

CHAPTER 380 ECONOMIC DEVELOPMENT INCENTIVE AGREEMENT

THIS ECONOMIC DEVELOPMENT INCENTIVE AGREEMENT (this “Agreement”) is made and entered into by and between the City of Mineral Wells, a Texas home-rule municipal corporation (“City”) and Shumard Corporation d/b/a Associated Fiberglass Enterprises, a for-profit corporation (“Developer”), on this 15th day of June, 2021 (“Effective Date”). City and Developer are sometimes individually referred to herein as a “Party” and are sometimes collectively referred to herein as the “Parties.”

RECITALS:

WHEREAS, in accordance with Article III, Section 52-a of the Texas Constitution and Chapter 380 of the Texas Local Gov’t Code, on October 6, 2020, the City Council of Mineral Wells (the “City Council”) established a Chapter 380 Economic Development Program (the “380 Program”) to provide for the administration of a program for making loans and grants of public money to promote state or local economic development and to stimulate business and commercial activity within the City; and

WHEREAS, the City owns property described as Lot 1 of Block 1 of the Mineral Wells Industrial Reserve Addition No. 1 plus an approximately 14.78 acre tract to the southwest (the “Property”) and the Developer has agreed to relocate its manufacturing operations and business headquarters to the Property; and

WHEREAS, in accordance with Chapter 380, Texas Local Gov’t Code, and pursuant to the City’s 380 Program, the City agrees to provide incentives and financial assistance to the Developer to encourage and promote the development of the Property thereby enhancing and stimulating business and commercial activity in the City, in exchange for Developer’s capital investments on and creation of jobs at the Property; and

WHEREAS, the Property is located within the boundaries of Tax Increment Investment Zone Number Two, City of Mineral Wells, Texas (“TIRZ #2”), duly created by the City Council and for which the Second Amended Restated Project Plan (the “Project Plan”) was approved by the City Council on October 20, 2020; and

WHEREAS, economic development of areas within TIRZ #2 is part of the Project Plan and, as such, pursuant to Section 311.008(b)(2) and (c) of the Texas Tax Code and Section 272.001(b)(6) of the Texas Local Gov’t Code, the City may sell the Property to Developer under this Agreement for fair market value without complying with notice and bid requirements and the City Council finds that the development that would result from this Agreement far exceeds the fair market value of the Property; and

NOW, THEREFORE, by and in consideration of the mutual covenants and agreements contained herein, the City and Developer hereby agree as follows:

ARTICLE I DEFINITIONS

Whenever used in this Agreement, the following terms shall have the meanings ascribed to them:

“Force Majeure Event” means any event or occurrence that is not within the control of such Party or its Affiliates and prevents a Party from performing its obligations under this Agreement, including without limitation, any act of God; act of a public enemy; war; riot; sabotage; blockage; embargo; failure or inability to secure materials, supplies or labor through ordinary sources by reason of shortages or priority; labor strike, lockout or other labor or industrial disturbance (whether or not on the part of agents or employees of either Party); civil disturbance; terrorist act; power outage; fire, flood, windstorm, hurricane, earthquake or other casualty; pandemic; any law, order, regulation or other action of any governing authority; any action, inaction, order, ruling moratorium, regulation, statute, condition or other decision of any governmental agency having jurisdiction over the Party, over the Project or over a Party’s operations.

“Incentives” means the reduced rent and purchase option for the Property, the property tax rebate, and agreements related to zoning of the Property, as described in Article III.

“Project Term” shall mean a period beginning on the Effective Date and continuing for a period of 35 years.

“Property” means Lot 1, Block 1, Mineral Wells Industrial Reserve Additional No. 1 described on Exhibit A, attached hereto (the “Original Property”), plus the approximately 14.78 acre tract shown on Exhibit B, attached hereto (the “Additional Property”).

ARTICLE II PROJECT DESCRIPTION

2.1 Project. Developer intends to relocate its manufacturing operations and business headquarters to the Property and to construct, or cause to be constructed, on the Property one or more facilities for manufacturing and operation of Developer’s business at a minimum cost of \$900,000.00, to purchase capital equipment to be used onsite for manufacturing and production associated with Developer’s business at a minimum cost of \$400,000.00, to purchase advance inventory of materials, and to perform site enhancements including parking, landscaping, and signage (the “Project”).

2.2 Certificate of Completion. Developer covenants and agrees to obtain or cause to be obtained a certificate of occupancy from the City for the Project and commence operation within 12 months from Effective Date.

2.3 Job Creation. Developer shall directly employ the number of employees described below, according to the timeline described below. On or before February 1 of each calendar year during the Project Term, Developer shall provide to the City an affidavit certifying Developer’s compliance with the following employment requirements in the form attached hereto as Exhibit C (“Job Compliance Affidavit”), and upon request by the City, Developer shall provide the City with any and all necessary documentation to verify compliance with the job creation and retention obligations under this Agreement.

- a. At least 28 full time equivalent jobs with an average wage rate of \$16 per hour within 90 days of Developer’s receipt of a Certificate of Occupancy.

b. At least 40 full time equivalent jobs within an average wage rate of \$16 per hour within 24 months of Developer's receipt of a Certificate of Occupancy and throughout the remaining Project Term.

Throughout the Project Term, the average wage rate shall be adjusted annually for inflation. Full time equivalent jobs will be calculated taking by the number of employees plus the total number of hours worked per week by individuals employed 32 hours of more per week and dividing that total by 32.

2.4 Related Entities. Developer may comply with the capital investment and job creation requirements of this Agreement by making expenditures or creating jobs for the Project through Developer or one or more other businesses associated with the Developer. Developer agrees to be solely responsible for proving the compliance of Developer or of the related entities. Any jobs created or investments made shall be on the Property for the Project.

ARTICLE III ECONOMIC INCENTIVES

3.1 Lease/Purchase of the Property. The parties will execute the Lease Agreement which is attached as Exhibit D (the "Lease Agreement") on the Effective Date, which contains the following basic terms:

- a. City shall lease the Original Property to Developer for \$1.00 per year for thirty (30) years, beginning on the Effective Date.
- b. At any time during the lease term, after full payment of the debt described in Section 3.2, below, Developer shall have the option to purchase the Original Property from the City for \$100.00.
- c. During the lease term, the City shall have the option to release portions of the Original Property from the Lease Agreement with Developer's consent if those portions are not in use by Developer.
- d. At the conclusion of the lease term, the City shall have the first option to lease or purchase unused portions of the Original Property from Developer, at a rate not to exceed fair market value, for additional economic development activity that does not interfere with Developer's operations.
- e. The parties have agreed that the Additional Property shall be added to the Lease Agreement, under the terms described in this Section 3.1, when the City becomes able to convey the Additional Property to Developer. At that time, the parties will execute an amendment to this Agreement and a new Lease Agreement documenting the inclusion of the Additional Property.

3.2 Loan. After the Effective Date, the City shall obtain private third-party financing in the amount of \$2,804,194.00 (the "Loan") and, upon final approval and processing, shall deliver said proceeds to Developer for use on the Project as described in the attached Exhibit E. Developer

agrees to timely pay the principal and interest payments for said loan according to the schedule and terms established by the third-party financer, until such time as the debt is fully retired.

3.3 Property Tax Rebate. Annually beginning with Tax Year 2021 and ending with Tax Year 2031, the City agrees to pay to Developer 100 percent of ad valorem taxes for the Property received by the City and deposited into the City's General Revenue Fund ("Tax Rebate Payment"). The Tax Rebate Payment shall be made by the City within sixty (60) days of the City's receipt of the taxes.

3.4 Additional City Agreements. The City also agrees to pursue a zoning change for the Property to change the Property's zoning designation to Heavy Industrial, and to work with Developer on possible changes to the zoning designation of surrounding properties in order to limit the uses of surrounding properties and/or to create a buffer area. The City will also determine whether it holds any easements on the Property which may be eliminated or addressed if said easements hinder development of the Property.

3.5 Conditions to Incentives. The City's obligation to provide the Incentives described in Sections 3.1, 3.3, and 3.4, above, are and shall be conditioned upon and subject to Developer's timely compliance with and satisfaction of all of the terms and conditions of this Agreement, including, without limitation, Developer's submission of a true and correct copy of the Job Compliance Affidavit for each year of the Project Term.

3.6 Additional Developer Agreements. In addition to the conditions to the Incentives described above, Developer agrees to the following requirements of the Project:

- a. Any facilities constructed on the Project shall be constructed to a standard that is acceptable to the City. Developer will provide the City with its building and site plans prior to initiating construction and shall not be allowed to proceed with construction unless and until the City agrees to those plans. This process is in addition to permitting or inspection requirements imposed by State law or City ordinance.
- b. Developer will maintain an annual membership with the Mineral Wells Area Chamber of Commerce.
- c. Developer covenants and agrees that it shall not protest valuations on the Property during the Project Term.
- d. Developer agrees to make a reasonable effort to hire qualified residents of the City of Mineral Wells as employees of the Project (this requirement shall survive termination).
- e. Developer agrees to make a reasonable effort to hire local contractors, subcontractors, and suppliers in constructing the Project, as evidenced by the companies from which Developer solicits bids for the Project. Developer shall submit to the City, the names of the companies and individuals from which it solicits bids for the project and the city in which the business or individual is located. This documentation shall be submitted prior to the commencement of construction.

f. Developer agrees that it will actively occupy the Property as its business headquarters from the date of its receipt of a Certificate of Occupancy for the Property throughout the entire Project Term.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF THE CITY

4.1 The City represents and warrants that:

- a. The City is a home rule Texas municipality and has the power to enter into, and has taken all required actions to date, including adoption of the 380 Program, required to authorize this Agreement and carry out its obligations hereunder.
- b. The City knows of no litigation, proceedings, initiative, referendum, investigation or threat of any of the same contesting the powers of the City or its officials with respect to this Agreement that have not been disclosed to the Developer.
- c. The City knows of no law, order, rule or regulation applicable to the City or to the City's governing documents that would be contravened by, or conflict with the execution and delivery of this Agreement.
- d. This Agreement constitutes a valid and binding obligation of the City, enforceable according to its terms, except to the extent limited by bankruptcy, insolvency and other laws of general application affecting creditors' rights and by equitable principles, whether considered at law or equity. Subject to the indemnity provided by this Agreement, the City will defend the validity of this Agreement in the event of any litigation arising hereunder that names the City as a party or which challenges the authority of the City to enter into or perform its obligations hereunder.

ARTICLE V DEVELOPER REPRESENTATIONS AND WARRANTIES.

5.1 Developer represents and warrants that:

- a. Developer is authorized to do business and is in good standing in the State of Texas and shall remain in good standing in the State of Texas during the Project Term. As used herein, the term "good standing" means the status of Developer with the Comptroller of the State of Texas shall be "Active".
- b. No litigation or governmental proceeding is pending or, to the knowledge of Developer, threatened against or affecting Developer that may result in any material adverse change in Developer's business or operation.
- c. No bankruptcy proceedings or other similar proceedings are currently pending or contemplated and Developer has not been informed of any potential involuntary bankruptcy proceedings.

d. Developer shall remain current and in good standing with all sales taxes, property taxes, fees and other recurring charges of City, the State of Texas, and Palo Pinto County and Parker County taxing jurisdictions throughout the Project Term.

ARTICLE VI DEFAULT, TERMINATION, AND REMEDIES

6.1 Termination for Misrepresentation. Notwithstanding any provision for notice of non-compliance and any opportunity to cure, the City may terminate this Agreement immediately by providing written notice to Developer if Developer, its officers or signatories to this Agreement intentionally misrepresented or misrepresent any material fact or information: (a) upon which the City relied in entering into this Agreement; (b) upon which the City relies in providing an Incentive; or (c) as an inducement for the City to provide an Incentive. In the event of termination under this Section 6.1, Developer shall, within sixty (60) days of written notice of termination, repay 100 percent of the Incentives, as described by Section 6.3(b).

6.2 Notice of Default. At any time during the Term of this Agreement that Developer is not in compliance with its obligations under this Agreement, the City may send Developer notice of such non-compliance. If such non-compliance is not cured within 60 days after Developer's receipt of such notice or, if non-compliance is not reasonably susceptible to cure within 60 days, a cure is not begun within such 60-day period and thereafter continuously and diligently pursued to completion (in either event, a "Cure"), then the City may, at its option, terminate this Agreement or withhold or reverse Incentives, as further described in Section 6.3(b), below. If the City elects to withhold or reverse Incentives rather than to terminate the Agreement, then, upon a Cure by Developer, Developer will be eligible to receive those Incentives in future years (provided it is otherwise in compliance and subject to other limitations of this Agreement) for the remainder of the Project Term. An Incentive withheld or reversed by the City as a result of Developer's failure to Cure under this Section is deemed forfeited by Developer and the City has no obligation to make retroactive payment or rent adjustment even after Developer comes back into compliance. The Project Term shall not be extended as a result of any cure period under this Section.

6.3 Remedies. Except to the extent that this Agreement or applicable law requires otherwise, the remedies set forth in this Section are the sole and exclusive remedies available upon a violation, default, Breach or Material Breach (each as defined below) of this Agreement.

a. Effect of Breach. A Party will be deemed to be in "Breach" of this Agreement only if (i) it fails to substantially comply with any material provision of this Agreement; and (ii) it does not cure such failure within a reasonable period of time following delivery to it of notice by the other Party describing such failure in reasonable detail, which period will not be less than 60 days. The City agrees and acknowledges that the Developer's representations, warranties, covenants, agreements and performance obligations under this Agreement are limited to and apply exclusively to the operations of Developer on the Property and any determination as to whether Developer is in violation, default, Breach or Material Breach of this Agreement will be limited to Developer's operations on the Property. In the event of a Breach for which this Agreement does not provide a specific remedy, the other Party may pursue any legal or equitable remedies they may have under this Agreement or applicable law; provided, however, that the City agrees that in the event of a Breach by Developer,

Developer will not be entitled to and may not seek or pursue the remedy of recapturing any incentive realized by Developer prior to the date of the Breach or Material Breach.

b. Effect of Material Breach. If Developer Breaches its obligation under Section 2.1 to make capital expenditures for the Project, its obligation under Section 2.3 to create jobs and/or its obligation under Section 3.2 to make the debt service payments on the Loan (after any applicable notice and cure period has lapsed, a "Material Breach"), the City has the right to terminate this Agreement in full and to reverse provided Incentives, as follows.

- i. Developer shall pay to the City rent for the Property from the Effective Date to the date of termination at fair market value, as determined by the Palo Pinto County Appraisal District (excepting structural improvements).
- ii. Developer shall repay all Tax Rebate Payments paid to Developer by City.
- iii. The City may terminate the Lease Agreement and void Developer's right to purchase the Property.
- iv. The City may declare that the entire balance on the Loan be immediately due and payable by Developer to City.

c. Effect of Force Majeure Event. A Party will not be deemed to be in Breach, Material Breach, default or otherwise in violation of any term of this Agreement to the extent such Party's action, inaction or omission is the result of Force Majeure Event. The Parties agree to use commercially reasonable efforts to promptly resolve any Force Majeure Event that adversely and materially impacts their performance under this Agreement. A force majeure event pauses a Party's performance obligation for the duration of the event but does not excuse it.

d. Overpayments. Notwithstanding the limitations on remedies in this Article, it is understood and agreed that, because the Tax Rebate Payments are from public funds, any verified overpayments to Developer may be recovered by the City at the City's sole discretion, through available remedies at law or in equity, or by reducing future payments by the amount of an overpayment.

e. Offset. The City may deduct from any Tax Rebate Payment, as an offset, any delinquent and unpaid fees, sums of money or other fees, charges or taxes assessed and owed to or for the benefit of the City by Developer; provided that before offsetting any amounts the City must provide Developer with (a) advance notice of such offset, (b) 60 days to take action to remedy the situation giving rise to the offset, and (c) reasonable opportunity, at Developer's own expense, to contest such offset.

f. Limitation on Damages. Notwithstanding anything contained in this Agreement to the contrary, under no circumstance shall a Party be entitled to punitive, special or consequential damages.

With respect to the above-referenced remedies afforded to Developer under this Agreement, City hereby expressly waives both its sovereign and its governmental immunity solely with respect to (a)

the foregoing actions to enforce City's obligations under this Agreement and (b) writs of mandamus with respect to the performance of City's obligations under this Agreement. City acknowledges and agrees that the foregoing waiver may result in a judgment or writ compelling City to take certain actions and/or to pay funds to Developer in accordance with this Agreement, and the foregoing waiver of sovereign and governmental immunity shall apply with respect to the performance of said actions and/or the payment of such funds. In all other respects, the Parties agree that City has not waived, nor shall be deemed hereby to have waived, any defense or immunity, including governmental, sovereign and official immunity, that would otherwise be available to it against claims arising in the exercise of governmental powers and functions. By entering into this Agreement, the Parties do not create any obligations, express or implied, other than those set forth herein.

6.4 Indemnity. DEVELOPER SHALL DEFEND, INDEMNIFY AND HOLD HARMLESS CITY, ITS COUNCIL MEMBERS, OFFICERS, AGENTS, REPRESENTATIVES AND EMPLOYEES FROM AND AGAINST ALL CLAIMS, SUITS, AND CAUSES OF ACTIONS, LIABILITIES AND EXPENSES, INCLUDING REASONABLE ATTORNEY'S FEES, OF ANY NATURE WHATSOEVER, ASSERTED BY A THIRD PARTY AND ARISING OUT OF DEVELOPER'S PERFORMANCE OF THIS AGREEMENT. THE RIGHTS AND OBLIGATIONS CREATED BY THIS SECTION 6.4 SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

6.5 Acknowledgement of City's Compliance with Applicable Law.

a. Developer acknowledges and agrees that:

i. The conveyances, dedications, easements and/or payment of money required for the Project to be performed by Developer, in whole or in part, do not constitute a:

- (A) Taking under the Texas or United States Constitution;
- (B) Violation of the Texas Water Code, as it exists or may be amended;
- (C) Nuisance; or
- (D) Claim for damages or reimbursement against City for a violation of any federal or state constitution, statute or case law or any federal, state or local ordinance, rule or regulation.

ii. Developer hereby releases City from any obligation to perform or commission a takings impact assessment under Chapter 2007 of the Texas Government Code, as it exists or may be amended.

iii. **DEVELOPER SHALL DEFEND, INDEMNIFY AND HOLD HARMLESS CITY, ITS COUNCIL MEMBERS, OFFICERS, AGENTS, REPRESENTATIVES AND EMPLOYEES FROM AND AGAINST ALL CLAIMS, SUITS, AND CAUSES OF ACTIONS, LIABILITIES AND EXPENSES, INCLUDING REASONABLE ATTORNEY'S FEES, OF ANY NATURE WHATSOEVER, ASSERTED BY THIRD PARTIES, INCLUDING BUT NOT LIMITED TO, DEVELOPER'S PARTNERS, OFFICERS, DIRECTORS, EMPLOYEES, REPRESENTATIVES,**

**AGENTS, SUCCESSORS, ASSIGNEES, VENDORS, GRANTEES OR
TRUSTEES, BROUGHT PURSUANT TO THIS SECTION 6.5.**

- b. Developer releases City, its council members, officers, agents, representatives and employees from any and all claims or causes of action based on excessive or illegal exactions for the Project.
- c. Developer waives any claim for damages or reimbursement against City for a violation of any federal or state constitution, statute or case law or any federal, state or local ordinance, rule or regulation.
- d. This Section 6.5 shall survive the termination of this Agreement.

6.6 Vested Rights/Chapter 245 Waiver. This Agreement shall confer no vested rights on the Property, or any portion thereof, unless specifically enumerated herein. In addition, nothing contained in this Agreement shall constitute a "permit" as defined in Chapter 245 of the Texas Local Government Code, as amended, and nothing in this Agreement provides City with fair notice of any project of Developer. Developer waives any statutory claim under Chapter 245 of the Texas Local Government Code, as amended, arising out of any acts or omissions under this Agreement. This Section 6.6 shall survive the termination of this Agreement.

**ARTICLE VII
MISCELLANEOUS PROVISIONS**

7.1 Binding Agreement. This Agreement shall be binding upon and inure to the benefit of the heirs, successors, affiliates, administrators, executors, and assigns of the respective parties.

7.2 Audits and Monitoring. During the term of this Agreement, the City reserves the right to conduct reasonable audits to determine compliance with the terms and conditions of the Agreement. Audit materials, include but are not limited to, the sales and use tax records, property tax records and employment records of all businesses associated with this Agreement. Developer is required to provide reasonable assistance in obtaining such records from tenant businesses. Failure to provide such assistance shall be grounds for the City to withhold grant payments until assistance is provided and records received.

7.3 No Waiver. Except as specifically stated in this Agreement, nothing contained in this Agreement shall be construed in any way to limit or to waive the City's sovereign immunity. However, the Parties agree that they have entered into this Agreement in good faith, intend to deal with each other in good faith, and intend for this Agreement to be enforceable as to its terms under Texas law.

7.4 Applicability of Ordinances. Developer acknowledges and agrees this Agreement does not alter the applicability of the ordinances of the City. Further, this Agreement does not waive or limit any of the obligations of Developer to City under any other ordinance whether now existing or in the future arising. This Agreement (i) is not in any manner to be considered a waiver by the Parties of any requirement contained in the City's ordinances and/or development requirements; (ii) will not and does not conflict with said ordinances, and in the event of such a conflict the terms of said ordinances control; and (iii) does not modify any City ordinances and/or development requirements.

Where silent in this Agreement, the terms of City ordinances and/or development requirements shall control.

7.5 Separate Status. None of the terms or provisions of this Agreement shall be deemed to create a partnership between or among the Parties in their respective businesses or otherwise, nor shall it cause them to be considered joint ventures or members of any joint enterprise.

7.6 Construction and Interpretation.

a. Whenever required by the context of this Agreement, (i) the singular shall include the plural, and vice versa, and the masculine shall include the feminine and neuter genders, and vice versa, and (ii) use of the words "including", "such as", or words of similar import, when following any general term, statement or matter, shall not be construed to limit such statement, term or matter to specific terms, whether or not language of non-limitation, such as "without limitation" or "but not limited to" are used with reference thereto, but rather shall be deemed to refer to all other items or matters that could reasonably fall within the broadest scope of such statement, term or matter.

b. The captions preceding the text of each article and section of this Agreement are included only for convenience of reference. Captions shall be disregarded in the construction and interpretation of this Agreement. Capitalized terms are also selected only for convenience of reference and do not necessarily have any connection to the meaning that might otherwise be attached to such term in a context outside of this Agreement.

c. This Agreement may be executed in several counterparts, each of which shall be deemed an original. The signatures to this Agreement may be executed and notarized on separate pages, and when attached to this Agreement shall constitute one (1) complete document.

7.7 Revenue Sharing Agreement. The City designates this Agreement as a revenue sharing agreement, thereby entitling the City to request and receive sales and use tax information from the State of Texas Comptroller, pursuant to Section 321.3022 of the Texas Tax Code for any and all projects and supplemental projects associated with this Agreement.

7.8 Assignability. Developer may assign or transfer its rights (including the right to receive payments), duties and obligations under this Agreement to any person or entity only with prior written approval and consent by City, which approval shall not be unreasonably withheld, conditioned or delayed.

7.9 Severability. If any provision hereof shall be finally declared void or illegal by any court or administrative agency having jurisdiction, the entire Agreement shall not be void; but the remaining provisions shall continue in effect as nearly as possible in accordance with the original intent of the Parties.

7.10 Entire Agreement. This Agreement represents the entire agreement of the Parties with respect to the subject matter hereof and supersedes all prior written and oral matters related to this Agreement. Any amendment to this Agreement must be in writing and signed by all Parties hereto or permitted or approved assignees.

7.11 Exhibits. All exhibits attached to this Agreement are incorporated herein by reference and are expressly made part of this Agreement as if copied verbatim.

7.12 Notice. Any notice or demand, which any party is required to or may desire to serve upon the other, must be in writing, and shall be sufficiently served if (i) personally delivered, (ii) sent by registered or certified mail, postage prepaid, or (iii) sent by commercial overnight carrier, and addressed to:

If to City:

City of Mineral Wells
ATTN: City Manager
PO Box 460
Mineral Wells, TX 76067

With Copy to:

Eileen M. Hayman
Messer, Fort & McDonald, PLLC
500 Chestnut Street
Suite 1601
Abilene, TX 79602

If to Developer:

Shumard Corporation d/b/a Associated Fiberglass Enterprises
ATTN: Jim White
5856 Charlestown Drive
Dallas, TX 75230

or such other address or addresses which any Party may be notified in writing by any other Party to this Agreement.

Such notice shall be deemed to have been served (a) four (4) business days after the date such notice is deposited and stamped by the U.S. Postal Service, except when lost, destroyed, improperly addressed or delayed by the U.S. Postal Service, or (b) upon receipt in the event of personal service, or (c) the first business day after the date of deposit with an overnight courier, except when lost, destroyed or improperly addressed; provided, however, that should such notice pertain to the change of address to either of the Parties hereto, such notice shall be deemed to have been served upon receipt thereof by the Party to whom such notice is given.

7.13 Force Majeure. In the event any party is rendered unable, wholly or in part, by force majeure to carry out any of its obligations under this Agreement, it is agreed that on such party's giving notice and full particulars of such force majeure in writing to the other party as soon as possible after the occurrence of the cause relied upon, then the obligations of the party giving such notice, to the extent it is affected by force majeure and to the extent that due diligence is being used to resume performance at the earliest practicable time, shall be suspended during the continuance of

any inability but for no longer period. Such cause shall as far as possible be remedied with all reasonable dispatch.

7.14 Governing Law. This Agreement and the relationship between the Parties shall be governed by the laws of the State of Texas, and venue for any action pertaining to this Agreement shall be in the State District Court of Palo Pinto County, Texas. The parties agree to submit to the personal and subject matter jurisdiction of the said Court.

7.15 Appointment of Representatives. To further the commitment of the Parties to cooperate in the implementation of this Agreement, the Parties shall designate and appoint a representative to act as a liaison between the Parties. The initial representative for the City shall be the City Manager or his designee ("City Representative"), and the initial representative for Developer shall be Jim White ("Developer Representative"). The representatives shall be available at all reasonable times and places to discuss and review the performance of the Parties to this Agreement and the development of the Property.

7.16 Effective Date. This Agreement shall be binding and take effect only upon all Parties signatures hereto, attachment of all required exhibits, and receipt by the Parties of a fully executed copy hereof. For the purposes of timetables provided in this Agreement, the Effective Date shall be the date first above written.

7.17 Legal Contest. This Agreement is entered into in accordance with applicable law as understood by the Parties. In the event any part, provision or paragraph hereof shall become unenforceable by reason of judicial decree or determination, the Parties agree to the extent possible to ensure that all other provisions of this Agreement, including the intent of this Agreement, be honored and performed.

7.18 Economic Incentives Constitute a Program. This Agreement constitutes an economic development program to promote state or local economic development and to stimulate business and commercial activity in the City pursuant to Article III, Sec. 52-a, Texas Constitution and Chapter 380, Texas Local Government Code.

7.19 Public and Confidential Information. Information provided by or on behalf of Developer pursuant to this Agreement that Developer considers to be proprietary and/or confidential and marked as such shall be maintained by City as confidential to the extent allowed by law. If proprietary financial or trade secret information is requested under the Texas Public Information Act ("Act"), City shall follow the standards set out in the Act and under the Texas Attorney General's procedures for such requests and Developer shall be responsible for defending the confidentiality of such information.

7.20 Automatic Termination. In the event Developer elects not to proceed with the development of the Project, Developer will notify City in writing and this Agreement and the obligations of the Parties hereunder shall automatically terminate and be of no further force or effect as of the date of such notice. If a term, covenant or condition of this Agreement does not have an earlier express termination date, all terms covenants and conditions of this Agreement shall automatically terminate upon the later of the payment of all grant funds due herein.

7.21 Undocumented Workers. During the term of this Agreement and in accordance with Chapter 2264 of the Texas Government Code, Developer agrees to not knowingly employ any undocumented workers and to enforce this requirement on any Developer-related entity, to the extent that the employees of said entity(ies) are counted towards compliance with the job creation requirements of this Agreement. Developer further agrees that if Developer is convicted of a violation under 8 U.S.C § 1324a(f), this Agreement will terminate and all Incentives will be reversed, as described by Section 6.3(b).

7.22 Incorporation of Recitals. The Recitals set forth hereinabove are declared true and correct and are hereby incorporated into and made a part of this Agreement for all purposes.

LIST OF EXHIBITS

Exhibit A	Description of Original Property
Exhibit B	Description of Additional Property
Exhibit C	Job Compliance Affidavit (form)
Exhibit D	Lease Agreement with Option to Purchase
Exhibit E	Cost Data Sheet

(Signature Pages Follow)

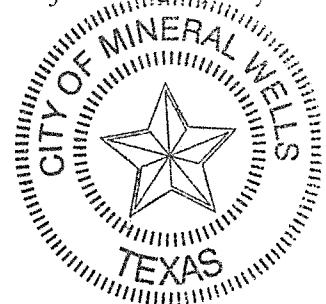
EXECUTED on this 15th day of June, 2021.

CITY OF MINERAL WELLS:

Regan Johnson
REGAN JOHNSON, Mayor

ATTEST:


PEGGY CLIFTON, City Clerk



EXECUTED on this 15th day of June, 2021.

DEVELOPER:

SHUMARD CORPORATION
d/b/a Associated Fiberglass Enterprises
a Texas for-profit corporation

By:

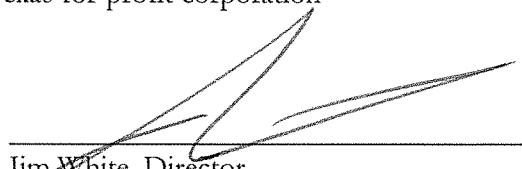

Jim White, Director

EXHIBIT A

(Insert Description of Original Property)

A handwritten signature, appearing to read "PJS", is placed at the bottom right of the page, next to the "Exhibit A" label.

EXHIBIT B

(Insert Description of Additional Property)

Exhibit "B"

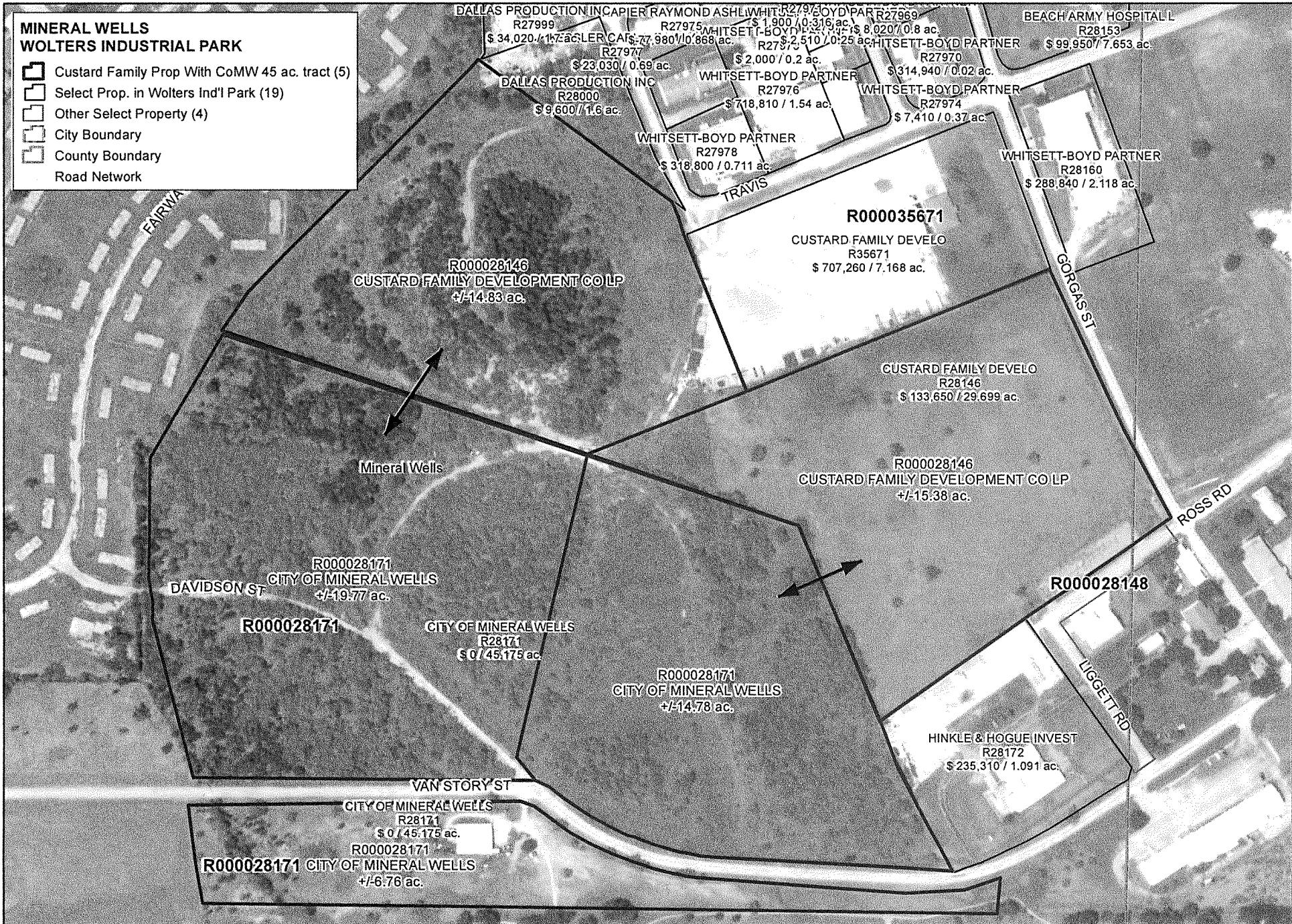


EXHIBIT C

JOB COMPLIANCE AFFIDAVIT

STATE OF TEXAS
COUNTY OF PALO PINTOS

On this day personally appeared _____, a person known to me, who being duly sworn stated as follows:

1. "My name is _____, I am over the age of 21, have never been convicted of a felony, and am fully competent to testify to the truth of the matters stated herein. Each and every statement contained herein is based upon my personal knowledge and is true and correct.
2. I am the _____ of _____, a Texas _____, and am authorized to make this affidavit on behalf of _____.
3. At all times from January 1, 20____ to December 31, 20____, _____ directly employed at least _____ full time equivalent jobs at the Resinating, LLC facility located in Mineral Wells, Texas."

Further affiant sayeth not.

Printed Name

Sworn to and subscribed before me this _____ day of _____, 20____.

Notary Public in and for the State of Texas

EXHIBIT D

LEASE AGREEMENT WITH OPTION TO PURCHASE

A handwritten signature, appearing to read "PF", is written in black ink. A diagonal line is drawn through the bottom right portion of the signature.

LEASE AGREEMENT WITH OPTION TO PURCHASE

This LEASE AGREEMENT (the "Agreement") is entered into as of the 15th day of June, 2021 (the "Effective Date") by and between the City of Mineral Wells, a Texas home rule municipality ("Lessor") and Shumard Corporation d/b/a Associated Fiberglass Enterprises, a Texas for-profit corporation ("Lessee").

ARTICLE 1. PROPERTY

1.1 Leased Premises. Lessor hereby leases to Lessee, and Lessee leases from Lessor, property described as Lot 1 of Block 1 of the Mineral Wells Industrial Reserve Addition No. 1, Palo Pinto and Parker Counties (the "Property").

1.2 Change in Property Leased. During the Term of this Agreement, Lessor shall have the option to release portions of the Property from this Agreement, with Lessee's consent, if those portions of the Property are not in use by Lessee.

ARTICLE 2. TERM; RENT

2.1 Term. This Agreement shall be for a term of thirty (30) years commencing on the Effective Date, unless terminated sooner as provided in this Agreement (the "Term").

2.2 Rent. Lessee shall pay One Dollar (\$1.00) to the Lessor for annual rent under this Lease, beginning on the Effective Date and annually on each anniversary of the Effective Date.

ARTICLE 3. OPTION TO PURCHASE

3.1 Option. Lessee shall have the option to purchase the Property at any time during the Term of this Agreement after full payment of the debt obtained by Lessor for the benefit of Lessee, as described by the Chapter 380 Economic Development Agreement between Lessor and Lessee of even date herewith. Lessee shall exercise the option to purchase by notifying Lessor in writing at least thirty (30) days prior to the day on which Lessor desires to exercise the option.

3.2 Purchase Price. Lessee shall pay One Hundred Dollars (\$100.00) as the total purchase price for the Property.

3.3 Agreement. If Lessee exercises this option, Lessor and Lessee shall enter into a purchase and sale agreement to document the sale of the Property from Lessor to Lessee, which agreement shall include the standard provisions such as Lessee being responsible for the costs of any title commitment and policy and Lessor and Lessee splitting other usual closing costs in half. Upon execution of the purchase and sale agreement, this Agreement shall automatically terminate.

ARTICLE 4. USE OF PROPERTY

4.1 Use of the Property. Lessee agrees that it will comply with all local, state, and federal laws in the use of the Property. Lessee warrants that Lessee's use of the Property will be lawful and will not cause unnecessary damage to the Property.



4.2 Condition of the Property. Lessor makes no representations as to the condition of the Property or its suitability for any particular purpose. Lessee has inspected the Property and agrees that the condition of the Property is acceptable for Lessee's use.

4.3 Insurance. Lessee will maintain adequate liability insurance, covering property damage and bodily injury or death, on the Property, in amounts sufficient to cover Lessee's use of the Property. Lessee will name Lessor as an additional insured on any said insurance policy.

4.4 Liability; Indemnity. Lessee agrees to indemnify and hold harmless Lessor from and against any and all claims, suits, actions, losses, costs, liabilities, and damages (including, but not limited to, attorney's fees) for injury to persons, including death, or for damage to property resulting from any act or omission of Lessee, including Lessee's agents, employees, contractors, customers, or invitees, occurring on the Property or relating to the use of the Property. Lessee agrees to hold Lessor harmless for any claim relating to the condition of the Property, Lessee having accepted the Property "as is".

4.5 Liens. Lessee shall not place, or permit to be placed as a result of any action taken by Lessee, any lien or security interest of any nature whatsoever on the Property or any part thereof, and shall cause any such liens which are placed on the Property to be immediately released or discharged.

4.6 Repairs and Maintenance. Lessee will, throughout the term of this lease, at its own expense and risk, maintain the Property in good order and condition. All maintenance, repairs, and replacements required by this Section will be performed promptly when required.

4.7 Improvements. With the prior written consent of Lessor, Lessee may make improvements to the Property at Lessee's sole expense. All improvements shall be the sole property of Lessor. If Lessee does not exercise its option to purchase the Property pursuant to Section 3, above, any improvements shall remain on the Property at the termination or expiration of this Agreement.

4.8 Utility Charges. Lessee will pay all charges for utility services used for the Property during the term of this Lease.

ARTICLE 5. DEFAULT; TERMINATION

5.1 Lessee's Default. If Lessee violates any of the provisions of this Agreement, Lessee shall be in default under this Agreement if the violation is not cured by Lessee within thirty (30) days of written notice by Lessor.

5.2 Lessor's Remedies. Upon the occurrence of any default by Lessee under this Agreement, Lessor may, in its sole discretion, have the option to pursue any one or more of the following remedies:

- a. Lessor may terminate this Agreement, in which event Lessee shall immediately surrender the Property to Lessor. If Lessee fails to do so, Lessor may, without prejudice to any other remedy that it may have for possession or arrearages on rent, enter on and take possession and expel or remove Lessee, without being liable for prosecution or any claim for damages for such entry and removal. Lessee shall be liable to Lessor for, and shall upon demand pay to Lessor the amount of, any and all loss and damage that Lessor suffers by reason of the termination.



b. Lessor may enter on and take possession of the Property and expel and remove Lessee, by any lawful means, without liability for such removal. No re-entry or taking possession shall be construed as an election by Lessor to terminate this Agreement, unless written notice of such intention is given to Lessee.

c. Exercise any or all other remedies available to Lessor under this Agreement, at law, or in equity.

5.3 Lessor's Default. If Lessor violates any of the provisions of this Lease, Lessor shall be in default if the violation is not cured by Lessor within thirty (30) days of written notice by Lessee.

5.4 Lessee's Remedies. Upon the occurrence of any default by Lessor under this Lease, Lessee may, at its sole option, terminate this Lease and vacate the Property. Upon such termination, Lessee shall be entitled to a refund of a pro-rated amount of rent paid for the month in which the termination occurs and shall not be liable for payment of additional rent under this Lease.

5.5 Non-Waiver. Failure on the part of Lessor to complain of any action or non-action on the part of Lessee, no matter how long the same may continue, shall not be deemed to be a waiver by Lessor of any of its rights under this Agreement. Further, it is covenanted and agreed that no waiver at any time of any of the provisions hereof by Lessor shall be construed as a waiver of any of the other provisions hereof and that a waiver at any time of any of the provisions hereof shall not be construed as a waiver at any subsequent time of the same provisions.

5.6 Lessee's Default under Chapter 380 Economic Development Incentive Agreement. If Lessee commits a Material Breach (as defined in that Agreement) under the Chapter 380 Economic Development Incentive Agreement between Lessor and Lessee of even date herewith, Lessor may increase the rent due under Section 2.2 to an amount equal to fair market value or terminate this Agreement and void Lessee's right to purchase the Property.

ARTICLE 6. GENERAL

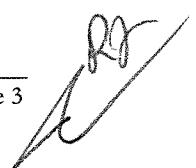
6.1 Lessor's Entry. Lessor may enter in and upon the Property from time to time to inspect same and for any other purposes, provided that such entry (except in the case of emergency) shall be made only in a manner so as not to unreasonably interfere with Lessee's use of the Property.

6.2 Assignment. Lessee shall not assign this Agreement without the written consent of Lessor.

6.3 Notices. All notices required or permitted under this Agreement shall be in writing and may be given or served by depositing such notice with the United States Postal Service, certified mail return receipt requested, postage prepaid, or by delivering the same in person, addressed to the parties as follows:

If to Lessor:

City of Mineral Wells
ATTN: City Manager
PO Box 460
Mineral Wells, TX 76067



With Copy to:

Eileen M. Hayman
Messer, Fort & McDonald, PLLC
500 Chestnut Street
Suite 1601
Abilene, TX 79602

If to Lessee:

Shumard Corporation d/b/a Associated Fiberglass Enterprises
ATTN: Jim White
5856 Charlestown Drive
Dallas, TX 75230

6.4 Property Taxes. Lessor shall be responsible for the timely payment of any ad valorem taxes assessed against the Property during the term of this Lease.

6.5 Entire Agreement; Modification. This Agreement and the Chapter 380 Economic Development Incentive Agreement between Lessor and Lessee of even date herewith constitute the entire agreement between Lessor and Lessee regarding the Property. This Agreement may be modified or amended only by a written document duly executed by both Lessor and Lessee.

6.6 Governing Law and Severability. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas. Any matters relating to the lease of the Property that are not expressly addressed in this Agreement shall be handled pursuant to Texas Property Code, Chapter 93, Commercial Tenancies. All legal actions regarding this Agreement shall be brought in Palo Pinto County, Texas. If any provision hereof is invalid or unenforceable, then the remainder of this Agreement shall not be affected thereby and shall remain in full force and effect.

6.7 Attorney's Fees and Other Expenses. In the event either party hereto defaults in the faithful performance or observance of any of the terms, covenants, provisions, agreements or conditions contained in this Agreement, the party in default shall be liable for and shall pay to the non-defaulting party all expenses incurred by such party in enforcing any of its remedies for any such default, and if the non-defaulting party places the enforcement of all or any part of this Agreement in the hands of an attorney, the party in default agrees to pay the non-defaulting party's reasonable attorney's fees in such connection.

6.8 Rights and Remedies Cumulative. The rights and remedies provided by this Agreement are cumulative, and either party's using any right or remedy will not preclude or waive its right to use any other remedy. These rights and remedies are in addition to any other rights the parties may have by law, statute, ordinance, or otherwise.

6.9 No Joint Venture; Third Party Beneficiaries. Nothing herein is intended to create a joint venture, partnership, tenancy-in-common, or joint tenancy relationship between Lessor and Lessee. The terms and provisions of this Agreement shall be binding upon and inure to the benefit of the parties and are made solely and specifically for their benefit. No other person shall have any rights,



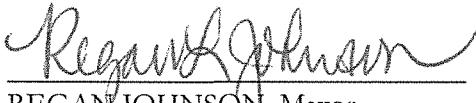
interest or claims hereunder or be entitled to any benefits under or on account of this Agreement as a third-party beneficiary or otherwise.

6.10 Force Majeure. Neither Lessor nor Lessee is required to perform any term or covenant of this Agreement so long as performance is delayed or prevented by *force majeure*, which includes acts of God, strikes, lockouts, material or labor restrictions by any governmental authority, civil riot, floods, and any other cause not reasonably within Lessor's or Lessee's control and that Lessor or Lessee, by exercising due diligence, cannot prevent or overcome in whole or in part.

EXECUTED ON THE DATES SHOWN BELOW TO BE EFFECTIVE AS OF THE EFFECTIVE DATE BY:

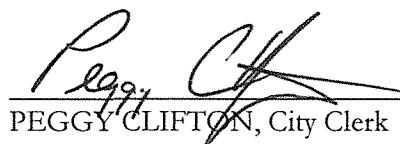
Lessor:

CITY OF MINERAL WELLS:

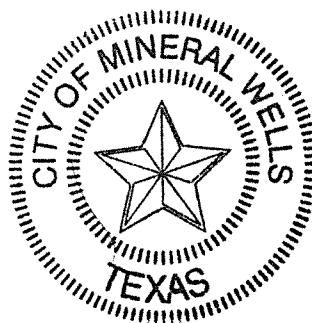


REGAN JOHNSON, Mayor

ATTEST:

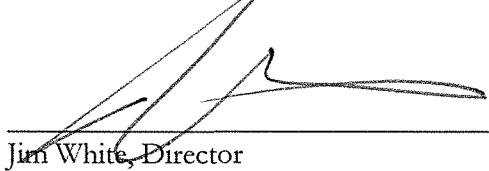


PEGGY CLIFTON, City Clerk



Lessee:

SHUMARD CORPORATION
d/b/a Associated Fiberglass Enterprises
a Texas for-profit corporation



Jim White, Director

EXHIBIT E

(Insert Cost Data Sheet)

A handwritten signature consisting of a stylized 'P' or 'R' above a diagonal line.

Exhibit "E"

Associated Fiberglass/Resinaing LLC Cost Data Sheet
As of 6/7/2021

DIVISION	QUOTE / FFP	Adjusted Numbers Building	Adjusted Numbers Equipment	Drive and lot Concrete
Division 02 — Existing Conditions				
Division 03 — Concrete	\$345,000.00	\$ 215,000.00		\$ 130,000.00
Division 04 — Masonry				
Division 05 — Metal Buildings	\$458,000.00	\$ 458,000.00		
Metal Building Erection	\$238,990.00	\$ 238,990.00		
Storage and Maint Bldg & Erection	\$0.00	\$ -		
Division 06 — Wood, Plastics, and Composites				
Division 07 — Thermal and Moisture Protection				
Division 08 — Openings Over Head Doors	\$55,825.00	\$ 55,825.00		
Windows and Glass Doors	\$35,000.00	\$ 35,000.00		
Division 09 — Finishes				
Division 10 — Specialties				
Division 11 — Equipment Break Rooms	\$8,000.00		\$ 8,000.00	
Office	\$5,000.00		\$ 5,000.00	
Division 12 — Furnishings Office	\$9,500.00		\$ 9,500.00	
Conference & Training Rooms	\$12,000.00		\$ 12,000.00	
Division 13 — Interior Finishout	\$133,675.00	\$ 133,675.00		
Division 14 — Conveying Equipment				
Division 18 — Hirequest Direct General and skilled Labor				
Division 19 — I.D.Electrical Engineering, Architecural and consulting	\$10,000.00	\$ 10,000.00		
Division 20 — Mechanical Support				
Division 21 — Fire Suppression				
Division 22 — Plumbing	\$55,500.00	\$ 55,500.00		
Division 23 — Heating Ventilating and Air Conditioning	\$95,000.00	\$ 95,000.00		
Division 25 — Integrated Automation				
Division 26 — Electrical	\$195,000.00	\$ 195,000.00		
Division 27 — Communications	\$3,800.00	\$ 3,800.00		
Division 28 — Electronic Safety and Security	\$3,500.00	\$ 3,500.00		
Division 31 — Earthwork	\$225,000.00	\$ 145,000.00		\$ 80,000.00
Division 32 — Exterior Improvements	\$39,500.00	\$ 39,500.00		
New Fencing	\$25,000.00	\$ 25,000.00		
Division 33 — Utilities				
Division 34 — Transportation moving FW to MW	\$48,504.00	\$ 48,504.00		
Division 35 — Waterways and Marine Construction				
Division 40 — Process Interconnections				
Division 41 — Material Processing and Handling Equipment				
2) Ten Ton Rail Cranes	\$48,000.00	\$ 48,000.00		
2) Fork Lifts	\$4,600.00		\$ 4,600.00	
3) Madrel systems with drives	\$325,000.00		\$ 325,000.00	
2) Mandrel Lay Up Spray Rigs	\$170,000.00		\$ 170,000.00	
2) Chop Systems	\$46,000.00		\$ 46,000.00	
GP Storage Tank and Pad	\$35,000.00		\$ 35,000.00	
2) Day Work Tanks	\$5,000.00		\$ 5,000.00	
2) Shop Fans (BA) & Air Compressors	\$0.00		\$ -	
Resin Pumping/Transfer Systems	\$23,000.00		\$ 23,000.00	
Tractor, Mowers, Misc Small Equipment	\$25,800.00		\$ 25,800.00	
Division 42 — Process Heating, Cooling, and Drying Equipment				
Division 43 — Process Gas and Liquid Handling, Purification and Storage Equipment				
Division 44 — Pollution Control Equipment	\$95,000.00	\$ 95,000.00		
Division 45 — Industry-Specific Manufacturing Equipment				
Division 46 — Water and Wastewater Equipment				
Division 48 — Electrical Power Generation	\$25,000.00		25,000	
Total	\$2,804,194.00	\$ 1,900,294.00	\$ 693,900.00	\$ 210,000.00

