

ADDENDUM
TO
TAX ABATEMENT AGREEMENT EFFECTIVE AS OF DECEMBER 22, 2015
BETWEEN HIDALGO COUNTY, TEXAS
AND
SOUTH TEXAS ELECTRIC COOPERATIVE, INC.

This addendum (the “**Addendum**”) is entered into effective as of May 16, 2017, between Hidalgo County, a political subdivision of the State of Texas (the “**County**”), duly acting herein by and through its duly authorized representatives, pursuant to an Order dated May 16, 2017, by the Hidalgo County Commissioners’ Court (hereinafter referred to as the “**Commissioners Court**”) and South Texas Electric Cooperative, Inc., a Texas non-profit corporation (the “**Owner**”).

WITNESSETH:

WHEREAS, the County and the Owner entered into that certain Tax Abatement Agreement effective as of December 22, 2015 (the “**Agreement**”);

WHEREAS, Section 3.02 of the Agreement provides for the applicable Tax Abatement Percentage (as defined in the Agreement) to be fixed by the parties through an addendum to the Agreement after evidence of the Capital Cost (as defined in the Agreement) of the improvements constructed or installed by Owner for the Facility (as defined in the Agreement) is certified by the Owner and approved by the County;

WHEREAS, Owner has provided such evidence to the County; and

WHEREAS, the parties now desire to enter into this Addendum in order to fix the Tax Abatement Percentage pursuant to the Agreement;

NOW, THEREFORE, the County and the Owner, for good and valuable consideration, the adequacy and receipt of which is hereby acknowledged, do hereby contract, covenant and agree as follows:

1. **Definitions.** All terms defined in the Agreement and used herein shall have the meaning set forth therein unless otherwise defined herein.
2. **Representations and Warranties.** The Owner represents and warrants to the County as follows:

(a) The Capital Cost of the improvements constructed or installed by the Owner for the Facility for which the Owner has provided evidence to the County is Two Hundred Ten Million, Seventy-Six Thousand, Five Hundred Fifty and 44/100 Dollars (U.S.\$210,076,550.44).

(b) The Facility is in operation within the Zone for the generation and transmission of energy.

3. **Tax Abatement.**

(a) In accordance with Section 3.02 of the Agreement, the Tax Abatement Percentage is fixed at 80% of the newly created value.

(b) In accordance with Section 3.03(a) of the Agreement, the Abatement Period commenced on January 1, 2017.

4. **Current Tax.** The Owner has provided tax certificates verifying that no taxes are past due with respect to all property owned by the Owner within the Zone.

5. **Severability.** In the event any paragraph, subparagraph, sentence, phrase or word herein is held invalid, illegal, or unenforceable, the balance of this Addendum and the Agreement shall stand, shall be enforceable and shall be read as if the parties intended at all times to delete said invalid paragraph, subparagraph, sentence, phrase and word. In such event there shall be substituted for such deleted provision as similar in terms and in effect to such deleted provision as may be valid, legal and enforceable.

6. **Applicable Law.** This Addendum shall be construed under the laws of the State of Texas and is performable in Hidalgo County, Texas.

7. **Ratification of Tax Abatement Agreement.** The Agreement is ratified and confirmed.

[SIGNATURE PAGE FOLLOWS]

EXECUTED IN DUPLICATE ORIGINALS as of the 16th day of May, 2017.

SOUTH TEXAS ELECTRIC COOPERATIVE, INC.

By: _____

Name: _____

Title: _____

HIDALGO COUNTY, TEXAS

By: _____

Ramon Garcia

Hidalgo County Judge

ATTEST:

Arturo Guajardo, Jr.
Hidalgo County Clerk

APPROVED AS TO FORM FOR COUNTY:

Atlas, Hall & Rodriguez, L.L.P

By: _____
Stephen L. Crain