



DELIVERED BY ELECTRONIC MAIL

August 3, 2023

**City of Corpus Christi**  
Mr. Peter Zanoni, City Manager  
1201 Leopard  
P.O. Box 9277  
Corpus Christi, Texas 78469-9277

**SUBJECT: IDA 110B – Proposed Alternative Development**

Dear Mr. Zanoni:

Pursuant to the terms of Industrial District Agreement #110B dated April 15, 2022 (the "Agreement") having been duly assigned to 1242 McKinzie Owner LLC (now, the "Company"), in respect to our March 16<sup>th</sup> letter concerning interpretation of IDA Section 3.08, we obtained concurrence from the City administration on June 20<sup>th</sup> and we have proceeded diligently with preparation of our proposed alternative development: a grid-connected battery energy storage facility.

Pursuant to Section 3.08, we hereby submit for the City's consideration the following proposed alternative development, including the alternative industrial use and the alternative completion timeline below, as further described in the accompanying presentation material.

1. A battery energy storage facility that will be connected to the ERCOT power grid at the AEP "McKenzie Road" substation pursuant to ERCOT Generator Interconnection Request number 25INR0375 dated March 10, 2023; and
2. The battery energy storage facility is expected to be placed-in-use not later than the end of calendar year 2025. This timeline is heavily dependent on external factors including market conditions for financing; AEP and LCRA progress on their high voltage switching station expansion (already in progress); equipment lead-times and supply chain factors that are beyond the Company's reasonable ability to control.

Consistent with our obligations under Section 3.08, the Company commits to diligently pursue the alternative project and endeavor that the Improvements constituting the alternative development reach Placed In Use status as soon as reasonably practicable.

Nevertheless if, in spite of diligent efforts, and to the extent that Company has fulfilled Commencement of Construction as defined per Section 1.07, should the Placed-In-Use date float beyond end of Calendar Year 2025, the Company proposes to amend the Agreement to ensure payment in lieu of taxes from and after the end of CY 2025 at the greater of either: (i) the applicable % per Article 3.01 of appraised

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1242 McKinzie Owner LLC  
3838 Oak Lawn Ave, Suite 1000, Dallas Texas 75219

value of any improvements regardless if such appraised value is classified by NCAD as either Placed In Use or Construction Work In Progress (CWPI); or (ii) \$100,000.00 (one-hundred thousand dollars). In such event the Company shall be deemed to have satisfied the Placed-In-Use deadline.

We believe this extension is reasonable given the customary industry timeline for concluding financing, and advancing the engineering, procurement and construction for projects of this scope and nature.

We respectfully request the City's concurrence that the foregoing proposed alternative plan meets with the reasonable acceptance of the City in respect to our ongoing compliance with our IDA 110B.

Sincerely,



Matthew J. Held  
Member

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In concurrence

Date

Peter Zaroni, City Manager

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