

RESOLUTION NO. 141-2023

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ABILENE, TEXAS AUTHORIZING THE CITY MANAGER TO ENTER INTO AN OPTION AGREEMENT WITH GARFIELD CLEAN ENERGY, LLC FOR THE OPTION TO LEASE REAL PROPERTY FOR THE PURPOSE OF CONSTRUCTING A SOLAR PLANT

WHEREAS, this item will authorize the City Manager to enter into an option agreement with Garfield Clean Energy, LLC to evaluate the development, installation, construction, and operation of a solar energy project on Hamby tracts A and B; and

WHEREAS, Garfield was the City's development partners for the Doubletree Hotel by Hilton. Unlike the hotel development, this particular opportunity does not require public ownership. If a solar plant was built as part of this option agreement, it would be done through a lease, the terms and conditions of which are also made part of an option agreement; and

WHEREAS, under the terms of the option agreement, Garfield Clean Energy LLC would pay the City of Abilene \$5,000 for a three-year initial option to lease a minimum of six hundred (600) acres which is comprised of all of Hamby B tract and a portion of Hamby A tract. Garfield may extend the option for an additional twelve (12) months for \$25,000 with written notice provided on or before the thirty-fifth month of the initial option term. Garfield may extend the option term for a second and final twelve (12) month extension for an additional \$50,000 with written notice provided on or before the eleventh month of the first extension of the option term. This creates a total option term of five years if all extensions are granted. During this initial option period and any subsequent option term extensions, Garfield will endeavor to develop, construct and operate a solar energy project. There is a significant amount of work and investment on the part of Garfield Clean Energy in order to get to a point where an exercise of the option agreement and an activation of the ground lease will take place. This work and subsequent expense is reflected in a more favorable initial three-year term under the option agreement; and

WHEREAS, in the event Garfield can assemble the development team, operator and secure private sector funding for the solar energy project, they will exercise the option agreement and transition to the lease agreement. The lease agreement contemplates two revenue opportunities for the City. The first revenue stream is the base rent, which is paid annually in the amount of \$600 per acre. The base rent is paid from the day the option lease is exercised and the ground lease agreement becomes effective through the end of the term. In addition to the base rent, once energy is produced in commercial quantities and delivered to market, the City receives a royalty payment of \$1.00 per Megawatt hour produced.

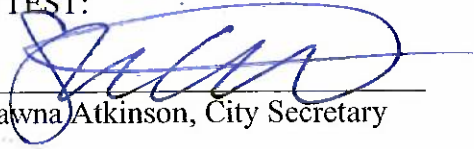
NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ABILENE, TEXAS:

Part 1: That the City Council authorizes the City Manager to enter into an Option Agreement with Garfield Clean Energy, LLC for the option to lease real property for the purpose of constructing a solar plan.

Part 2. That this Resolution effective immediately upon adoption.

ADOPTED this 10th day of August, 2023.

ATTEST:

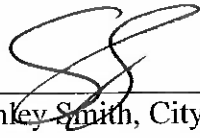


Shawna Atkinson, City Secretary



Weldon Hurt, Mayor

APPROVED:



Stanley Smith, City Attorney

