the County. PROSPERO II shall have no obligation to consider or respond to any proposal that, in PROSPERO II's sole but reasonable discretion, does not meet PROSPERO II's collective economic, commercial, practical, and other reasonably similar needs. This Agreement shall not be construed as creating any right of any party (other than a Party to this Agreement) to be a beneficiary of or under this Agreement, nor does this Agreement create any such third-party beneficiary status; no party (other than a Party to this Agreement) shall have standing to sue under the terms of or in reliance upon this Agreement (including its terms and its existence).

C. **COMPLIANCE WITH LABOR LAW**. PROSPERO II covenants and agrees that it shall comply with all applicable federal and state laws governing the employment relationship between employers and employees.

D. **COMPLIANCE WITH CONSTRUCTION LAW**. PROSPERO II covenants and agrees that PROSPERO II shall construct (or shall require its contractors and Subcontractors to construct) all improvements in compliance with all applicable federal, state, and local laws including (but not limited to) Texas Commission on Environmental Quality regulations, EPA regulations, County regulations, building codes and ordinances and flood, subdivision, building, electrical, plumbing, fire, and life safety codes and regulations, current and as amended.

5.2 **OPERATION OF THE FACILITY**. Except as explicitly provided herein, PROSPERO II covenants and agrees that it shall use the Site only to conduct its Business Activities (as defined in Article 3.2) and in accordance with all applicable federal, state, and local laws. Without prior or additional consent by County, any Related Entity may occupy and use the Site for Business Activities. To be eligible for Abatement, such Related Entity must agree in writing fully to comply with all applicable terms of this Agreement. In the event any Related Entity placed Improvements on the Site outside the scope of this Agreement, said Improvements will be subject to normal taxation by the County. PROSPERO II covenants and agrees not to change the primary use of the Site absent the prior written approval of County.

A. **MAINTENANCE**. PROSPERO II covenants and agrees that it shall maintain the Site and any Improvements in good repair and condition during the Term (normal wear and tear and damage by fire or other casualty not caused as a result of

PROSPERO II's negligence, intentional act, or misconduct excepted). Compliance with the maintenance obligations imposed herein shall be presumed if PROSPERO II follows its normal and customary maintenance procedures and schedules.

B. **IMPROPER DEALINGS WITH COUNTY PERSONNEL**. PROSPERO II covenants and agrees that it shall not knowingly sell, lease, or convey any ownership, possessory, beneficial, or other interest in the Project, the Site, or the Improvements to any member of the Commissioners Court, the County Judge, or any other County officer or employee so long as this Agreement remains in effect.

C. **SALE, TRANSFER, OR ASSIGNMENT**. PROSPERO II covenants and agrees to notify County at least twenty (20) days prior to any sale, transfer, or sublease of the Site or of the Improvements during the Term as may be required by Article 9.

D. **RELOCATING OR CEASING BUSINESS ACTIVITIES**. PROSPERO II covenants and agrees to notify County at least twenty (20) days prior to relocating or ceasing its Business Activities. In the event PROSPERO II elects to relocate outside the County or cease operations, PROSPERO II will have to elect to pay the County damages as set out in Article 6.1(B).

5.3 **CREATION OF NEW JOBS**. PROSPERO II covenants and agrees if it constructs the Project at the Site to create and maintain throughout the Term of this Agreement no fewer than three (3) new permanent jobs to work at and support the Project's facility, which job (i) shall be a new employment position, (ii) shall enjoy no fewer than one thousand eight hundred twenty (1,820) hours of work annually, and (iii) shall be paid no less than approximately fifty-eight thousand one hundred dollars ($58,100) per year. Notwithstanding the foregoing, PROSPERO II shall not be deemed to be in violation of this Agreement in the event a job initially created pursuant to this Section no longer continues to be held by persons residing within the County's jurisdictional limits.

5.4 **ANNUAL REPORTS**. PROSPERO II covenants and agrees that during the Term Of Abatement PROSPERO II shall provide to the County Judge within thirty (30) days preceding each April 15 an annual certification from an officer of PROSPERO II attesting to the compliance of the terms of this Agreement and providing such other information as outlined in Chapter 22, V.A.T.S. Tax Code, as amended, as may be necessary for tax abatement and appraisal purposes. In addition, the first Annual Certification delivered after completion shall include Prospero II's certification of the final rated capacity of all equipment actually installed along with a certification by an authorized representative of Prospero II reflecting the installed cost of all eligible Improvements. Prospero II shall amend the Prospero II's Cost Certification after the first Annual Certificate is filed if it discovers any material inaccuracy in the cost certification.

5.5 **PERMISSION TO MONITOR**. Upon forty-eight (48) hours prior notice to PROSPERO II by County (which such notice must actually be received by PROSPERO II to be deemed effective), PROSPERO II covenants and agrees that it shall allow County's designated representatives access to the Site provided they comply with all PROSPERO II safety

requirements and agree to be escorted by PROSPERO II personnel at all times while on site during PROSPERO II's normal business hours for inspection to determine if the terms and conditions of this Agreement are being met. This inspection is independent of County's police powers to inspect for purposes of assuring compliance with applicable County codes and ordinances. In addition, upon such notice, County shall have the right to access information needed to verify that PROSPERO II is and has been conducting Business Activities. Any information that is not required by law to be made public shall be kept strictly confidential by County. PROSPERO II representatives may accompany County representatives during any inspection, and all inspections shall be conducted in such a manner as (1) not to interfere unreasonably with the operation of the Project and (2) to comply with PROSPERO II's reasonable security requirements.

ARTICLE 6
ABATEMENT AND COVENANTS BY COUNTY

6.1 CONDITIONS TO ABATEMENT.

A. **CONSTRUCTION.**

i. **COMPLETION.** PROSPERO II agrees to use commercially reasonable efforts to construct and to install Phase 1 of the Project and provide the Certificate to County no later than December 31, 2021 (the "Completion Deadline"). The Project may be constructed in one or more phases, and each phase may have its own LLC or other form of special purpose project entity. Subject to the requirements under Article 5.2(C), PROSPERO II may assign rights and responsibilities set forth herein to each and any such project entity in relation to the number of megawatts to be installed by such project entity.

ii. **DEFERRAL.** PROSPERO II shall have the right to extend this Agreement by automatically deferring the Completion Deadline for up to two (2) years in the event that construction and installation of Phase 1 of the Project is not complete before Completion Deadline and such lack of completion is not the result of a lack of diligence on the part of PROSPERO II. Phase 2 shall be subject to the benefits and obligations of this Agreement for the Term of this Agreement, including as deferred.

B. **IMPROVEMENTS TO REMAIN IN PLACE.** PROSPERO II agrees that the Improvements, once constructed and installed, shall remain in place until at least twenty (20) years after the date the Certificate for such Improvements is provided by PROSPERO II, provided that nothing herein prevents PROSPERO II from replacing any equipment or fixture comprising the Improvements prior to that date, so long as such replacement does not result in a reduction of the Certified Appraised Value of the Improvements to less than eighty percent (80%) of such original Certified Appraised Value. IN THE EVENT OF A BREACH OF THIS ARTICLE 6.1(B) (UNLESS THE CIRCUMSTANCES GIVING RISE TO SUCH BREACH ARE THE RESULT OF FORCE MAJEURE, AS DEFINED IN SECTION 8.1 OF

ARTICLE 8), COUNTY'S SOLE REMEDY (AND PROSPERO II'S SOLE LIABILITY) SHALL BE FOR PROSPERO II (IN ITS SOLE AND ABSOLUTE DISCRETION AS TO ELECTION BETWEEN THE FOLLOWING TWO OPTIONS) EITHER (1) TO PAY TO COUNTY THE FULL AMOUNT OF ACTUAL TAXES ALREADY ABATED UNDER THIS AGREEMENT ON THE REMOVED IMPROVEMENTS (I.E. ON TAXES THAT OTHERWISE WOULD HAVE COME DUE BUT FOR THIS AGREEMENT) OR (2) TO PAY TO COUNTY THE FULL AMOUNT OF ACTUAL TAXES THAT WOULD BE ABATED UNDER THIS AGREEMENT ON THE REMOVED IMPROVEMENTS BETWEEN THE DATE OF ELECTION AND THE END OF THE TERM OF ABATEMENT (I.E. ON TAXES THAT WOULD BECOME DUE BUT FOR THIS AGREEMENT). The terms of this section 6.1 shall not be construed to allow tax abatement or partial tax abatement to PROSPERO II in the event it fails to originally construct the Improvements described in Exhibit D appended hereto, but shall be applicable only after such Improvements are completed.

6.2 **ABATEMENT**. Beginning on the first day of January 2022 (as may be extended pursuant to Article 6.1(A)(ii) and ending upon the conclusion of ten (10) full Calendar Years thereafter (the "Term Of Abatement"), County agrees to abate and shall abate one hundred percent (100%) of all County Ad Valorem Taxes on the Certified Appraised Value of all Improvements in the Certificate and of any and all otherwise taxable personal property owned by PROSPERO II (and actually placed in the Reinvestment Zone) (the "Abatement"). As of the Effective Date, the Parties specifically represent and agree that there are no Improvements on the Site. The Parties anticipate that PROSPERO II will make the Investment set forth in Section 3.3.

6.3 **EXCEPTIONS TO ABATEMENT**. Any real property comprising the Site is not eligible for Abatement and shall be taxable by County. Any Improvements and any other personal property installed, put in place, or otherwise set upon the Site prior to the Effective Date of this Agreement are not eligible for Abatement. The following other types of property shall be fully taxable and ineligible for Abatement: any animals, tools, supplies, inventories, furnishings, and other forms of movable personal property; vehicles; vessels; aircraft; housing and residential property; hotels / motels; fauna; flora; retail facilities (except when housed in an historic structure); any improvements including those involved in the production, storage, or distribution of natural gas or fluids that are not integral to the operation of the facility; and property owned or used by the State of Texas or its political subdivisions or by any organization owned, operated, or directed by a political subdivision of the State of Texas. Equipment related to the installation and maintenance of solar energy production by PROSPERO II and related Improvements located in the Reinvestment Zone shall remain eligible for Abatement provided the relevant Improvement is awaiting installation to become a permanent part of a fixture located or to be constructed in the Reinvestment Zone that is or will be eligible for Abatement, including any replacement parts. The base year value of such excepted properties under this Article 6.3 (as determined each year) shall be taxable. The Abatement does not apply to the development of any and

all hydrocarbon, oil, gas and associated products that may be produced from said Site which are outside the scope of this Agreement and not subject to any Abatement.

6.4 **POST-ABATEMENT**. Upon the expiration of the tenth (10th) Calendar Year of the Term Of Abatement as set forth in Article 6.2, County and PROSPERO II agree that one hundred percent (100%) of the Certified Appraised Value of property subject to this Agreement that exists in the Reinvestment Zone shall be fully taxable thereafter as otherwise provided by the laws of the State of Texas.

6.5 **CHANGE IN LAW**. The Parties specifically acknowledge that a portion of the Eligible Property may be eligible for complete or partial exemption from Ad Valorem Taxes as a result of existing law or future legislation. This Agreement shall not be construed as evidence that such exemptions do not apply to the Improvements so long as set Improvements are directly related to the maintenance and improvements of PROSPERO II's solar facility. To the extent that existing or future law exempts any of the Eligible Property, this Agreement automatically shall be modified (prospectively for the remaining portion of the Term Of Abatement) to incorporate such complete or partial exemption, which calculation shall be made prior to the calculation of Abatement.

6.6 **RIGHT TO CHALLENGE APPRAISALS**. Notwithstanding any of the foregoing, PROSPERO II at all times shall have the right to protest appraisals of the Site, Improvements, and Eligible Property, including any portion thereof.

6.7 **PAYMENT IN LIEU OF TAXES ("PILOT").** As consideration for the Abatement and within thirty (30) days of January 1 for each Calendar Year of the Term of Abatement, PROSPERO II agrees to make an annual payment to the County in an amount equivalent to $529 per megawatt of the completed Project's aggregate Nameplate Capacity (the "PILOT Payments"). The PILOT Payments, which are in lieu of property taxes, are wholly contingent upon PROPSERO II constructing and installing the Project at the Site

ARTICLE 7
DEFAULT / TERMINATION / RECAPTURE

7.1 **DEFAULT BY PROSPERO II**. The occurrence of any of the following events during the Term Of Agreement shall be deemed a default, which automatically shall trigger a right to terminate this Agreement pursuant to Article 7.2 (subject to the limitations set forth therein):

(1) **FAILURE TO COMPLY WITH AGREEMENT**. PROSPERO II fails to adhere to any of the terms of this Agreement for a period of ninety (90) consecutive calendar days;

(2) **FAILURE TO PAY AD VALOREM TAXES**. PROSPERO II allows its Ad Valorem Taxes due on the Site, Improvements, or any other personal property installed, put in place, or otherwise set upon the Site (including inventory and supplies) to become delinquent (after taking into account any reallocation allowed

under this Agreement and any extensions of deadlines to pay and any payment plans, which County shall extend to PROSPERO II at least to the same extent as County normally offers such payment plans to other taxpayers in similar situations) for a period of thirty (30) days and fails timely and properly to follow any legal procedures or remedies for protest of such taxes; or

(3) **CESSATION OF OPERATIONS**. PROSPERO II completes construction of the Project and commences generation of electricity but, for any reason other than an event of Force Majeure, discontinues generation of electricity for a period greater than one (1) year during the Term of Abatement.

The Parties shall not deem any default to have occurred in situations involving minor or immaterial changes to the description of the Site, minor or immaterial changes to the description of the Improvements and/or Eligible Property, or any changes in ownership or in management of PROSPERO II or of the Project (so long as PROSPERO II or any Related Entity provides notice under Article 5.2(C) of such changes, to the extent such notice otherwise is required under this Agreement).

7.2 **TERMINATION**. In the event of any default under Article 7.1, County either (1) may modify this Agreement with the mutual consent of PROSPERO II or (2) may terminate this Agreement after providing notice of default (as set forth hereafter) and providing an opportunity to cure. In addition, County may assess its reasonable cost and legal expenses against PROSPERO II for any such modification or termination under this Article 7.2.

A. **NOTICE OF DEFAULT**. County shall notify PROSPERO II of any default in writing in the manner prescribed herein. The notice shall specify the basis for the declaration of default and prominently shall state the following language at the top of such notice:

NOTICE OF DEFAULT UNDER TAX ABATEMENT AGREEMENT

YOU ARE HEREBY NOTIFIED OF THE FOLLOWING DEFAULT UNDER YOUR TAX ABATEMENT AGREEMENT WITH ANDREWS COUNTY. FAILURE TO CURE THIS DEFAULT WITHIN NINETY (90) DAYS OF YOUR RECEIPT OF THIS NOTICE OR OTHERWISE CURE THE DEFAULT AS PROVIDED BY THE AGREEMENT SHALL RESULT IN TERMINATION OF THE TAX ABATEMENT AGREEMENT AND, IF THE DEFAULT INVOLVED FAILURE TO MAKE IMPROVEMENTS UNDER THE AGREEMENT, RECAPTURE OF TAXES ABATED PURSUANT TO THAT AGREEMENT.

B. **CURE PERIOD**. PROSPERO II shall have ninety (90) days from the date of PROSPERO II's actual receipt of such notice to cure any default (unless fulfillment of any obligations requires activity over a period of time, in which case performance shall be commenced within ninety (90) days after the actual receipt of notice and such performance shall be diligently continued until the default is cured).

The decision whether to cure any such default solely and absolutely belongs to PROSPERO II, and no party may compel PROSPERO II to cure.

C. **CONTESTING TERMINATION.** If PROSPERO II believes such termination is improper, PROSPERO II may file suit in any court of competent jurisdiction in the State of Texas and challenge such termination. During the pendency of such suit (including any appeals thereto), Abatement shall remain in effect as though no event of default had occurred.

D. **LIMITATION OF REMEDIES.** Modification or termination of the Agreement (plus recapture of property taxes subject to the limits of Article 7.3 and Article 7.4), as appropriate, along with any reasonable incurred costs and fees, shall be County's sole remedies in the event PROSPERO II defaults. County shall not be entitled to any exemplary, punitive, compensatory, or other damages or remedies beyond those explicitly set forth in this Agreement, other than its reasonable attorneys' fees should it prevail in a court challenge brought by PROSPERO II contesting termination.

7.3 **RECAPTURE.** County shall be entitled to recapture property tax revenue lost as a result of this Agreement so long as each of the following conditions have occurred: first, PROSPERO II has defaulted pursuant to Article 7.1(1) or Article 7.1(2); second, County properly has provided notice of default under Article 7.2(A); third, PROSPERO II has failed to cure such default under Article 7.2(B); and fourth, County terminates this Agreement following such proper notice and such failure to cure. The amount of property tax revenue that may be recaptured is set forth in Article 7.3(A) of this Agreement.

A. **AMOUNT OF RECAPTURE.** If entitled under Article 7.3 to recapture property tax revenue lost as a result of this Agreement, County shall have the right to recapture one hundred percent (100%) of taxes already actually abated under this Agreement (i.e. recapture for prior tax years only—no anticipatory / prospective recapture of future taxes).

B. **RECAPTURE PAYMENT SCHEDULE.** If termination occurs during the Term Of Abatement, then PROSPERO II shall have sixty (60) calendar days from its actual receipt of demand from County for recapture under Article 7.3 to pay all recaptured property tax revenues.

C. **CREDITS TO PROSPERO II.** Any recapture under this Article 7.3 shall be subject to any and all lawful offsets, settlements, deductions, and credits to which PROSPERO II may be entitled.

7.4 **BREACH BY COUNTY.** In the event that County fails to abate pursuant to Article 6 of this Agreement, so long as PROSPERO II is not in default under Article 7.1 (and so long as County has not terminated pursuant to Article 7.2) at the time PROSPERO II gives written notice to County of County's failure to abate, County shall be deemed to be in breach of its obligations under this Agreement. If County breaches this Agreement, it will

have a cure period of ninety (90) days in which to remedy its breach, during which time PROSPERO II only will be responsible for paying that portion of its property taxes to County as though County had not breached. If after ninety (90) days of receiving written notice County has failed to remedy its breach, then PROSPERO II shall be entitled to bring suit in any court of competent jurisdiction in the State of Texas for specific enforcement of this Agreement. The prevailing party shall be entitled to an award of its reasonable attorneys' fees as determined by the Court.

ARTICLE 8
FORCE MAJEURE

8.1 **DEFINITION OF FORCE MAJEURE**. "Force Majeure" means an event or circumstance that prevents one Party from performing its obligations under this Agreement, which event or circumstance was not anticipated as of the Effective Date, which is not within the reasonable control of (or the result of the negligence of) the claiming Party, and which (by the exercise of due diligence) the claiming Party is unable to overcome or avoid or cause to be avoided. So long as the requirements of the preceding sentence are met, a "Force Majeure" event may include, but shall not be limited to, flood, monsoon, drought, environmental catastrophes, government regulation for environmental assets and species protection, military ordinances or archaeological discoveries at the Site, change in applicable law or interpretation or application thereof, failure of any transmission line between the Site and the substation nearest the Site (so long as such transmission continues for a period of thirty (30) calendar days or more), failure or disruption of the substation nearest the Site (so long as such substation is inoperable, in whole or in part, for a period of thirty (30) calendar days or more), failure or delay by any Governmental Authority in issuing any required permit, earthquake, storm, fire, lightning, volcanic ash, mudslides, tsunamis, typhoons, epidemic, high winds, war, worldwide economic collapse, economic collapse of the United States of America, economic collapse of the State of Texas, terrorism, riot, strike, or other labor dispute. Notwithstanding the foregoing, Force Majeure shall not be based on (i) the loss of PROSPERO II's markets; (ii) PROSPERO II's inability economically to use or sell the electricity generated by the Project; (iii) the loss or failure of PROSPERO II's Improvements, including materials or equipment, unless such loss or failure is caused by a Force Majeure event; (iv) the delay in or inability of PROSPERO II to obtain financing or economic hardship of any kind; or (vi) strike or other labor dispute specific to PROSPERO II.

8.2 **EFFECT OF FORCE MAJEURE**. County shall not declare a default, and no default shall be deemed to have occurred, when the circumstances giving rise to such declaration are the result of Force Majeure; in such event, County shall not be allowed to exercise its rights under Article 7.2. The burden of proof for whether an event of Force Majeure exists shall rest upon the Party claiming its existence. To obtain relief based upon this Article 8.2, PROSPERO II must send written notice of the existence of an event of Force Majeure to the Commissioners Court.

ARTICLE 9
ASSIGNMENT

9.1 Assignment. So long as no default exists and is continuing at the time of the proposed assignment and Owner provides the information required under Section 9.2 hereinbelow, and subject to the restrictions set forth in Section 9.5, Owner may, with the consent of the County, assign, in whole or in part, any of its rights or obligations under the terms of this Agreement or in the Improvements, Leases or the Facilities. Consent of the County may only be withheld under those circumstances described in Section 9.3 below. After an assignment that is completed in accordance with the requirements of this Agreement, Owner shall have no further rights, duties, or obligations under this Agreement to the extent such rights, duties, and obligations have been assumed by the assignee.

9.2 Information on Assignee to be Provided to County; Timing of Consent. In the event Owner proposes to assign all or any portion of its interest in the Facilities in a transaction that requires the County's consent, Owner agrees to provide the County sufficient background Information on the proposed assignee as would permit the county to determine the financial and organizational strength of the proposed assignee to perform the duties of the Owner under this agreement. Owner agrees to reimburse the County, up to a maximum of $5,000.00, for any expenses incurred by the County in obtaining or analyzing any of the Background Information.

9.3 County May Withhold Consent. The County may withhold its consent to a proposed assignment, and such action by the County will not be considered to be unreasonable if: (i) the proposed assignee cannot demonstrate that it reasonably can expect to have, during the term of this Agreement, annual revenues sufficient to comply with the Agreement and pay the ad valorem tax assessments from Andrews County as they are made, or the proposed assignee cannot otherwise demonstrate its financial ability to abide by all terms and conditions set forth herein, (ii) the proposed assignee has a record of violations or defaults with respect to its operations of solar projects such that the assignee does not have the capability and reliability to perform the requirements of the Agreement, and (iii) the assignee does not comply with each of the conditions to assignment set forth in Section 9.4 below. If the County reasonably requests additional information, then the County, the Owner and the prospective assignee agree to negotiate in good faith regarding what information will, and will not, be made available to the County and any conditions to the disclosure of such information. The County shall advise Owner in writing of whether it consents to a proposed assignment not later than thirty (30) days from the date the County is provided with all information required by Section 9.2. If the County decides to withhold its consent, it shall provide the reasons it is doing so in the written decision.

9.4 Conditions to Assignment. Owner's assignment shall also be conditioned on the following:

(a) The execution and delivery to the County of an addendum to this Agreement, in a form substantially similar to this Agreement, wherein: (i) in the case of a partial assignment, it is executed by the Owner and the assignee and provides that each of them assume and agree to timely discharge all covenants and obligations under the

terms of this Agreement, and (ii) in the case of a full assignment, it is executed by the assignee and provides that assignee assumes and agrees to timely discharge all covenants and obligations undertaken by Owner under the terms of this Agreement;

(b) Proof reasonably acceptable to the County (which may be in the form of an opinion of legal counsel) that the assignee is authorized to sign the addendum and perform the covenants and obligations thereby undertaken;
(c) Payment, by the Owner or assignee, of all reasonable expenses actually incurred by the County in connection with the proposed assignment, including, without limitation, its reasonable and necessary attorney's fees in connection with the assignment as well as the expenses referred to in Section 9.2 above in an amount not to exceed $5,000.00;

(d) The absence of any event of default under the terms of this Agreement for which a notice of default has been given and the cure period has expired; and

(e) Proof that the proposed assignee has obtained or will obtain the insurance coverage required by this Agreement.

9.5 Collateral Assignment. Notwithstanding any other provision hereof Owner shall have the right to assign this Agreement to one or more parties providing financing to the Project or Owner (each a "Financing Party") without the consent of the County. Upon written request of the Owner or any Financing Party, County agrees to execute and deliver to any Financing Party acknowledgement of such assignment in a form reasonably acceptable to the Financing Party. Furthermore, County acknowledges and agrees that (i) any exercise of remedies by a Financing Party or any transfer by such Financing Party of the Agreement or its direct or indirect ownership interests of Owner, upon the occurrence of a default under the financing documents shall be permitted under and shall not be a breach of the Agreement and (ii) such Financing Party shall not be required to comply with Sections 9.1, 9.2, 9.3 and 9.4(b) of the Agreement with respect to its foreclosure or subsequent transfer of the Agreement or its direct or indirect ownership interests in Owner.

9.6. Sale or Transfer to Non-taxable Entity.

(a) If, during the Abatement Period or the period of time during which Owner is required to maintain continued operations, the Owner proposes a Transfer to a Non-taxable Entity, Owner shall pay to the County an amount equal to: (i) all ad valorem taxes abated under the terms of this Agreement but giving credit to Owner for the sum of all Annual PILOTs made to the date of the proposed assignment, and (ii) all ad valorem taxes which would be due and owing for the year during which the assignment is made, even though such taxes may not yet be billed or finally assessed. Such payment shall be made prior to the effective date of any such assignment to a Non-Taxable Entity.

(b) Any Transfer to a Non-taxable Entity by Owner without compliance with Section 9.5(a) above shall be considered a default under the terms of this Agreement without the requirement of any notice by the County to Owner or opportunity to cure. Following any such default the County will be entitled to: (i) recapture the taxes abated pursuant to this Agreement in accordance with Section 7 above and/or (ii) pursue, without election of remedies, any other remedy available to it under this Agreement or applicable law.

(c) As used in this Agreement, a "Transfer to a Non-taxable Entity" shall mean any sale, transfer or assignment, in whole or in part, of the Improvements or the Facilities under circumstances where the assignee is exempt from property taxation, under applicable law, with respect to the Improvements or the Facilities, or any portion thereof, sold, transferred or assigned to the assignee.

ARTICLE 10
MISCELLANEOUS

10.1 **NO COUNTY BOND FINANCING.** This Agreement is entered into subject to the rights of the holders of any outstanding County bonds related to this project. No bonds for which County is liable have been used to finance this project.

10.2 **COMPLIANCE WITH TAX CODE.** In the event that (A) the term of the Abatement with respect to any property is longer than allowed by law or (B) the Abatement applies to a broader classification of property than is allowed by law, then the Abatement shall be valid with respect to the classification of property not deemed overbroad, and for the portion of the Term Of Abatement not deemed excessive. Any provision required by the Texas Tax Code Chapter 312 to be contained herein that does not appear herein is incorporated herein by reference.

10.3 **VIOLATIONS OF GOVERNMENT CODE, CHAPTER 2264.** PROSPERO II understands and agrees that if PROSPERO II is a "business" and if County's contribution under this Agreement is a "public subsidy" as that term is defined in Texas Government Code Chapter 2264, then PROSPERO II is required to refund money that PROSPERO II has received from County through this Agreement, in the event of a conviction of knowingly employing an undocumented worker, with repayment required within six (6) months of final conviction. Interest shall accrue at the rate of zero and one-half percent (0.5%) per month until the time of such repayment from the date of final conviction.

10.4 **PROSPERO II AS NECESSARY PARTY TO LITIGATION.** PROSPERO II, as a Party to this Agreement, shall be deemed a proper and necessary party in any litigation questioning or challenging the validity of this Agreement or any of the underlying ordinances, resolutions, or Commissioners Court actions authorizing same, and PROSPERO II shall be entitled to intervene in said litigation.

10.5 **ESTOPPEL CERTIFICATES**. Any Party hereto may request an estoppel certificate related to the Project (hereinafter referred to as an "Estoppel Certificate") from the other Party hereto so long as the Estoppel Certificate is requested in connection with a bona fide business purpose. The Estoppel Certificate, which if requested shall be addressed to a subsequent purchaser or assignee of PROSPERO II or other party designated by PROSPERO II, shall include, but not necessarily be limited to, statements that this Agreement is in full force and effect without default, if such is the case, the remaining Term Of Agreement, the level Abatement in effect, and such other matters reasonably requested by the party or parties to receive the Estoppel Certificate.

10.6 **NOTICES**. Any notices, requests, statements, payments, or demands ("Notices") shall be made as specified hereafter. Notices shall, unless otherwise specified herein, be in writing and may be delivered by hand delivery, United States mail, overnight courier service, or facsimile. Notice by facsimile or hand delivery shall be effective at the close of business on the day actually received, if received during business hours on a Business Day, and otherwise shall be effective at the close of business on the next Business Day.

A Party may designate another address for all purposes under this Agreement by giving the other Party no less than ten (10) calendar days advance written notice of such change of address in accordance with the provisions hereof.

TO PROSPERO II:	**TO COUNTY:**
PROSPERO SOLAR II, LLC 330 Congress Street, 6th Floor Boston, MA 02110	ANDREWS COUNTY JUDGE 201 N. Main St., #104 Andrews, Texas 79714

10.8 **GOVERNING LAW**. This Agreement shall be construed under the laws of the State of Texas and is performable in Andrews County, Texas, the location of the Reinvestment Zone, without regard to principles of conflicts of law. Nothing in this Agreement shall be construed to alter or affect the obligations of PROSPERO II to comply with any order, rule, statute or regulation of County or the State of Texas.

10.9 **MONETARY UNITS**. All monetary units set forth in this Agreement shall be in the dollar of the United States of America (USD).

10.10 **SEVERABILITY**. In the event any section, subsection, paragraph, subparagraph, sentence, phrase, or word herein is held invalid, illegal, or unenforceable, the balance of this Agreement shall stand, shall be enforceable, and shall be read as if the Parties intended at all times to delete said invalid section, subsection, paragraph, subparagraph, sentence, phrase or word. In such event there shall be substituted for such deleted provision(s) a provision as similar as possible in terms and in effect to such deleted provision that is valid, legal, and enforceable.

10.11 **INCORPORATION OF EXHIBITS**. Attached to this Agreement are the following exhibits (including all continuation pages thereto), which hereby expressly and wholly are

incorporated by reference into this Agreement: Exhibit A – Project Description, Exhibit B – Site Description, Exhibit C – Guidelines & Criteria, Exhibit D – Improvements, Exhibit E – Designation of Reinvestment Zone, Exhibit F – Estimated Amounts of Abatement.

10.12 **ENTIRE AGREEMENT**. This Agreement, together with any appendices, exhibits, schedules, and any written supplements hereto constitutes the entire agreement between the Parties relating to the subject matter hereof.

10.13 **FUTURE PROJECTS**. The Parties anticipate that PROSPERO II (or a Related Entity to PROSPERO II, whether in existence as of the Effective Date or whether an entity or party created after the Effective Date) will develop additional solar projects (similar to the Project) within the limits of Andrews County over the next several years. For a period of three (3) years immediately following the Effective Date, and subject to all applicable and future law, as may be modified or amended, from time to time, the Parties agree that they shall negotiate in good faith tax abatements for those subsequent projects using this Agreement as a template.

10.14 **NO CONSTRUCTION AGAINST DRAFTER**. This Agreement shall be considered for all purposes as prepared through the joint efforts of the Parties and shall not be construed against one Party or the other as a result of the preparation, substitution, submission or other event of negotiation, drafting or execution hereof.

10.15 **AMENDMENT; MODIFICATION**. Except to the extent herein provided for, no amendment or modification to this Agreement shall be enforceable unless reduced to writing and executed by both Parties. PROSPERO II acknowledges that Commissioners Court approval is required for any such amendment or modification (except as otherwise noted in this Agreement).

10.16 Expenses of Negotiation and Compliance. 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 attorneys' fees incurred during the negotiation and preparation of this Agreement. Payment is to be made within thirty (30) days of receipt by Company of invoice from Andrews 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.

[Signature page follows]

IN WITNESS THEREOF, the Parties hereto made and executed this Agreement, signed by their duly authorized officers or individuals, as of the dates listed below.

ANDREWS COUNTY, TEXAS
"County"

By: _____

Name: Honorable Charlie Falcon

Title: Andrews County Judge

Date: 2-18-2020

PROSPERO SOLAR II, LLC
"PROSPERO II"

By: _____

Name: Peter Keel

Title: CFO

Date: 2/13/2020

Attest:

_____
Vicki Scott
ANDREWS COUNTY CLERK

COMMISSIONERS COURT OF ANDREWS COUNTY, TEXAS

EXHIBIT A
PROJECT DESCRIPTION

PROSPERO SOLAR II, LLC, anticipates constructing a solar photovoltaic (PV) electric generating facility having an operating capacity of approximately 250 MW AC. The exact capacity and the specific technology components will be determined during the development and design process. It is anticipated that construction will begin in Q3 of 2020 and be completed by December of 2021.

A 250 MW solar PV generating facility may include a qualified investment consisting of the following improvements:

1) Solar modules/panels
2) Steel/aluminum/other metal mounting system with tracking capabilities
3) Underground conduit, communication cables, and electrical collection system wiring
4) Multiple combiner boxes
5) One or multiple project substation(s) including breakers, a transformer, and meters
6) Collection substation will be connected to utility interconnection by an above ground transmission line
7) Inverter boxes on concrete or gravel pads
8) Operations and maintenance facility
9) Fencing for safety and security
10) Telephone system
11) New or improved access and service roads
12) Meteorological equipment to measure solar irradiation and weather conditions

EXHIBIT B
SITE DESCRIPTION

PARCEL 1:
AP # 10094
641.5 Acres, more or less
All of Section 1, Block 12, Abstract 357, ULS Survey, Andrews County, Texas.

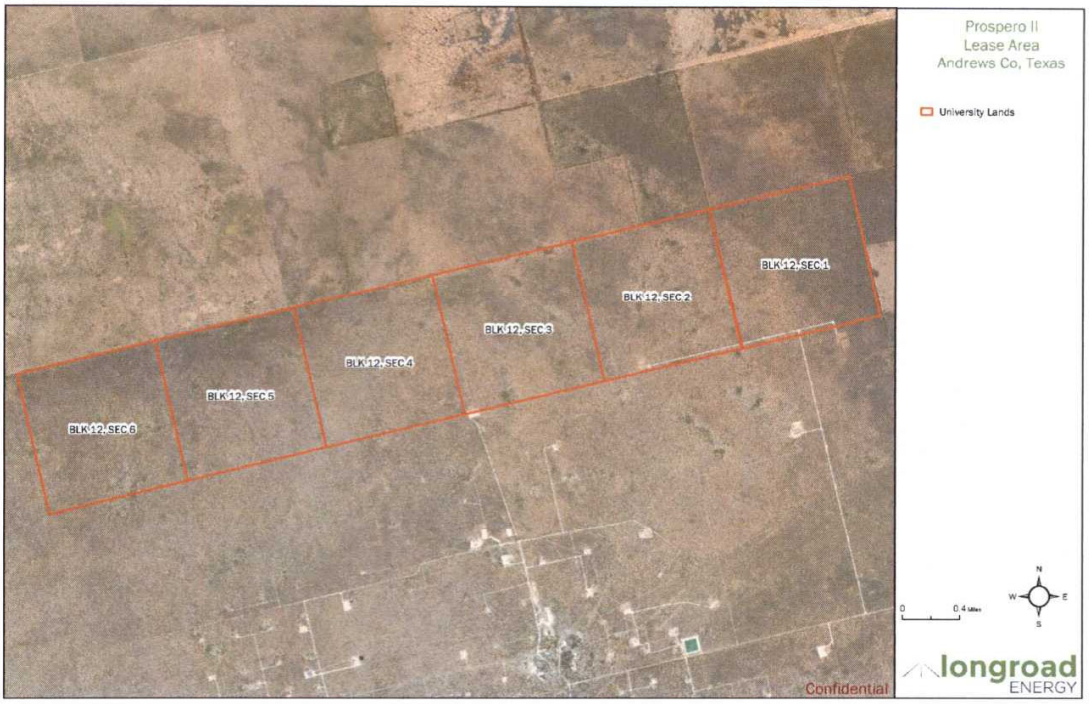
PARCEL 2:
AP # 10095
645.3 Acres, more or less
All of Section 2, Block 12, Abstract 358, ULS Survey, Andrews County, Texas.

PARCEL 3:
AP # 10096
645.3 Acres, more or less
All of Section 3, Block 12, Abstract 359, ULS Survey, Andrews County, Texas.

PARCEL 4:
AP # 10097
645.3 Acres, more or less
All of Section 4, Block 12, Abstract 360, ULS Survey, Andrews County, Texas.

PARCEL 5:
AP # 10098
645.3 Acres, more or less
All of Section 5, Block 12, Abstract 361, ULS Survey, Andrews County, Texas.

PARCEL 6:
AP # 10099
642.0 Acres, more or less
All of Section 6, Block 12, Abstract 362, ULS Survey, Andrews County, Texas.



Note: The above maps are an estimate of the location of Improvements on the Site. The location of the Improvements and the Site may change within the Reinvestment Zone due to construction constraints or other factors such as set asides for mineral exploration.

Andrews County
State of Texas

Tax Abatement Guidelines and Criteria

The purpose of this document is to establish guidelines, and a uniform policy of tax abatement for owners or lessees of eligible facilities willing to execute tax abatement contracts designed to provide long term significant positive economic impact to the community by utilizing the area contractors and work force to the maximum extent feasible, and by developing, redeveloping, and improving property.

In order to be eligible for designation as a reinvestment zone and receive tax abatement, the planned improvement:

1. Must be reasonably expected to have an increase in positive net economic benefit to Andrews County of at least Ten Million Dollars ($10,000,000.00) over the life of the abatement, computed to include (but not limited to) new sustaining payroll and /or capital improvement. The creation of (number and type) new jobs will also factor into the decision to grant an abatement; and

2. Must not be expected to solely or primarily have the effect of merely transferring employment from one area of Andrews County to another.

In addition to the criteria set forth above, the Andrews County Commissioners Court reserves the right to negotiate a tax abatement agreement in order to compete favorably with other communities.

Only that increases in the fair market value of the property directly resultant from the development, redevelopment, and improvement specified in the contract will be eligible for abatement and then only to the extent that such increase exceeds any reduction in the fair market value of the other property of the Applicant located within the jurisdiction creating the reinvestment zone.

All abatement contracts will be for a term no longer than allowed by law.

It is the goal of Andrews County to grant tax abatements on terms and conditions beneficial to the economic interests of the residents of Andrews County and to other taxing units having jurisdiction of the property. However, nothing herein shall limit the discretion of the Andrews County Commissioners Court to consider, adopt, modify or decline any tax abatement request.

This policy is effective as of February 19, 2019 and shall at all times be kept current with regard to the needs of Andrews County and reflective of the official views of the County Commissioners Court and shall be reviewed every two years.

The adoption of these guidelines and criteria by the Andrews County Commissioners Court does not:

1. Limit the discretion of the governing body to decide whether or not to enter into a specific tax abatement agreement;

2. Limit the discretion of the governing body to delegate to its employees the authority to determine whether or not the governing body should consider a particular application or request for tax abatement;

3. Create or deny any property, contract, or other legal right in any person to have the governing body consider or grant a specific application or request for tax abatement;

Section 1 Definitions

A. "Abatement" means the full or partial exemption from ad valorem taxes of certain property in a reinvestment zone designated by Andrews County for economic development purposes.

B. "Affected jurisdiction" means Andrews County and any municipality or school district, the majority of which is located in Andrews County that levies ad valorem taxes upon and provides services to property located within the proposed or existing reinvestment zone designated by Andrews County.

C. "Agreement" means a contractual agreement for tax abatement between a Property Owner and/or Lessee and Andrews County.

D. "Base year value" means the assessed value on the eligible property as of January 1 preceding the execution of the agreement, plus any agreed upon value of eligible property improvements made after January 1, but before the execution of the Agreement.

E. "Economic Life" means the number of years a property is expected to be in service in a facility.

F. "Eligible facilities" means new, expanded, or modernized buildings and structures, including fixed machinery and equipment, which is reasonably likely as a result of granting abatement to contribute to the retention or expansion of primary employment or to attract major investment in the reinvestment zone that would be a benefit to the property and that would contribute to the economic development of Andrews County, but does not include facilities which are intended to be primarily to provide goods or services to residents for existing businesses located in Andrews County, such as, but not limited to, restaurants and retail sales establishments, eligible facilities may include, but shall not be limited to hotels and office buildings.

G. "Expansion " means the addition of building structure s, machinery, equipment, or payroll for purposes of increasing production capacity.

H. "Deferred maintenance" means improvements necessary for continued operation which do not improve productivity or alter the process technology."

I. "Facility" means property improvement completed or in process of construction which together comprise an interregional whole.

J. "Manufacturing Facility" means products, buildings and structures, including machinery and equipment, the primary purpose of which is or will be the manufacture of tangible goods or materials or the processing of such goods or materials by physical or chemical change, including the generation of electrical energy.

K. "Modernization" means a complete or partial demolition of facilities and the complete or partial reconstruction or installation of a facility of similar or expanded production capacity. Modernization may result from the construction, alteration, or installation of building s, structures, machinery, or equipment, or both.

L. "New facility " means property previously undeveloped which is placed into service by means other than or in conjunction with expansion or modernization.

M. "Other Basic Industry" means buildings and structures including fixed machinery and equipment not elsewhere described, used or to be used for the production of products or services, which serve a market primarily outside of ANDREWS County, resulting in the creation of new permanent jobs bringing in new wealth.

N. " Productive life" means the number of years a property improvement is expected to be in service in a facility.

Section 2 Abatement Authorized

A. Eligible facilities: Upon application, eligible facilities as defined herein shall be considered for tax abatement as hereinafter provided.

B. Creation of New Values: Abatement may only be granted for the additional value of eligible property improvements made subsequent to and specified in an abatement agreement between Andrews County and the property owner or applicant, including a Lessee, subject to such limitations as Andrews County may require.

C. New and existing facilities: Abatement may be granted for the additional value of eligible property improvements made subsequent to and specified in an abatement agreement between Andrews County and the Property Owner or Lessee, subject to such limitations as Andrews County may require.

D. Eligible property: Abatement may be extended to the value of buildings, structures, fixed machinery and equipment, site improvements and related fixed improvements necessary to the operation and administration of the facility.

E. Ineligible Property: The following types of property shall be fully taxable and ineligible

for tax abatement: land, supplies, tools, furnishings, and other forms of movable personal property, housing , deferred maintenance, property to be rented or leased except as provided in Section 2 F, property which has a productive life of less than ten years, but does not include spare parts associated with eligible facilities; property owned or used by the State of Texas or its political subdivisions or by any organization owned, operated or directed by a political subdivision of the State of Texas; or any other property for which abatement is not allowed by state law.

F. Owned/leased facilities: If a leased facility is permitted by state law to be granted abatement, the abatement agreement shall be applicable to the taxable value of the leased improvement, and where appropriate, shall be executed with both the Lessor and the Lessee.

G. Economic Qualifications: In order to be eligible for designation as a reinvestment zone and receive tax abatement, the planned improvement:

1. Must be reasonably expected to have an increase in positive net benefit to Andrews County of at least Ten Million Dollars ($10,000,000.00) over the life of the abatement, computed to include (but not limited to) new sustaining payroll and / or capital improvement. The creation of (number and type) new jobs will also factor into the decision to grant an abatement; and

2. Must not be expected to solely or primarily have the effect of merely transferring employment from one area of Andrews County to another.

H. Standards for Tax Abatement: The following factors, among other, shall be considered in determining whether to grant tax abatement:

1. Value of existing improvements, if any;

2. Type and value of proposed improvements;

3. Productive life of proposed improvements; Number of existing jobs to be retained by proposed improvements;

4. Number and type of new jobs to be created by proposed improvements;

5. Amount of local payroll to be created;

6. Whether the new jobs to be created will be filled by persons residing or projected to reside within affected taxing jurisdiction;

7. Amount which property tax base valuation will be increased during term of abatement and after abatement, which shall include a definitive commitment that such valuation shall not, in any case, be less than Ten Million Dollars ($10,000,000.00.)

8. The costs to be incurred by Andrews County to provide facilities directly resulting from the new improvements;

9. The amount of ad valorem taxes to be paid to Andrews County during the abatement period considering:

    a. the existing values;

    b. the percentage of new value abated;

    c. the abatement period; and

    d. the value after expiration of the abatement period.

10. The population growth of Andrews County that occurs directly as a result of new improvements;

11. The types and values of public improvements, if any, to be made by Applicant seeking abatement;

12. Whether the proposed improvements compete with existing businesses to the detriment of the local economy;

13. The impact on the business opportunities of existing businesses;

14. The attraction of other new businesses to the area;

15. The overall compatibility with the zoning ordinances and comprehensive plan for the area;

16. Whether the project obtains all necessary permits from the applicable environmental agencies.

Each eligible facility shall be reviewed on its merits utilizing the factors provided above. After such review, abatement may be denied entirely or may be granted to the extent deemed appropriate after full evaluation.

I. Construction in Progress. If a qualifying facility has not commenced construction within one (1) year after execution of the abatement Agreement, the applicant may apply for a one-year extension of the term of abatement, to be granted or denied in accordance with the Agreement. Said extension must be applied for prior to the expiration of the one-year anniversary of execution of the abatement Agreement.

J. Denial of Abatement: Neither a reinvestment zone nor abatement agreement shall be authorized if it is determined that:

    1. There would be substantial adverse effect on the provision of government services or tax base;

2. The applicant has insufficient financial capacity;

3. Planned or potential use of the property would constitute a hazard to public health, safety or morals;

4. Violation of other codes or laws; or

5. Any other reason deemed appropriate by Andrews County.

K. Taxability: From the execution of the abatement to the end of the agreement period, taxes shall be payable as follows:

1. The value of ineligible property as provided in Section 2 E shall be fully taxable; and

2. The base year value of existing eligible property as determined each year shall be fully taxable.

The additional value of new eligible property shall be fully taxable at the end of the abatement period.

Section 3 Application

A. Any present or potential owner of taxable property in Andrews County may request the creation of a reinvestment zone and tax abatement by filing a written application with the County Judge.

B. The application shall consist of a written request for tax abatement, accompanied by:

1. An analysis of the economic impact such an abatement will have on Andrews County, including:

a. Estimated tax revenues annually for the term of the requested abatement, taking into account any requested abatement.

b. A comparison between an abatement of taxes and any requested "payment in lieu of taxes" (PILOT) in terms of benefit to the County over the proposed term of the abatement period.

c. A statement of the expected residual taxable value of the proposed project at the end of the abatement term requested, and the remaining taxable life expectancy of the proposed project.

2. A general description of the proposed use and the general nature and extent of the modernization, expansion or new improvements to be undertaken.

3. A descriptive list and approximate taxable value of the improvements which will be a

part of the facility;

4. A site map and property description, including a complete legal description of the property, and a map/property description of any requested;

5. A time schedule for undertaking and completing the planned improvements. In the case of modernization, a statement of the assessed value of the facility, separately stated for real and personal property, shall be given for the tax year immediately preceding the application. The application form may require such financial and other information as the County deems appropriate for evaluating the financial capacity and other factors of the applicant.

6. Certification from the Andrews County Appraisal District verifying that no taxes are past due on applicant's property located in the proposed reinvestment zone

7. Disclosure of any environmental permits required or additional environmental impacts.

8. A $ 1,000.00 non-refundable application fee.

C. In the case of modernization, a statement of the assessed value of the facility, separately stated for real and personal property, shall be given for the tax year immediately preceding the Application. The County may require such financial and other information as deemed appropriate for evaluating the financial capacity and other factors pertaining to the Applicant, to be attached to the Application.

D. All checks in payment of the administrative fee shall be made payable to Andrews County. In addition to the application fee, which shall be applied to any fee charged by legal or financial analysis of the application, the applicant shall also agree to pay reasonable consulting and attorney fees as may be incurred by Andrews County in the examination of the application as well as the preparation and negotiation of any tax abatement agreement. Such fee reimbursement shall not exceed $10,000.00.

E. Andrews County shall give notice as provided by the Property Tax Code, i.e. written notice, to the presiding officer of the governing body of each taxing unit in which the property to be subject of the agreement is located not later than the seventh day before the public hearing and publication in a newspaper of general circulation within such taxing jurisdiction not later than the seventh day before the public hearing. Before acting upon Application, Andrews County shall, through public hearing, afford the Applicant and the designated representative of any governing body referenced hereinabove opportunity to show cause why the abatement should or should not be granted.

F. If a city within Andrews County designates a reinvestment zone within its corporate limits and enters into or proposes to enter into an abatement agreement with a present or potential owner of taxable property, such present or potential owner of taxable property may request tax abatement by Andrews County, but shall follow the same application process described

in Section 3(A), *et seq*, hereof. No other notice or hearing shall be required except compliance with the Open Meetings Act, unless the Commissioners Court deems them necessary in a particular case.

G. Variance. Although a variance is not favored, exceptional circumstances may support a request for variance from the provisions of Section II, in which case such request for a variance may be made in an application or other written form to the Commissioners' Court. Such request shall include all the items listed in Section 3(B) and may include a complete description of the circumstances which prompt the applicant to request a variance. The approval process for a variance request shall be identical to that for a standard application and may be supplemented by such additional requirements as may be deemed necessary by the Commissioners' Court. To the full extent permitted by applicable law, the Commissioners' Court shall have the authority to enter into an abatement agreement with terms and conditions that vary from the terms and conditions in these Guidelines, but only so long as the Commissioners' Court determines that such variances are in the best interests of Andrews County. Any terms or conditions contained in an abatement Agreement approved by the Commissioners' Court that vary from the terms and conditions in these Guidelines shall automatically be deemed to have been granted an approved variance by the Commissioners' Court, shall be binding and enforceable as agreed to in the abatement Agreement, and shall control in the event of any inconsistency or conflict with these Guidelines. A variance granted to any applicant shall not be deemed a variance for any subsequent applicant.

H. Confidentiality Required. Information that is provided to the County in connection with an application or request for Tax Abatement and that describes the specific processes or business activities to be conducted or the equipment or other property to be located on the property for which Tax Abatement is sought may be deemed as confidential and not subject to public disclosure only if specifically identified by the Applicant, and segregated from the remaining portions of the Application. Once the Tax Abatement Agreement is executed, all attachments to the Abatement Agreement shall become public. All information in the custody of a taxing unit after the Agreement is executed is Public Record, and not confidential.

Section 4 Agreement

A. After approval, the Commissioners Court of Andrews County shall formally pass a Resolution and execute an agreement with the owner of the facility and Lessee as required which shall:

1. Include a list of the kind, number, location of all proposed improvements to the property and if this is not defined at the time of the agreement, then to be supplemented after construction of the facilities;

2. Provide access to and authorize inspection of the property by the taxing unit to

ensure compliance with the agreement

3. Develop the use of the property consistent with the taxing unit's developmental goals as stated in Section **2 H** of the Andrews County Tax Abatement Guidelines and Criteria;

4. Provide for recapturing property tax revenues that are lost if the owner fails to make improvements as provided by the agreement;

5. Include each term that was agreed upon with the property owner and require the owner of the facility to annually certify compliance with the terms of the agreement to each taxing unit; and

6. Allow the taxing unit to cancel the agreement after notice of default and opportunity to cure if the property owner fails to comply with the terms of the agreement.

B. The owner of the facility and Lessee shall also agree to the following:

1. A specified number of permanent full-time jobs at facility shall be created, and the owner and Lessee shall make reasonable efforts to employ persons who are residents of Andrews County in such jobs provided, however, that there shall be no obligation to employ residents who are not:

    a. equally or more qualified than nonresident applicants;

    b. available for employment on terms and/or salaries comparable to those required by nonresident applicants; or

    c. able to become qualified with 72 hours training provided by Owner.

2. Each person employed in such job shall perform a portion, if not all, of their work in Andrews County.

3. Owner shall agree that it and its contractors, if any, will use reasonably commercial efforts to maximize its use of goods and services available through Andrews County businesses in the construction, operation, and maintenance of the improvements and the project; provided, however, that there shall be no requirement to use goods and services provided by Andrews County residents that are not:

    a. of similar quality to those provided by nonresidents; or

    b. made available on terms and conditions (including pricing) comparable to those offered by nonresidents. Comparable price shall be defined as less than or equal to 100% (105% in cases of contracts with a gross value of not

more than $25,000.00) of the nonresident price for equivalent quality, conditions and terms.

4. Owner or its construction contractor, if any, shall designate a coordinator of local services who will act as liaison between any individuals, businesses, and contractors residing or doing business in Andrews County who are interested in obtaining information about providing goods or services related to the construction of the project.

5. Additionally, Owner or its construction contractor, if any, shall advertise in local newspapers in Andrews County for local contractors to perform work on the construction of the project.

6. Owner shall agree to maintain a viable presence (as below defined) within the reinvestment zone for a period of time, as set by the Andrews County Commissioners Court, not to exceed twenty (20) years from the date that the abatement agreement first takes effect. For purposes hereof, "Maintain a Viable Presence" means (i) the operation of the Eligible Facilities, as the same may from time to time be expanded, upgraded, improved, modified, changed, remodeled, repaired, restored, reconstructed, reconfigured and/or reengineered, and (ii) the retention of not fewer than three (3) Qualifying Jobs as defined by Texas Tax Code Section 313.021(3)(E) to be located and performed, in part, within Andrews County.

7. On May 1st of each year that the agreement shall be in effect, Owner shall certify to the County Judge of Andrews County, and to the governing body of each taxing unity, that Owner is in compliance with each applicable term set forth above.

C. Such agreement shall normally be executed within sixty (60) days after the Applicant has forwarded all necessary information and documentation to the Commissioners Court.

Section 5 Recapture

A. In the event that the company or individual:

1. Allows its ad valorem taxes owed Andrews County to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or contest; or

2. Violates any of the terms and conditions of the abatement agreement and fails to cure during the cure period;

3. The agreement them may be terminated and all taxes previously abated by virtue of the agreement will be recaptured and paid within thirty (30) days of the termination.

B. Should Andrews County determine that the company or individual is in default according to the terms and conditions of its agreement, Andrews County shall notify the company or individual in writing at the address stated in the agreement, and if such is not cured within thirty (30) days from the date of such notice (cure period) then the agreement may be terminated.

C. In the event that the applicant's facility is completed and begins producing products or services, but subsequently discontinues producing a product or service for any reason for a period of one year during the abatement period, other than because of fire, explosion, or other casualty, accident, natural disaster, or other event of force majeure, then the agreement shall terminate and so shall the abatement of the taxes for the calendar year during which the applicant's facility no longer produces. The taxes otherwise abated for that calendar year shall be paid to the County within sixty (60) days from the date oftermination.

Section 6 Administration

A. The Chief Appraiser of the Andrews County Appraisal District will annually determine an assessment of the real and personal property comprising the reinvestment zone. Each year, the company or individual receiving abatement shall furnish the Appraiser with such information as may be necessary for the abatement. Once value has been established, the Chief Appraiser will notify the Commissioners Court of Andrews County of the amount of the assessment.

B. The Agreement shall stipulate that employees and/or designated representatives of Andrews County will have access to the applicant's facilities within the reinvestment zone during the term of the abatement to inspect the facility to determine if the terms and conditions of the Agreement are being met. All inspections will be made only after the giving of reasonable notice and will only be conducted in a manner as to not unreasonably interfere with the construction and/or operation of the facility. All inspections will be made with one or more representatives of the applicant, and in accordance with its safety standards.

C. Upon completion of construction, the designated representative of Andrews County shall annually evaluate each facility receiving abatement to insure compliance with the agreement. A formal report shall be made to the Commissioners Court.

D. Timely Filing. The County shall timely file, with the appropriate person, agency, department, or board of the State of Texas, all information required by the Tax Code.

Section 7 Assignment

A. Abatement may be transferred and assigned by the holder to a new owner or lessee of the same facility only upon the approval by resolution of the Commissioners Court of Andrews County subject to the financial capacity of the assignee and provided that all conditions and obligations in the abatement agreement are guaranteed by the execution

of a new contractual agreement with Andrews County. No assignment or transfer shall be approved if the parties to the existing agreement, the new owner or new lessee, are liable to any jurisdiction for outstanding taxes or other obligations.

B. An assignment shall not serve to extend the termination date of the abatement Agreement with the original Applicant, owner or lessee. An assignment may not alter venue provisions of the original agreement.

C. Approval of an assignment in conformity with this section shall not be unreasonably withheld.

Section 8 Venue

Any abatement agreement shall be conditioned upon venue for any disputes which may arise under the abatement agreement to be retained in courts of appropriate jurisdiction within Andrews County, Texas, or appeals to Texas courts of appellate jurisdiction, or the United States District Court having Andrews County, Texas within its original jurisdiction.

Section 9 Sunset Provision

These guidelines and criteria are effective upon the date of their adoption and will remain in force for two years unless amended by vote of the Commissioners Court of Andrews County, at which time all reinvestment zones and tax abatement agreements created pursuant to these provisions will be reviewed to determine whether the goals have been achieved. Based on the review, the guidelines and criteria will be modified, renewed, or eliminated.

ADOPTED February 19, 2019

ANDREWS COUNTY COMMISSIONERS' COURT

County Judge

Commissioner, Precinct 1

Commissioner, Precinct 2

Commissioner, Precinct 3

Commissioner, Precinct 4

County Clerk

EXHIBIT D
IMPROVEMENTS

PROSPERO SOLAR II, LLC, anticipates constructing a solar photovoltaic (PV) electric generating facility with an operating capacity of approximately 250 MW AC.. The exact capacity and the specific technology components will be determined during the development and design process.

A 250 MW solar PV generating facility may include a qualified investment consisting of the following improvements:

1) Solar modules/panels
2) Steel/aluminum/other metal mounting system with tracking capabilities
3) Underground conduit, communication cables, and electrical collection system wiring
4) Multiple combiner boxes
5) One or multiple project substation(s) including breakers, a transformer, and meters
6) Collection substation will be connected to utility interconnection by an above ground transmission line
7) Inverter boxes on concrete or gravel pads
8) Operations and maintenance facility
9) Fencing for safety and security
10) Telephone system
11) New or improved access and service roads
12) Meteorological equipment to measure solar irradiation and weather conditions

EXHIBIT E
DESIGNATION OF REINVESTMENT ZONE

[FOLLOWS ON SUBSEQUENT PAGES]

RESOLUTION OF THE
ANDREWS COUNTY COMMISSIONERS COURT

A RESOLUTION DESIGNATING A CERTAIN AREA AS A REINVESTMENT ZONE FOR TEXAS TAX CODE CHAPTER 312 TAX ABATEMENT IN PORTIONS OF ANDREWS COUNTY, TEXAS, TO BE KNOWN AS THE ANDREWS COUNTY REINVESTMENT ZONE NO. 8-LONGHORN" REINVESTMENT ZONE; ESTABLISHING THE BOUNDARIES THEREOF; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, Andrews County, Texas, desires to promote the development or redevelopment of a certain contiguous geographic area within its jurisdiction by the creation of a reinvestment zone as authorized by the Property Redevelopment and Tax Abatement Act, as amended (V.T.C.A. Texas Tax Code § 312.401), for the purpose of authorizing a Tax Abatement Agreement, as authorized by Chapter 312 of the Texas Tax Code; and,

WHEREAS, Andrews County, Texas, (the "County") desires to encourage the retention or expansion of primary employment and to attract major investment in the County that would be a benefit to property in a reinvestment zone created by the County and that would contribute to the economic development of the County;

WHEREAS, Andrews County initially adopted guidelines and criteria governing tax abatement agreements in a resolution dated on or about December 5, 2016; and,

WHEREAS, pursuant to statute, Andrews County refreshed the aforesaid guidelines and criteria governing tax abatement in a resolution dated February 19th, 2019 (the "Abatement Guidelines and Criteria"); and,

WHEREAS, on February 18, 2020, the Andrews County Commissioners Court held a hearing, such date being at least thirty (30) days after the date of publication of the notice of such public hearing, and the delivery of written notice to the respective presiding officers of each taxing entity which includes within its boundaries real property that is to be included in the proposed reinvestment zone as described on EXHIBIT A and mapped on EXHIBIT B; and,

WHEREAS, the Andrews County Commissioners Court at such public hearing invited any interested person to appear and speak for or against (1) the creation of the reinvestment zone, and whether all or part of the territory described should be included in the proposed reinvestment zone, and (2) acceptance of an Application for Tax Abatement by Prospero II Energy Project, LLC, for Andrews County to consider entering into a Tax Abatement Agreement; and,

WHEREAS, the proponents of the reinvestment zone offered evidence, both oral and documentary, in favor of all of the foregoing matters relating to the creation of the reinvestment zone and opponents, if any, of the reinvestment zone appeared to contest the creation of the reinvestment zone; and,

WHEREAS, the Commissioners Court of Andrews County has determined that it is eligible to participate in tax abatement and by this Order expresses its intent to designate a Reinvestment Zone as described more fully in the documents attached to this Order and incorporated by reference; and:

WHEREAS, Andrews County wishes to (1) create a reinvestment zone consisting of the same real property as described on EXHIBIT A and mapped on EXHIBIT B, and (2) accept the Application for Tax Abatement by Prospero II Energy Project, LLC.

NOW THEREFORE, BE IT RESOLVED BY THE ANDREWS COUNTY COMMISSIONERS COURT:

SECTION 1. That the facts and recitations contained in the preamble of this Resolution are hereby found and declared to be true and correct.

SECTION 2. That the Andrews County Commissioners Court, after conducting such hearing and having heard such evidence and testimony has made the following findings and determinations based on the evidence and testimony presented to it:

(a) That the public hearing on the adoption of the Andrews County Reinvestment zone No. 8-*Longhorn Reinvestment Zone,(hereinafter referred to as the Longhorn Reinvestment Zone)* has been properly called, held, and conducted, and that notices of such hearing have been published as required by law and mailed to the respective presiding officers of the governing bodies of all taxing units overlapping the territory inside the proposed reinvestment zone; and,

(b) That the boundaries of the *Longhorn Reinvestment Zone* be and, by the adoption of this Resolution, are declared and certified to be, the area as described in the description attached hereto as "EXHIBIT A"; and,

(c) That the map attached hereto as "EXHIBIT B" is declared to be and (by the adoption of this Resolution) is certified to depict and to show accurately the boundaries of the *Longhorn Reinvestment Zone,* which is described in "EXHIBIT A", and further certifies that the property described in "EXHIBIT A" is inside the boundaries shown on "EXHIBIT B"; and,

(d) That creation of the *Longhorn Reinvestment Zone* with boundaries as described in "EXHIBIT A" and "EXHIBIT B" will result in benefits to Andrews County and to land included in the zone, and that the improvements sought are feasible and practical; and,

(e) That the *Longhorn Reinvestment Zone* described in "EXHIBIT A" and "EXHIBIT B" meets the criteria set forth in Texas Tax Code §312.401 for the creation of a reinvestment zone as set forth in the Property Redevelopment and Tax Abatement Act, as amended, in that it is reasonably likely that the designation will contribute to the retention or expansion of primary employment, and/or will attract major

investment in the zone that will be a benefit to the property to be included in the reinvestment zone and would contribute to the economic development of Andrews County, Texas.

SECTION 3. That pursuant to the Property Redevelopment and Tax Abatement Act, as amended, the Andrews County Commissioners Court, hereby creates a reinvestment zone under the provisions of Texas Tax Code § 312.401, encompassing the area described by the descriptions in "EXHIBIT A" and "EXHIBIT B", and such reinvestment zone is hereby designated and shall hereafter be referred to as the *Longhorn Reinvestment Zone*.

SECTION 4. That the *Longhorn Reinvestment Zone* shall take effect upon adoption by the Andrews County Commissioners Court and shall remain designated as a commercial-industrial reinvestment zone for a period of five (5) years from such date of such designation, and is subject to an additional five (5) year period for tax abatement.

SECTION 5. That the Andrews County Commissioners Court already has found and resolved that Andrews County is eligible to enter into tax abatement agreements.

SECTION 6. That the Andrews County Commissioners Court accepts the Application for Tax Abatement submitted by Prospero II Energy Project, LLC.

SECTION 7. That if any section, paragraph, clause, or provision of this resolution shall for any reason beheld to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this resolution.

SECTION 8. That it is hereby found, determined, and declared that a sufficient notice of the date, hour, place, and subject of the meeting of the Andrews County Commissioners Court, at which this resolution was adopted, was posted at a place convenient and readily accessible at all times, as required by the Texas Open Government Act, Texas Government Code, Chapter 551, as amended; and that a public hearing was held prior to the designation of such reinvestment zone, and that proper notice of the hearing was published in newspapers of general circulation in Andrews County of the State of Texas; and that, furthermore, such notice was in fact delivered to the presiding officer of any effected taxing entity as prescribed by the Property Redevelopment and Tax Abatement Act.

PASSED, APPROVED AND ADOPTED on this 18th day of February, 2020.

ANDREWS COUNTY, TEXAS

By: Charlie Falcon

The Honorable Charlie Falcon
County Judge

By: _____
Kerry Pack
Commissioner, Precinct 1

By: _____
Mark Savell
Commissioner, Precinct 2

By: _____
Jeneane Anderegg
Commissioner, Precinct 3

By: _____
Jim Waldrop
Commissioner, Precinct 4

COMMISSIONERS COURT OF ANDREWS COUNTY, TEXAS

Attest:

_____
County Clerk, Andrews County, Texas

EXHIBIT A
LEGAL DESCRIPTION OF LONGHORN REINVESTMENT ZONE

PARCEL 1:
AP #10094
641.5 Acres, more or less
All of Section 1, Block 12, AB 357 ULS, Andrews County, Texas
Identify Owner: University of Texas

PARCEL 2:
AP #10095
645.3 Acres, more or less
All of Section 2, Block 12, AB 358 ULS, Andrews County, Texas
Identify Owner: University of Texas

PARCEL 3:
AP #10096
645.3 Acres, more or less
All of Section 3, Block 12, AB 359 ULS, Andrews County, Texas
Identify Owner: University of Texas

PARCEL 4:
AP #10097
645.3 Acres, more or less
All of Section 4, Block 12, AB 360 ULS, Andrews County, Texas
Identify Owner: University of Texas

PARCEL 5:
AP # 10098
645.3 Acres, more or less
All of Section 5, Block 12, AB 361 ULS, Andrews County, Texas
Identify Owner: University of Texas

PARCEL 6:
AP #10099
642 Acres, more or less
All of Section 6, Block 12, AB 362 ULS, Andrews County, Texas
Identify Owner: University of Texas

Total Acres: 3,864.7

EXHIBIT B
MAP OF LONGHORN
REINVESTMENT ZONE

[FOLLOWS ON SUBSEQUENT PAGES]



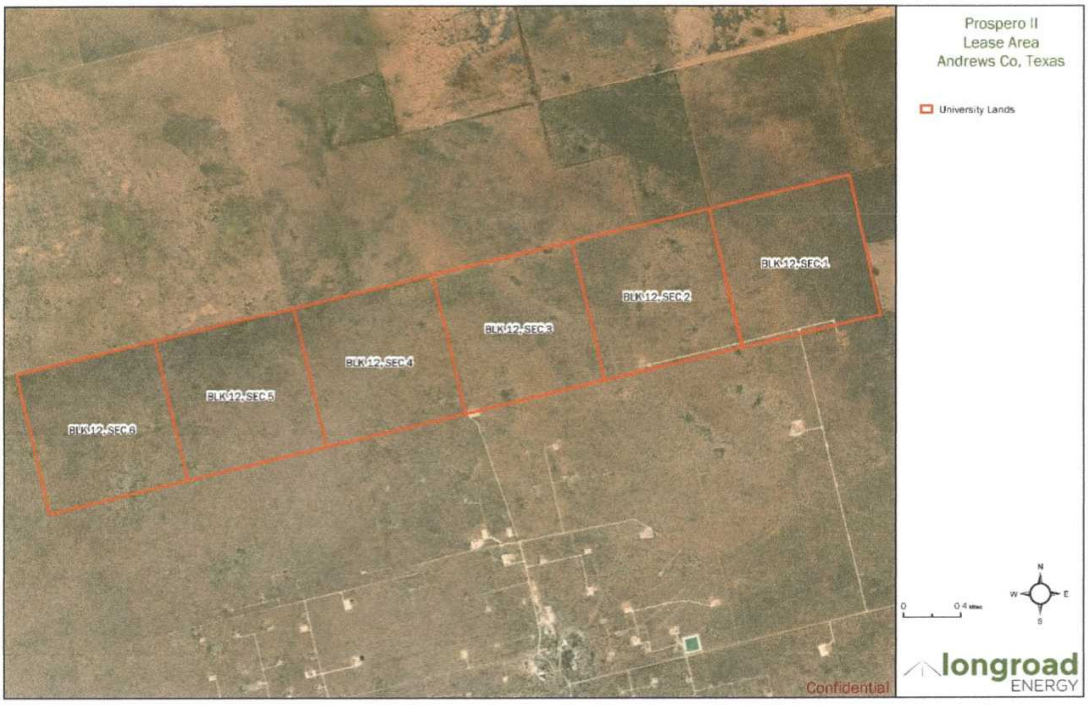

Prospero II
Lease Area
Andrews Co, Texas
University Lands
BLK12-SEC.1
BLK12-SEC.2
BLK12-SEC.3
BLK12-SEC.4
BLK12-SEC.5
BLK12-SEC.6
0
0.4 Miles
N
W
E
S
longroad
ENERGY
Confidential

EXHIBIT F
ESTIMATED ANNUAL PAYMENTS AND TAX AMOUNTS

Year	Curent Property Tax	Cost Valuation	Property Tax (80% Abatement)	Property Tax (100% Abatement)	PILOT	Total Payments (100% Abatement & PILOT)
1	$240	$250,000,000	$254,950	$0	$132,250	$132,250
2	$240	$229,166,667	$233,704	$0	$132,250	$132,250
3	$240	$208,333,333	$212,458	$0	$132,250	$132,250
4	$240	$184,895,833	$188,557	$0	$132,250	$132,250
5	$240	$161,458,333	$164,655	$0	$132,250	$132,250
6	$240	$138,020,833	$140,754	$0	$132,250	$132,250
7	$240	$111,979,167	$114,196	$0	$132,250	$132,250
8	$240	$88,541,667	$90,295	$0	$132,250	$132,250
9	$240	$72,916,667	$74,360	$0	$132,250	$132,250
10	$240	$65,104,167	$66,393	$0	$132,250	$132,250
11	$240	$52,083,333	$265,573	$265,573	$0	$265,573
12	$240	$50,520,833	$257,606	$257,606	$0	$257,606
13	$240	$49,005,208	$249,878	$249,878	$0	$249,878
14	$240	$47,535,052	$242,381	$242,381	$0	$242,381
15	$240	$46,109,001	$235,110	$235,110	$0	$235,110
16	$240	$44,725,731	$228,056	$228,056	$0	$228,056
17	$240	$43,383,959	$221,215	$221,215	$0	$221,215
18	$240	$42,082,440	$214,578	$214,578	$0	$214,578
19	$240	$40,819,967	$208,141	$208,141	$0	$208,141
20	$240	$39,595,368	$201,897	$201,897	$0	$201,897
21	$240	$38,407,507	$195,840	$195,840	$0	$195,840
22	$240	$37,255,281	$189,965	$189,965	$0	$189,965
23	$240	$36,137,623	$184,266	$184,266	$0	$184,266
24	$240	$35,053,494	$178,738	$178,738	$0	$178,738
25	$240	$34,001,889	$173,376	$173,376	$0	$173,376
26	$240	$32,981,833	$168,174	$168,174	$0	$168,174
27	$240	$31,992,378	$163,129	$163,129	$0	$163,129
28	$240	$31,032,606	$158,235	$158,235	$0	$158,235
29	$240	$30,101,628	$153,488	$153,488	$0	$153,488
30	$240	$29,198,579	$148,884	$148,884	$0	$148,884
31	$240	$28,322,622	$144,417	$144,417	$0	$144,417
32	$240	$27,472,943	$140,085	$140,085	$0	$140,085
33	$240	$26,648,755	$135,882	$135,882	$0	$135,882
34	$240	$25,849,292	$131,806	$131,806	$0	$131,806
35	$240	$25,073,814	$127,851	$127,851	$0	$127,851
Total	**$8,400**		**$6,258,892**	**$4,718,569**	**$1,322,500**	**$6,041,069**