

Amended and Restated Tax Abatement Agreement
between
Knox County, Texas and ZSS Power LLC

State of Texas

County of Knox

This Amended and Restated Tax Abatement Agreement (this “**Agreement**”) is made and entered into by and between Knox County, Texas (the “**County**”), acting through its duly elected officers, and ZSS Power LLC, a Texas limited liability company, to be located on a portion of the tract of land within the ZSS Power Reinvestment Zone and the ZSS power Reinvestment Zone #2, more specifically described in Attachment A and Attachment D to this Agreement. The Parties originally entered into a Tax Abatement Agreement on or about December 12, 2022 (the “**Original Agreement**”). The Owner has purchased additional property adjacent to the original reinvestment zone and desires to have that additional property be included in a new reinvestment zone, the Reinvestment Zone defined below. This Agreement repeals, replaces, amends, and restates the Original Agreement and becomes effective upon final signature by both parties (the “**Effective Date**”) and remains in effect until fulfillment of the obligations described in Section IV herein, unless terminated earlier as provided herein.

Recitals

WHEREAS, the County previously adopted Tax Abatement Guidelines and Criteria (the “**Guidelines**”) by resolution most recently updated, renewed, and extended on or about November 18, 2024.

WHEREAS, the Commissioners Court of Knox County, Texas (the “**County Commissioners Court**”) desires to promote economic development within its jurisdiction as authorized by the Property Redevelopment and Tax Abatement Act, as amended (Texas Tax Code § 312.001, *et seq.*), and the Guidelines;

WHEREAS, on February 10, 2025, a hearing before the County Commissioners Court was held, such date being at least seven (7) days after the date of publication of the notice of such public hearing in the local newspaper of general circulation in the County and the delivery of written notice to the respective presiding officers of each taxing entity that includes within its boundaries real property that is to be included in the Reinvestment Zone (as defined below);

WHEREAS, the County Commissioners Court, after conducting a hearing, having heard evidence and testimony, and prior to considering this Agreement, found, based on the evidence and testimony presented to it, the Reinvestment Zone met the criteria set forth in Chapter 312 of the Texas Tax Code for the creation of a reinvestment zone as set forth in the Property Redevelopment and Tax Abatement Act, as amended, and the Guidelines, in that it was reasonably likely as a result of the designation to contribute to the retention or expansion of primary employment or to attract investment in the zone that would be a benefit to the property

and contribute to the economic development of the County, and that the entire tract of land was located entirely within an unincorporated area of the County;

WHEREAS, entering into this Agreement will serve the best interests of the County and its citizens and comply with the Guidelines by:

- A. enhancing and diversifying the economic and industrial bases of the County;
- B. contributing to the retention and expansion of primary employment; and
- C. attracting major investment that will be of benefit to and contribute to the economic development of the County;

WHEREAS, the contemplated use of the Site (as defined below) and the contemplated Improvements (as defined below) as set forth in this Agreement, and the other terms of this Agreement will encourage development of the Reinvestment Zone, are in accordance with the purposes for its creation, and are in compliance with the Guidelines and all applicable laws;

WHEREAS, Owner's (as defined below) use of the Site is expected to favorably influence the economic and employment base of the County;

WHEREAS, the County finds that the Improvements sought are feasible and practical and will be of benefit to the real property located in the Reinvestment Zone, to the Site, and to the County after expiration of this Agreement;

WHEREAS, the County finds that the terms of this Agreement and the proposed Improvements and Eligible Property subject to this Agreement meet the Guidelines;

WHEREAS, as required by TEX. TAX CODE §312.207(c), notice of the meeting in which this Agreement was approved acted upon by the County Commissioners Court was posted more than thirty (30) days in advance of such meeting at the Childress County Courthouse and otherwise in accordance with TEX. TAX CODE §312.207(d);

WHEREAS, a copy of this Agreement has been furnished, in the manner prescribed by law, to the presiding officers of the governing bodies of each of the taxing units in which the property subject to this Agreement is located; and

NOW, THEREFORE, in consideration of these Recitals, premises, the promises, mutual covenants, and agreements contained in this Agreement, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the County and Owner agree as follows:

I. Authorization

This Agreement is authorized and governed by Chapter 312 of the Texas Tax Code, as amended, and by the Guidelines.

II. Definitions

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

- A. **“Abatement”** means the full or partial exemption from ad valorem taxes on property in a Reinvestment Zone as provided herein and in no event can the duration of the Abatement period exceed ten (10) years.
- B. **“Base Year”** means the Calendar Year in which the Effective Date occurs.
- C. **“Calendar Year”** means each year beginning on January 1 and ending on December 31.
- D. **“Certificate”** means a letter, provided by Owner to the County, certifying that a phase of the Project or the Project has achieved Commercial Operations, outlining the Improvements and stipulating the overall Nameplate Capacity of the Project. Upon receipt of a Certificate, the County may inspect the property in accordance with this Agreement to determine that the Improvements are in place as certified. If such Certificate indicates that certain ancillary facilities not required for Commercial Operations are still under construction on the date that the Certificate is delivered, Owner will deliver an amended Certificate to the County within thirty (30) days after all Project construction is complete.
- E. **“Certified Appraised Value”** means the appraised value, for property tax purposes, of the property within the Reinvestment Zone as certified by the Knox County Appraisal District (the **“Appraisal District”**) for each taxable year.
- F. **“COD”** means the date that a phase of the Project or the Project commences Commercial Operations.
- G. **“Commercial Operations”** means that a phase of the Project or the Project has become commercially operational and placed into service for the purpose of generating electricity for sale in one or more commercial markets.
- H. **“Eligible Property”** means property eligible for Abatement under the Guidelines, including: new, expanded or modernized buildings and structures; fixed machinery and equipment; Site improvements; related fixed improvements; other tangible items necessary to the operation and administration of the Project or facility; and all other real and tangible personal property permitted by Chapter 312 of the Texas Tax Code and the Guidelines. Taxes on Real Property may be abated only to the extent the property’s value for a given year exceeds its value for the year in which this Agreement is executed. Tangible personal property located on the Real Property at any time before the period covered by this Agreement is not eligible for Abatement. Tangible personal property eligible for Abatement shall not include inventory or supplies.
- I. **“Force Majeure”** includes events not reasonably within the control of the party whose performance is sought to be excused thereby, including the following causes and events (to the extent such causes and events are not reasonably within the control of the party claiming suspension): acts of God and the public enemy; strikes; lockouts or other industrial disturbances; inability to obtain material or equipment or labor due

to an event that meets the definition of Force Majeure; wars; blockades; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; storms; floods; high water washouts; inclement weather; arrests and restraint of rulers and people; interruptions by government or court orders; present or future orders of any regulatory body; civil disturbances; explosions; or any other event that is beyond the reasonable control of the party claiming Force Majeure.

- J. **“Improvements”** means Eligible Property meeting the definition for improvements provided by Chapter 1 of the Texas Tax Code and includes, without limitation, any building, structure, or fixture erected on or affixed to the land. Improvements specifically include Owner’s fixed machinery, equipment and process units that may consist of solar panels, substations and switching stations, underground and overhead electrical distribution and transmission facilities, transformers, appurtenant electric equipment, communication cable, and data collection facilities to be installed, added, upgraded, or used on the Property by or for Owner and located in the County.
- K. **“Owner”** means ZSS Power LLC, the entity that owns or leases the Real Property for which Abatement is being granted, and any permitted assignee or successor in interest of ZSS Power LLC. The term “ZSS Power LLC” means and includes Owner. An “Affiliate” of an Owner means any entity that directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with such Owner. For purposes of this definition, “control” of an entity means (i) the ownership, directly or indirectly, of fifty percent (50%) or more of the voting rights in a company or other legal entity or (ii) the right to direct the management or operation of such entity whether by ownership (directly or indirectly) of securities, by contract or otherwise.
- L. **“Payments In Lieu of Taxes” or “PILOTs”** means the payments to be made by Owner to the County described in Section IV(D) of this Agreement.
- M. **“Project”** means the construction and operation of the Improvements on the Site as set forth in this Agreement.
- N. **“Real Property”** means Eligible Property meeting the description for real property provided by Chapter 1 of the Texas Tax Code.
- O. **“Reinvestment Zone”** means the reinvestment zones, as reinvestment zone is defined in Chapter 312 of the Texas Tax Code, created by the County by the resolutions described in the Recitals, which were duly passed by the County Commissioners Court, and referred to as the ZSS Power Reinvestment Zone, more specifically described in Attachment A, and the ZSS Power Reinvestment Zone #2, more specifically described in Attachment D to this Agreement. The fact that the designation of the Reinvestment Zone may expire before this Agreement shall not affect the terms and condition of this Agreement.
- P. **“Site”** means the portion of the Reinvestment Zone on which Owner makes the Improvements for which the Abatement is granted hereunder and which is shown on Exhibit A to Attachment A and/or Exhibit A to Attachment D. Upon completion of construction of the Improvements, the parties agree to amend Exhibit A to Attachment

A and/or Exhibit A to Attachment D to include the as-built Improvements within the Site to the extent such Improvements are not included therein.

- Q. **“Nameplate Capacity”** means, in each given Calendar Year, the generating capacity of the Project (in megawatts ac) as designated by the manufacturer(s) of the solar panels to be constructed as Improvements hereunder and where appropriate may refer to the total or overall generating capacity.
- R. **“Lender”** means any entity or person providing, directly or indirectly, including an assignee of an initial Lender, with respect to the Improvements or Project any of (a) senior or subordinated construction, interim or long-term debt financing or refinancing, whether that financing or refinancing takes the form of private debt, public debt, or any other form of debt (including debt financing or refinancing), (b) a leasing transaction, including a sale leaseback, inverted lease, or leveraged leasing structure, (c) tax equity financing, (d) any interest rate protection agreements to hedge any of the foregoing obligations, and/or (e) any energy hedge provider. There may be more than one Lender. Owner, at its election, may send written notice to the County with the name and notice information for any Lender.

III. Improvements in Reinvestment Zone

Owner agrees to make the following Improvements in consideration for the Abatement set forth in Section IV of this Agreement:

- A. Owner is proposing to construct Improvements on the Site consisting of a solar power electric generation facility with a Nameplate Capacity of up to approximately four hundred and fifty (450) megawatts (AC) located in the Reinvestment Zone. Owner agrees that its solar power electric generation facility on the Site in the Reinvestment Zone will have a Nameplate Capacity of no less than four hundred twenty (420) megawatts (AC) (the “Minimum Guaranteed Capacity”). If the Nameplate Capacity of Owner’s solar power electric generation facility on the Site in the Reinvestment Zone is less than the Minimum Guaranteed Capacity, such circumstance shall not be a default under this Agreement so long as Owner pays an annual PILOT not less than the Annual PILOT Floor Amount specified in Section IV(D) of this Agreement. It is anticipated that, if built to its maximum capacity, the solar power electric generation facility will require a capital investment of approximately five hundred million dollars (\$500,000,000.00). The Certified Appraised Value will depend upon annual appraisals by the Appraisal District and may be more than or less than the amount stated herein. The size of the solar power electric generation facility may vary, but the Abatement shall be conditioned upon the overall Nameplate Capacity of the Project not being less than the minimum stated above, unless approved in writing by the County. For the avoidance of doubt, the County acknowledges and agrees that Owner may elect to build the Project in phases and that the Nameplate Capacity may be increased at any time during the Term of this Agreement.
- B. Improvements also shall include any other property on the Site meeting the definition of “Eligible Property” that is used to produce solar electrical power and perform other functions related to the production, distribution, and transmission of electric power.

The County agrees, without limitation, that the solar panels, transmission lines, substations, and other related materials and equipment affixed to the land will constitute Improvements under this Agreement.

- C. Owner agrees that the Project shall commence construction of a phase of the Project or the Project ("Commence Construction") on or before December 31, 2026; provided, Owner shall have the unilateral right on written request to the County to receive a one-year extension of the required date to Commence Construction. On Owner's written request delivered to the County during Calendar Year 2026, the required date to Commence Construction shall be extended to December 31, 2027. The term "Commence Construction" as used herein means that Owner has commenced physical work of a significant nature on the Site within the Reinvestment Zone, including the installation of fencing, the construction of roads, geotechnical work or other civil construction activities.

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

- A. The County and Owner specifically agree and acknowledge that the property on the Site within the Reinvestment Zone shall be taxable in the following ways before and during the Term of this Agreement:
1. Property not eligible for Abatement, if any, shall be fully taxable at all times;
 2. The Certified Appraised Value of property existing on the Site prior to execution of this Agreement shall not be subject to this Agreement and shall be fully taxable at all times;
 3. Prior to commencement of the Abatement period designated in Section IV(B), 100% of property taxes levied on the Certified Appraised Value of real and personal property of Owner located on the Site will be owed and payable by Owner;
 4. All County property taxes on the Certified Appraised Value of Eligible Property shall be abated for the periods and in the amounts as provided for by Section IV(B) below; and
 5. 100% of the Certified Appraised Value of Eligible Property existing on the Site shall be fully taxable after expiration of the Abatement period designated in Section IV(B), including the remainder of the Term.
- B. The County and Owner specifically agree and acknowledge that this Agreement shall provide for tax Abatement, under the conditions set forth herein, of all County property taxes as follows:
1. Beginning with the Calendar Year after the Calendar Year in which a COD occurs (unless an earlier year is elected in accordance with paragraph 6 below) and ending upon the conclusion of ten (10) full Calendar Years thereafter, the

Abatement percentage of value of Eligible Property to be abated each year is 100%.

2. The percentage of property taxes set forth in Section IV(B)(1) above on the Certified Appraised Value of all Improvements described in the Certificate (and actually in place on the Site) is abated in the respective period designated in Section IV(B)(1) above.
3. The percentage of property taxes set forth in Section IV(B)(1) above on the Certified Appraised Value of any and all otherwise taxable personal property owned by Owner and located on the Site is abated in the respective period designated in Section IV(B)(1) above.
4. As of January 1 of the Base Year, the value for the proposed Improvements is zero.
5. The Abatement granted under this Agreement shall commence upon January 1 of the Calendar Year after the Calendar Year in which the COD occurs (unless an earlier year is elected in accordance with paragraph 6 below) and shall expire at the end of the tenth (10th) Calendar Year thereafter. Owner shall provide the Certificate in writing both to the County and to the Appraisal District within sixty (60) days of the COD. The Certificate shall describe any ancillary facilities not required for Commercial Operations that are still under construction on the date that the Certificate is delivered, and if the Certificate indicates any such facilities exist, Owner will deliver an amended Certificate to the County and to the Appraisal District within thirty (30) days after the construction of all Improvements is complete. Such ancillary facilities, once completed and if eligible, shall become part of the Improvements eligible for the Abatement under this Agreement.
6. If Owner, at its sole election, desires that the ten-year Abatement period commence prior to January 1 of the of the Calendar Year after the Calendar Year in which the COD occurs, then Owner may deliver a notice to the County and County Appraisal District making such election (such notice being referred to herein as a "Notice of Abatement Commencement"). If delivered by Owner, the Notice of Abatement Commencement shall contain the following statement: "Owner elects for the ten-year Abatement period to begin on January 1, ____"; the year stated in the Notice of Abatement Commencement shall be the first year of the Abatement period, and the Abatement period shall extend for 9 Calendar Years thereafter. Owner shall deliver the Notice of Abatement Commencement not later than the December 31 that immediately precedes the January 1 elected to be the beginning of the Abatement period. Owner shall only be permitted to deliver a Notice of Abatement Commencement if it anticipates achieving COD during the Calendar Year elected to be the first year of the Abatement period. Owner shall still be required to deliver the Certificate on or before the date required in the preceding paragraph.

7. Notwithstanding any statement or implication in this Agreement to the contrary, the parties agree that (i) the Abatement period may not start later than January 1, 2029, and (ii) the Abatement granted hereby shall not extend beyond ten (10) Calendar Years.
- C. A portion or all of the Improvements may be eligible for complete or partial exemption from ad valorem taxes as a result of existing law or future legislation. This Agreement is not to be construed as evidence that no such exemptions shall apply to the Improvements.
- D. As additional consideration for this Abatement, Owner agrees to make an annual Payment in Lieu of Taxes to the County in an amount equal to one thousand three hundred dollars (\$1,300.00) multiplied by the total Nameplate Capacity included in the Certificate (and actually in place in the Reinvestment Zone) during the ten (10) Calendar Years the Abatement is in effect. Notwithstanding the foregoing, the amount of the annual Payment in Lieu of Taxes shall, in no event, be less than five hundred forty thousand dollars (\$540,000) (the "Annual PILOT Floor Amount"). The first such applicable payment shall be due and payable on October 1 of the first Calendar Year of the Abatement, and delinquent if not paid on or before January 31 of the immediately following Calendar Year, with the remaining nine (9) payments due and payable annually on or before October 1 thereafter and delinquent if not paid on or before the immediately following January 31. By way of illustration, if Year 1 of the Abatement period is 2029, then the PILOT owed for 2029 shall be due and payable on October 1, 2025, and delinquent if not paid on or before January 31, 2030. There shall be a total of ten (10) PILOTs under this Agreement. Past due amounts shall be subject to any and all statutory interest and penalties applicable to the payment and collection of taxes as provided in the Texas Tax Code. Force Majeure shall not apply to any Payment in Lieu of Taxes or taxes owed under the terms of this Agreement.
- E. Owner agrees that the Improvements described in Section III, once constructed, will remain in place until at least twenty (20) Calendar Years after COD ("**Term**"); provided that nothing herein prevents Owner from replacing equipment or fixtures comprising the Improvements prior to that date, as long as such replacement does not result in a reduction of the Certified Appraised Value of the Improvements. In the event that Owner removes Improvements (comprising in the aggregate not more than 20% of all Improvements), Owner's removal shall not be deemed a default under this Agreement if Owner pays to the County as liquidated damages for such removal from the Abatement in this Agreement, within thirty (30) days after demand, all taxes for such removed Improvements (which otherwise would have been paid to the County without benefit of a tax Abatement) with interest at the statutory rate under the Texas Tax Code, as amended, but without penalty. IN THE EVENT OWNER REMOVES IMPROVEMENTS COMPRISING IN THE AGGREGATE NOT MORE THAN 20% OF ALL IMPROVEMENTS, OWNER SHALL NOT BE IN DEFAULT OF THIS SECTION IV(E), AND THE SOLE REMEDY OF THE COUNTY, AND OWNER'S SOLE LIABILITY, WILL BE FOR OWNER TO PAY TO THE COUNTY THE FULL AMOUNT OF ACTUAL TAXES ABATED AT ANY TIME UNDER THIS AGREEMENT ON THE REMOVED IMPROVEMENTS WITH INTEREST, BUT LESS ANY TAX PAYMENTS OR PAYMENTS IN LIEU OF TAXES REMITTED

TO THE COUNTY WITH RESPECT TO THE REMOVED IMPROVEMENTS. IN THE EVENT OWNER OWES ANY AMOUNTS UNDER THIS SECTION IV(E), ANY TAXES DUE BY OWNER SHALL BE SUBJECT TO ANY AND ALL STATUTORY RIGHTS FOR THE PAYMENT AND COLLECTION OF TAXES IN ACCORDANCE WITH THE TEXAS TAX CODE. IN THE EVENT OWNER REMOVES IMPROVEMENTS COMPRISING IN THE AGGREGATE MORE THAN 20% OF ALL IMPROVEMENTS, OWNER SHALL BE IN DEFAULT OF THIS SECTION IV(E), AND THE PROVISIONS IN ARTICLE VII OF THIS AGREEMENT SHALL APPLY.

- F. Notwithstanding anything herein to the contrary, if the aggregate of the Annual Inflation Rates (defined hereinbelow) established for two (2) consecutive Calendar Years during the term of this Agreement exceeds 10% in total, the Owner and the County agree to renegotiate the PILOT and increase the remaining PILOTs to compensate the County for the excessive inflation. For purposes of this provision, the Annual Inflation Rate for each Calendar Year shall be established by the *Engineering News Report – Construction Cost Index* (“ENR-CCI”). If the ENR-CCI index is discontinued, the Owner and the County will negotiate and agree to an alternative index or methodology to address the excessive inflation. By way of illustration, if Year 1 of the Abatement period is 2025, the first equitable adjustment could not be made until both the 2026 inflation rate and the 2027 inflation rate have been established. If the annual inflation rates for 2026 and 2027 are 4.0% and 6.1%, respectively, the Owner and the County agree to renegotiate and increase the remaining PILOTs to address the excessive inflation.

V. Representations

The County and Owner make the following respective representations:

- A. Owner represents and agrees that (i) Owner and its successors and/or assigns will have a taxable interest with respect to Improvements to be placed on the Site; (ii) construction of the proposed Improvements described in Section III will be performed by Owner, its successors and/or assigns and/or their contractors or subcontractors; (iii) Owner's and its successors' and assigns' use of the Site in the Reinvestment Zone will be limited to the use described in this Agreement during the Term, which the parties agree are consistent with the general purpose of encouraging development in the Reinvestment Zone; (iv) all representations made in this Agreement and in the Application for Abatement, if any, are true and correct in all material respects to the best of Owner's knowledge; (v) Owner will make required filings, if any, by Owner with the Office of the Comptroller of Public Accounts and other governmental entities concerning this Agreement that may be required in the future; (vi) the Project will not be constructed without first obtaining all necessary local, state and federal environmental and construction permits, and Owner will abide by all conditions of the permits and all laws, ordinances, rules and regulations governing the construction and operation of the Project throughout its economic life; and (vii) the planned use of the Site will not constitute a hazard to public health or safety throughout the economic life of the Project, except that uses that are customary and industry standard for a utility-

scale solar energy project using photovoltaic panels shall in no event be deemed to constitute such a hazard.

- B. The County represents that (i) the County has formally elected to be eligible to grant property tax abatements under Chapter 312 of the Tax Code; (ii) the Reinvestment Zone and this Agreement have been created in accordance with Chapter 312 of the Texas Tax Code and the Guidelines as both exist on the Effective Date of this Agreement; (iii) as applicable, (a) no interest in the Improvements or the Site is held or subleased by a member of the County Commissioners Court, or (b) any member of the County Commissioners Court that has a potential economic or financial interest in the Improvements or the Site has abstained from any vote or decision regarding this Agreement; (iv) the property within the Reinvestment Zone is located within the legal boundaries of the County and outside the boundaries of all municipalities located in the County; and (v) the County has made and will continue to make all required filings with the Office of the Comptroller of Public Accounts and other governmental entities concerning the Reinvestment Zone and this Agreement.
- C. Owner represents and agrees that if it builds the Improvements and if the COD occurs, the Project will (i) add at least Five Hundred Thousand Dollars (\$500,000.00) to the tax roll of Eligible Property, (ii) create no less than one (1) new, permanent, full-time job (which job may be created under Owner, its contractors, one or more of their respective affiliates, or service providers engaged to provide goods or services in connection with the operation of the Improvements), (iii) make a commercially reasonable effort to ensure the Project leads to a positive net economic benefit to the County of at least One Million Dollars (\$1,000,000.00) over the life of this Agreement, computed to include (but not limited to) new sustaining payroll and/or capital improvement, and (iv) not solely or primarily have the effect of transferring employment from one part of the County to another.

VI. Access to and Inspection of Property by County Employees

- A. Owner shall allow the County's employees access to the Improvements for the purpose of inspecting any Improvements erected to ensure that the same are conforming to the minimum specifications of this Agreement and to ensure that all terms and conditions of this Agreement are being met. All such inspections shall be made only after giving Owner twenty-four (24) hours' notice and shall be conducted in such a manner as to avoid any unreasonable interference with the construction and/or operation of the Improvements. All such inspections shall be made with one (1) or more representatives of Owner in accordance with all applicable safety standards.
- B. Owner shall, on or before March 31 of each Calendar Year starting with the first Calendar Year beginning after Owner delivers the Certificate, certify annually to the County its compliance with this Agreement by providing written testament to the same to the County Judge using the form attached hereto as Attachment C.