

**PARTNERSHIP AGREEMENT BETWEEN
WIZARD ENERGY STORAGE LLC AND
THE CITY OF LEAGUE CITY, TEXAS**

This Agreement ("Agreement") is made by and between the City of League City, Texas (the "City"), a home rule municipality in the State of Texas, and SBESS TX 6, a Delaware limited liability company (the "Developer").

RECITALS:

WHEREAS, the City of League City, Texas is a political subdivision of the State of Texas; and,

WHEREAS, SBESS TX 6, LLC, is a Delaware limited liability company; and

WHEREAS, the Developer proposes to develop a battery energy storage system (the "Project") within the City, as more fully described in Exhibit "A", attached and incorporated by reference; and

WHEREAS, on several occasions a large number of League City residents spoke to the City Council at public meetings regarding their concern for the safety and welfare of the City as a result of the operation of battery energy storage systems and their concerns over the City's ability to provide adequate emergency services; and

WHEREAS, the City Council of League City on July 9, 2024, adopted Ordinance 2024-023 requiring battery energy storage systems to "enter into a Payment in Lieu of Taxes Agreement or similar agreement with the City of League City to compensate the local taxing authorities for the loss in tax revenue attributable to depreciation and/or other factors" as a condition of a special use permit as a requirement prior to issuance of a building permit; and

WHEREAS, the City's premise for this Agreement is that battery energy storage systems will place an increased and unique demand on the City's public safety resources; and

WHEREAS, the City and the Developer desire to establish a long-term working relationship to ensure the City has the training and resources that may be required to respond to an incident at the Project; and

WHEREAS, the City and Developer believe the development contemplated by the Developer will increase grid reliability in and around the City.

NOW, THEREFORE, in consideration of the mutual benefits and premises contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

TERMS:

1. Authorization. The City has concluded that it is authorized to enter into this Agreement pursuant to Ordinance 2024-023.
2. Definitions.

"Annual Payment(s)" means the amount(s) paid by the Developer to the City under this Agreement, payable no later than June 1st of each year. The First Annual Payment will be due for the tax year following completion of construction. There will be no Annual Payment due during construction of the Project.

"Effective Date" means the date this Agreement has been signed by all Parties.

"Initial Investment Value" means the greater of either \$10,000,000 or the value determined by the Galveston County Appraisal District following the completion of construction.

"Subsequent Year Value" means the previous year's value multiplied by 1.02.

"Special Use Permit" means Special Use Permit _____ (approved via Ordinance _____).

"Start Date" means June 1 of the first tax year following the year in which construction of the Project is completed. As of the Effective Date, construction is scheduled for completion in 2025, therefore the estimated Start Date is June 1st, 2026.

"Resource Allowance" means those expenses incurred by the Developer as required by Ordinance 2024-023 and is equal to the lesser of \$1,000 or the applicable Annual Payment.

3. Term. This Agreement will become enforceable upon the Effective Date and will terminate on the first to occur of: (a) ten (10) years after the Start Date, or (b) termination of this Agreement by the City as provided herein. This Agreement is intended to run concurrently with the terms of the Special Use Permit unless terminated by the City as provided herein. Prior to the expiration of this Agreement under clause (a), if the Special Use Permit is still in effect, the parties will renew or negotiate a new agreement; provided, that, if the parties

cannot mutually agree on a new agreement, this agreement shall remain in effect and the parties shall continue to utilize the methodology set forth in Section 6 to calculate the Annual Payment. Notwithstanding the foregoing, this Agreement shall automatically terminate on the thirtieth (30th) anniversary of the Start Date.

4. Developer's Obligations. The Developer agrees to the following obligations:
 - 4.1 The Developer's total capital investment shall be no less than \$10,000,000 in the Project, consisting of construction of a Battery Energy Storage System;
 - 4.2 The Developer will operate the Project in compliance with all applicable statutes, regulations and ordinances; and
 - 4.3 The Developer will make an Annual Payment, as defined in this Agreement, on June 1st of each year to the City beginning on the Start Date.
5. City's Obligations. The City agrees to maintain a state of readiness to address safety issues unique to the Developer's activities and to continue coordination throughout the life of this Agreement in accordance with Ordinance 2024-023.
6. Calculation of Annual Payment.
 - 6.1 Each Annual Payment shall be an amount equal to the positive difference , if any, of (i) the Initial Investment Value (or the Subsequent Year Value) multiplied by the City's 2024 property tax rate of \$0.369 per \$100 of valuation for each year of the life of this Agreement using the methodology described in Exhibit "B", which is attached and incorporated by reference, minus (ii) the actual taxes paid to the Galveston County Tax Assessor Collector for the applicable tax year, minus (iii) the Resource Allowance, and as further demonstrated below:

Example of Methodology for Calculation of Annual Payment (Payment 1-3):

First Annual Payment = {[Initial Investment Value times (\$0.369/100)] minus the actual League City property taxes paid to the Galveston County Tax Assessor/Collector for the applicable tax year} minus Resource Allowance

Second Annual Payment = {[Second Year Value x (\$0.369/100)] minus the actual League City property taxes paid to the Galveston County Tax Assessor/Collector for the applicable tax year} minus Resource Allowance

- Second Year Value = Initial Investment Amount times 1.02

Third Annual Payment = {[Third Year Value x (\$0.369/100)] minus the actual League City property taxes paid to the Galveston County Tax Assessor/Collector for the applicable tax year} minus Resource Allowance

- Third Year Value = Second Year Value times 1.02

Subsequent Annual Payments (Payment 4 through 10) will follow the above-listed methodology.

- 6.2 Additional/Subsequent Investment. The Annual Payment shall be recalculated if there is any increase from the prior year's Galveston County Appraised Value in any one year, as determined by the Galveston Appraisal District, using this same methodology. In the event of additional investment, the additional value, as determined by the Galveston County Appraisal District, shall be added to the Subsequent Year Value when calculating the Annual Payment for the applicable tax year.

Example of Methodology for Calculation of Annual Payment with Additional Investment in Year 4:

Fourth Annual Payment with Additional Investment = {[Fourth Year Value plus Additional Investment Amount) times (\$0.369/100)] minus the actual League City property taxes paid to the Galveston County Tax Assessor/Collector for the new combined value for the applicable tax year} minus Resource Allowance.

- Fourth Year Value = Third Year Value times 1.02

- Additional Investment Amount = Fourth Year Value as determined by the Galveston County Appraisal District (which included the Additional Investment) minus the Third Year Value as determined by the Galveston Appraisal District.

Fifth Annual Payment = {[Fifth Year Value times (\$0.369/100)] minus the actual League City property taxes paid to the Galveston County Tax Assessor/Collector for the new combined value for the applicable tax year.} minus Resource Allowance

- Fifth Year Value = (Fourth Year Value plus Additional Investment Value) times 1.02

Subsequent Annual Payments with Additional Investments will follow the above-listed methodology.

- 6.3 Mandatory Updates. Additional Investments the Developer is required to make to remain compliant and operational will not trigger a recalculation of the Annual Payment. Developer is responsible to maintain the facility within all mandated regulatory and safety requirements from agencies to include, but not limited to,

FERC, NERC, ERCOT, Federal, State, County, and City Authorities. Upon request, Developer shall provide proof of mandated upgrade to City.

- 6.4 Proof of Actual Taxes Paid. When making its Annual Payment, Developer shall inform the City of the amount of actual taxes paid. The City shall verify the amount of actual taxes paid to the Galveston County Tax Assessor/Collector. In the event of a discrepancy, the parties agree to use the actual amount of taxes paid as determined by the Galveston County Tax Assessor/Collector. In a situation of underpayment by the Developer, the Developer shall remit any amounts owed to the City within fifteen (15) days written demand by the City.
7. Default by Developer: Upon written notice of default, Developer shall have thirty (30) days to cure any defaults. If the default has not been cured within thirty (30) days, the City shall have the right to terminate this agreement after providing a written notice of termination to the Developer. In the event of a default by the Developer, the City shall have any and all rights and remedies at law or in equity in connection therewith, including the right to terminate this Agreement.
8. Mediation. All disputes arising under this Agreement shall be governed by and interpreted in accordance with the laws of the State of Texas, without regard to principles of conflict of laws. In the event a dispute arises out of or relates to this Agreement, or the breach thereof, the parties hereby agree first to attempt in good faith to settle the dispute by mediation. Each party shall pay the costs of mediation equally.
9. Representations and Warranties. The City represents and warrants to the Developer that this Agreement is within the scope of its authority and the provisions of its charter and that it is duly authorized and empowered to enter into this Agreement. The Developer represents and warrants to the City that it has the requisite authority to enter into this Agreement.
10. Obligation by the Developer to Commence Construction. If the Developer elects to not undertake the improvements which are the subject of this Agreement, this Agreement shall not create or impose any obligations on either Party and this Agreement shall be null and void.
11. Cessation of Operations. In the event Developer elects to cease operations in City and dismantles and removes Developer's equipment in compliance with Ordinance 2024- 023, this Agreement shall be null and void.
12. Condition Precedent. This Agreement is subject to and the obligations of the Parties is conditioned upon the City's adoption of an ordinance granting a special permit for the property to allow the operations.
13. Statutes and Ordinances. Nothing in this Agreement shall alter the Parties' obligation to comply with all state statutes, regulations and ordinances, which includes the duty to maintain a decommissioning bond.

14. Section Names, Other Headings and Construction. Section names or other headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. All references to the singular shall include the plural, and to the plural the singular.
15. Severability. If for any reason any provision of this Agreement is held to be invalid by a court of competent jurisdiction, such holding shall not affect, impair, or invalidate the remainder of the Agreement, provided that any invalid provisions are not material to the overall purpose and operation of this Agreement, but shall be confined in operation to the specific provision of this Agreement held to be invalid. The invalidity of any provision of this Agreement shall not affect or prejudice in any way the validity of this Agreement in any other instance.
16. Amendment. This Agreement may only be amended, altered, or revoked by written instrument signed by both the Developer and the City.
17. Successors and Assigns. This Agreement shall be binding on and inure to the benefit of the Parties, their respective successors, and assigns. The Developer or its affiliates may not assign its rights and duties under this Agreement without the written consent of the City, which consent shall not be unreasonably withheld; provided, that, in connection with financing the Project, the Developer shall be permitted to collaterally assign this agreement to any financing party. If the Developer defaults pursuant to Section 7 and any such financing party provides written notice to the City that it intends to cure such default, the City shall not terminate this Agreement (and any such termination shall not be effective) until such financing party has had reasonable opportunity to cure.
18. Notice. Any notice and/or statement required and permitted to be delivered shall be deemed delivered by depositing same in the United States mail, certified with return receipt requested, postage prepaid, addressed to the appropriate party at the following addresses, or at such other addresses provided by the Parties in writing:

Developer: SBESS TX 6, LLC
c/o Adapture Renewables, Inc.
1901 Harrison St., Suite 1630
Oakland, CA 94612
Attn: Legal Department

City of League City
300 West Walker Street
League City, Texas 77573
Attn: City Manager
John.baumgartner@leaguecitytx.gov

With a copy to:
Michelle L. Villarreal, City Attorney
Michelle.villarreal@leaguecitytx.gov

19. Interpretation. Regardless of the actual drafter of this Agreement, this Agreement shall, in the event of any dispute over its meaning or application, be interpreted fairly and reasonably, and neither more strongly for nor against any party.
20. Applicable Law. This Agreement is made and shall be construed and interpreted under the laws of the State of Texas and venue of any cause of action to enforce this Agreement shall lie in Galveston County, Texas.
21. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be considered an original, but all of which shall constitute one instrument.
22. Verification. By executing this Agreement Developer verifies that Developer (1) does not boycott Israel and will not during the term of this Agreement; (2) is not engaged in business with Iran, Sudan, or any company on the list referenced in Section 2252.152; (3) does not boycott energy companies and will not during the term of this Agreement; and (4) does not have a practice, policy, guidance, or directive of this Agreement against a firearm entity or firearm trade association and will not during the term of this Agreement. Pursuant to Section 2264.051-.052 of the Government Code, the Developer has executed the certification relating to its commitment not to hire undocumented workers.
23. **INDEMNIFICATION: DEVELOPER SHALL DEFEND, INDEMNIFY AND HOLD HARMLESS CITY , AND EACH OF ITS OFFICIALS, OFFICERS, AGENTS AND EMPLOYEES FROM AND AGAINST ALL CLAIMS, ACTIONS, SUITS, DEMANDS, PROCEEDINGS, COSTS, DAMAGES AND LIABILITIES, INCLUDING WITHOUT LIMITATION ATTORNEYS' FEES AND REASONABLE LITIGATION COSTS, ARISING OUT OF, CONNECTED WITH, OR RESULTING FROM ANY ACTS OR OMISSIONS OF DEVELOPER'S OR ANY AGENT, EMPLOYEE, SUBCONTRACTOR, OR SUPPLIER OF DEVELOPER IN THE EXECUTION OR PERFORMANCE OF THIS CONTRACT, TO THE EXTENT THE CLAIM ARISES FROM NEGLIGENCE, WILLFUL ACT, BREACH OF CONTRACT OR VIOLATION OF LAW.**

(Signature page on next page)

Executed on _____ . *(date to be filled in by City Secretary)*

SBESS TX, LLC - “Developer”

Thomas Houghton

CITY OF LEAGUE CITY – “City”

John Baumgartner, City Manager

Attest:

Diana Stapp, City Secretary

Approved as to Form:

Michelle L. Villarreal, City Attorney

Exhibit A

Project Description

Exhibit B

Calculation of Annual Payment