

**CHAPTER 380 DEVELOPMENT AGREEMENT
FOR CONSTRUCTION OF SANITARY SEWER IMPROVEMENTS**

1. THIS AGREEMENT, is between the CITY OF HUMBLE, TEXAS, a home-rule municipal corporation (the "City") and TECNOFIL USA, LLC, a Texas Limited Liability Corporation (the "Applicant"). The City and Applicant are hereinafter sometimes referred to individually as a "Party" and collectively as the "Parties", and is entered into as of the date of execution by the Parties below (the "Effective Date").

WITNESSETH

2. WHEREAS, on March 23, 2023, the City Council of the City of Humble, Texas, took action to approve the creation of a Chapter 380 Program and authorized the City Mayor to sign any and all documents associated with this Agreement and Applicant in recognition of the positive economic benefits to the City through the Applicant's proposed development on which the Applicant intends to develop construct and operate the Project.
3. WHEREAS, the applicant intends to lease and operate from 154,850 square feet of real improved property located at 7491 Rankin Road, Humble, Texas (the "Project"); and
4. WHEREAS, the purpose of this Agreement is to promote economic development as contemplated by Chapter 380 of the Texas Local Government Code whereby Applicant intends to develop, construct and operate the Project in conformance with this Agreement; and
5. WHEREAS, Applicant intends to invest approximately twenty-two million dollars (\$22,000,000.00) in the Project; and
6. WHEREAS, Applicant intends to maintain or cause to maintain inventory with an estimated cost of approximately seven million seven hundred thousand dollars (\$7,700,000.00) located at the Project throughout the term of the Agreement; and
7. WHEREAS, Applicant intends to hire or cause to be hired for the Project approximately 150 Full Time Equivalent Employees with an estimated average annual wage of \$69,000.00; and
8. WHEREAS, Applicant agrees to design and construct certain sanitary system improvements as hereinafter set forth in Paragraph 11; and
9. WHEREAS, the City agrees to grant public money to the Applicant in an amount equal to the cost of the design and construction costs for such improvements as hereinafter set forth in Paragraph 11; and
10. WHEREAS, Applicant declares that it is familiar with the regulations contained in the City's Code of Ordinances and agrees to comply therewith; and
11. WHEREAS, the City has agreed to make an economic development grant pursuant to the City's economic development program and in compliance with Texas Local Government Code Chapter 380 in an amount equal to one-hundred percent of the cost to design and construct a package sanitary sewer lift station and force main (the "Sanitary Sewer Improvements") for construction costs, design costs, civil engineering fees, surveying fees, construction materials testing fees, all City fees associated with the construction of the Sanitary Sewer Improvements, and all

performance and payment bonds, which amount of all costs will not exceed three hundred twenty-one thousand dollars (\$321,000.00); and

12. WHEREAS, the City and Applicant acknowledge and represent that the construction of the Sanitary Sewer Improvements by the Applicant are exempt from the public competitive bid process;
13. NOW, THEREFORE, in consideration of the approval and acceptance by the City of the Sanitary Sewer Improvements, the parties hereto mutually covenant and agree as follows:
14. Term. This Agreement shall become enforceable upon the date of execution of this Agreement by the respective signatures of the City and Applicant below or the delivery of such executed Agreement, if thereafter and shall continue in effect for no more than ten (10) years, unless sooner terminated pursuant to other provisions of this Agreement.
15. Applicant Agrees to Construct Sanitary Sewer Improvements. Applicant shall provide all engineering required for the permitting and construction of the Sanitary Sewer Improvements, obtain all necessary permits for construction of the improvements, and supply all materials and construct the Sanitary Sewer Improvements to the satisfaction of the City Engineer. The Applicant further agrees that the City shall inspect and approve all aspects of the construction process and installation of the Sanitary Sewer Improvements. The estimated hard construction costs of the Sanitary Sewer Improvements is \$321,000.00. The Applicant assumes all ownership, liability and maintenance of the Sanitary Sewer Improvements and they shall not be conveyed to the City.
16. City Agrees to Grant All Costs for Sanitary Sewer Improvements. Within thirty days after approval of this Agreement by the City Council of the City which approval appropriates from the City's current budget funds necessary to pay the Sanitary Sewer Improvement Grant, the City will segregate in a separate account an amount equal to three hundred twenty-one thousand dollars (\$321,000.00) for the Sanitary Sewer Improvements (the "**Sanitary Sewer Grant Amount**"). The Sanitary Sewer Grant Amount will be paid to the Applicant upon completion of the Sanitary Sewer Improvements, acceptance by the City Engineer, and certification that the Applicant has paid all contractors and sub-contractors in full. The City agrees to pay the Sanitary Sewer Grant Amount within 30 days of receiving notice that the Sanitary Sewer Improvements are complete, accepted by the City Engineer and certification that all contractors and sub-contractors have been paid in full. In the event that the Sanitary Sewer Grant Amount is insufficient to pay the costs incurred by the Applicant to complete the Sanitary Sewer Improvements, no additional funds from the City shall be allocated or paid by the City to the Applicant. The City further agrees to provide fee waivers with respect to permit fees that would otherwise be charged to Applicant relating to the Sewer Line Improvement. The City acknowledges that the purpose of the Sanitary Sewer Improvements is to promote state and local economic development and to stimulate business and commercial activity in the City.
17. Fast Tracking. City agrees to expedite by fast tracking the process for Applicant to obtain any and all necessary City permits related to the totality of the project.
18. Applicant Obligations. In consideration of the City's compliance with this Agreement, Applicant agrees as follows:
 - a) Lease Execution. Applicant agrees to lease, for an initial lease term of not less than ten (10) years, the property described in paragraph 3, on which it shall operate in the manufacture of copper bars and wires; and

- b) **Improvements and Additions to Real and Personal Property.** Applicant will cause to be invested no less than a cumulative total of twenty-two million dollars (\$22,000,000.00) at the premises, with the value being determined by the Harris County Appraisal District or original cost to Applicant, as proven through documentation provided by or on behalf of the Applicant. Applicant agrees that all Real Property improvements will be taxable and that no tax exemptions will be sought by or on behalf of the Applicant for these Real Property Improvements.
 - c) **Maintenance of Inventory.** Applicant shall cause to be located on the premises no less than of seven million seven hundred thousand dollars (\$7,700,000.00) in cost of inventory of business personal property on an annual basis, with the value being determined by the Harris County Appraisal District or as proven through documentation provided by or on behalf of the Applicant. Applicant agrees that all \$7,700,000.00 will be taxable as related only to the City's Ad Valorem Property Tax rate, and that no Freeport Tax exemption, as applicable only to the City's Ad Valorem Property Tax rate, will be sought for this such inventory by or on behalf of the Applicant during the term of this agreement.
 - d) **Provision of Jobs.** Within one year after the commencement of commercial operation, Applicant intends to employ or cause to be employed at the Project site approximately 150 Full time Equivalent Employees for the then remaining term of this Agreement.
 - e) **Salaries and Benefits.** Applicant estimates that the full-time jobs of Full Time Equivalent Employees will have an average annual salary of at least sixty-nine thousand dollars (\$69,000.00) and would also be eligible for industry standard employment benefits, such as healthcare and retirement plans.
19. **Reimbursement and Waiver of Sanitary Sewer Grant Amount.** If Applicant fails to initially occupy or ceases to occupy the Project site in accordance with 18(a) and 18(b), Applicant agrees to reimburse City for the cash value of the Sanitary Sewer Grant received according to the date on which the failure or cessation occurs based on the following schedule:
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| Years 1-3 | 100% of the Sanitary Sewer Grant Amount |
| Years 4-6 | 50% of the Sanitary Sewer Grant Amount |
| Years 7-9 | 25% of the Sanitary Sewer Grant Amount |
| Year 10 | 0% of the Sanitary Sewer Grant Amount |
- If Applicant fails to occupy the premises in accordance with both Sections 18(a) and 18(b) for the term of this Agreement, Applicant further agrees to reimburse City the cash value of Fee Waivers the City has provided to the Applicant hereunder. The Applicant shall also reimburse the City for any and all reasonable out-of-pocket attorney's fees and costs incurred by the City as a result of any action required to obtain reimbursement of funds. Such reimbursement shall be due and payable one hundred twenty (120) days after the Applicant receives written notice of default accompanied by copies of all applicable invoices.
20. **Submission of Data.** During the term of this Agreement, annually within ninety (90) days following the end of each Tax Year, Applicant shall (i) certify to the City that it has complied with the terms of this Agreement and provide reasonably sufficient written information, records, and documents, to support its certification of compliance; (ii) submit to the City a schedule detailing the Ad Valorem Property Taxes paid for such Tax Year, (iii) identify on such schedule any Pending Appeals for such Tax Year as of the time such schedule is submitted to the County/City;

(vi) submit to the City a certified payroll showing the number of FTEs and payroll amounts as audited by a Certified Public Accountant, at Applicant's expense, and signed by a legally authorized executive of the Applicant; (v) submit to the City documentation including, but not limited to, Texas Workforce Commission quarterly reports, demonstrating that Applicant met the employment and job creation targets for the year, at City's request.

21. Permits: Compliance with Law. Applicant shall obtain all necessary permits and licenses for the construction of the Sanitary Sewer Improvements, give all necessary notices and pay all fees and taxes required by law.
22. Superintendence by Applicant. Applicant shall give personal superintendence to the work of the improvements, or have a competent foreman or superintendent, satisfactory to the City Engineer, on the work at all times during progress, with authority to act for Applicant.
23. Inspection by City. Applicant shall at all times maintain proper facilities and provide safe access for inspection by City to all parts of the work on the Sanitary Sewer Improvements.
24. Definition and Ownership of Improvements. The term "improvements" means: grading, paving, curbs and gutters, pathway, storm and sanitary sewers, waterlines, utilities, drainage facilities, traffic control, landscaping, and street lights that shall be shown in detail upon plans, profiles and specifications that have been prepared by engineers acting for Applicant subject to approval by the City Engineer. All public improvements constructed or installed pursuant to this Agreement expressly including roads, water and sewer lines, but not limited thereto, shall remain the sole exclusive property of the Applicant.
25. Time of Completion. The Applicant shall make the Sanitary Sewer Improvement projects permit ready within six (6) months of the date of this Agreement. The Sanitary Sewer Improvements shall be completed within eight (8) months from the date the City issues a permit to construct the Sanitary Sewer Improvements.
26. Effective Date of Contract. This Agreement shall become effective when approved by the City Council of the City and executed by the Applicant or his/her authorized representative.
27. Liability for Nonperformance. Neither the City nor any of its officers or agents shall be liable to Applicant or its contractors for any error or omission arising out of or in connection with any work to be performed under this contract.
28. Liability for Personal Injuries. The City shall not be liable to the Applicant or to any other person, firm, or corporation whatsoever, for any injury or damage that may result to any person or property by or from any cause whatsoever in, on, or about the development of the land covered by this Agreement, or any part thereof.
29. Release and Indemnification. **THE APPLICANT HEREBY RELEASES AND AGREES TO INDEMNIFY AND SAVE THE CITY HARMLESS FROM AND AGAINST ANY AND ALL INJURIES TO AND DEATHS OF PERSONS AND INJURIES TO PROPERTY, AND ALL CLAIMS, DEMANDS, COSTS, LOSS, DAMAGE AND LIABILITY, HOWSOEVER THE SAME MAY BE CAUSED AND WHENSOEVER THE SAME MAY APPEAR, RESULTING DIRECTLY OR INDIRECTLY FROM THE CONSTRUCTION OF THE ROAD IMPROVEMENTS AND/OR WATER LINE IMPROVEMENTS PURSUANT TO**

THIS AGREEMENT, AND ALSO FROM ANY AND ALL INJURIES TO AND DEATHS OF PERSONS AND INJURIES TO PROPERTY OR THEIR INTERESTS AND ALL CLAIMS, DEMANDS, COSTS LOSS, DAMAGE, AND LIABILITY, HOWSOEVER MAY BE CAUSED AND WHENSOEVER THE SAME MAY APPEAR, EITHER DIRECTLY OR INDIRECTLY MADE OR SUFFERED BY THE APPLICANT, THE APPLICANT'S AGENTS, EMPLOYEES, AND SUBCONTRACTORS, WHILE ENGAGED IN THE CONSTRUCTION OF THE ROAD IMPROVEMENTS AND/OR WATERLINE IMPROVEMENTS. THIS RELEASE AND INDEMNIFICATION DOES NOT WAIVE THE CITY'S IMMUNITY FROM SUIT OR IMMUNITY FROM LIABILITY FOR SUCH CLAIMS.

30. Liability of Applicant. The Applicant agrees that the use for any purpose and by any person of any and all of the improvements herein before specified, shall be at the sole and exclusive risk of the Applicant at all times prior to and after final acceptance by the City; provided, that acceptance by the City shall in no way eliminate or lessen any of Applicant's obligations or undertakings contained in this Agreement.

31. Liability Insurance. Before any work pursuant to this Agreement, Applicant's contractors shall furnish to City satisfactory evidence of an insurance policy written upon a form and by a company which meets with the approval of City insuring City, its officers, agents, and employees against loss or liability which may arise during the work or which may result from any of the work herein required to be done, including all costs of defending any claim arising as a result thereof. Minimum liability and property damage insurance shall be not less than \$500,000 for all damages arising out of bodily injury or to death of one person and not less than \$1,000,000 for all damages arising out of bodily injuries to or death of more than one person in any one occurrence; and not less than \$100,000 for all damages and/or destruction of property in any one occurrence and not less than \$500,000 for all damages and/or destruction of property during the policy period.

32. Contractor's Insurance. Applicant shall require its construction contractor(s) to maintain the following coverages and limits of liability:

Workers Compensation---Statutory for Worker's Compensation; Employer's Liability: Bodily Injury by accident \$500,000 (each accident), Bodily Injury by Disease \$500,000 (policy limit), Bodily Injury by Disease \$500,000 (each employee); Commercial General Liability, including Broad Form Coverage, Contractual Liability, Bodily & Personal Injury, and Completed Operations, combined limits of \$1,000,000 each occurrence and \$2,000,000 Aggregate.

Automobile Liability Insurance (for automobiles used in the course of the performance of this Agreement, including Employer's Non-Ownership and Hired Auto Coverage), \$1,000,000 combined single limit per Occurrence.

Defense costs are excluded from the face amount of the policy.

Aggregate Limits are per 12-month policy period unless otherwise indicated.

33. Issuers of Policies: Form of Policies. The issuer of any policy required by this Agreement (i) shall have a Certificate of Authority to transact insurance business in Texas or (ii) shall be an eligible non-admitted insurer in the State of Texas and have a Best's rating of at least B+ and a Best's Financial Size Category of Class VI or better, according to the most current edition of Best's Key Rating Guide. Each policy, except those for Workers Compensation, Employer's Liability, and Professional Liability, must name the City (and its officers, agents, and employees) as Additional

Insured parties on the original policy and all renewals or replacements. Applicant shall require its construction contractor(s) to be responsible for and pay any claims or losses to the extent of any deductible amounts and to waive any claim it may have for the same against the City, its officers, agents, or employees. Each policy must state that it may not be canceled, materially modified, or non-renewed unless the insurance company gives the City 30 days' advance written notice. Applicant shall give written notice to the City within five days of the date on which total claims by any party against Applicant reduce the aggregate amount of coverage below the amounts required by this Agreement. In the alternative, the policy may contain an endorsement establishing a policy aggregate for the particular project or location subject to this Agreement. Applicant shall require its construction contractor(s) to pay all insurance premiums, and the City shall not be obligated to pay any premiums.

34. Subcontractors' Insurance. Applicant shall require its construction contractor(s) to require all subcontractors to carry insurance naming the City as an additional insured and meeting all of the above requirements except amount. The amount must be commensurate with the amount of the subcontract, but in no case less than \$500,000 per occurrence.
35. Proof of Insurance. The Applicant shall furnish the City Engineer with Certificates of Insurance, along with an Affidavit from construction contractor(s) confirming that the Certificates accurately reflect the insurance coverage maintained. If requested in writing by the City, Applicant shall furnish the City with certified copies of construction contractor's actual insurance policies. The Applicant shall require its construction contractor(s) to continuously and without interruption, maintain in force the required insurance coverages specified in this Agreement. If Applicant does not comply with this requirement, the City Engineer, at his or her sole discretion, may immediately suspend Applicant from any further performance under this Agreement and begin procedures to terminate for default, or purchase the required insurance with City funds and deduct the cost of the premiums from the amounts due to Applicant under this Agreement.
36. No City Waiver. The City shall never waive or be estopped to assert its right to terminate this Agreement because of its acts or omissions regarding its review of insurance documents.
37. Risk of Loss to Project. Risk of loss or damage to the Sanitary Sewer Improvements shall remain with the Applicant prior to and upon City final acceptance of the Sanitary Sewer Improvements.
38. Approval by City Engineer. Applicant shall keep the City Engineer reasonably informed regarding the progress Sanitary Sewer Improvements as required by the City Engineer. (1) Notice to Proceed, (2) default of the contractor (if it occurs), and (3) completion of the Sanitary Sewer Improvements such that they are ready for inspection by the City. The Sanitary Sewer Improvements shall not be considered complete until the City Engineer issues a certificate of final completion.

It is mutually agreed by the parties hereto that the City Engineer shall have the right to reject any or all of the work to be performed under this contract if such work does not conform with the plans and specifications mentioned herein or the ordinances of the City of Humble. Any damage to the sewer system, utilities, concrete work, or street paving that occurs after installation shall be made good to the satisfaction of the City Engineer by the Applicant before release of bond or final acceptance of completed work.

39. Obligations of Applicant. Notwithstanding the fact that Applicant's plans and specifications, completion of the work, and other acts are subject to approval of the City, it is understood and agreed that any approval by the City thereof shall in no way relieve Applicant of satisfactorily

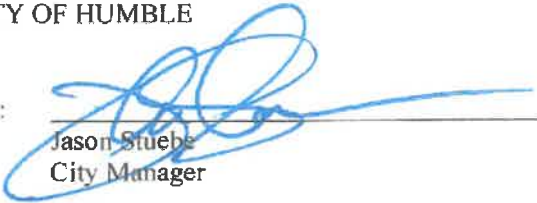
performing the work or his obligations hereunder. The construction shall be done strictly in accordance with the plans and specifications prepared by Applicant or its engineer, with the City of Humble's standards and with the provisions of the Humble City Code. Applicant warrants that its plans and specifications conform as a minimum to the ordinances and that they are adequate to accomplish the work in good workmanlike manner and in accordance with sound construction practices.

40. Independent Contractor: Relationship of Contractors. Applicant is an independent contractor, and Applicant shall accomplish all of the services provided for herein in such capacity. The City of Humble shall have no control or supervisory powers as to the detailed manner or method of the Applicant's performance of the subject matter of this Agreement. All personnel supplied or used by Applicant shall be deemed employees or subcontractors of Applicant and shall not be considered employees, agents or subcontractors of the City of Humble for any purpose whatsoever. Applicant shall be solely responsible for the compensation of all such personnel, for the withholding of income, social security and other payroll taxes and for the coverage of all workers' compensation benefits.
41. Notice and Certification of Completion. Applicant shall file a Notice of Completion with the City Engineer of the improvements herein specified. Upon the satisfactory completion of the improvements by the Applicant, the City Engineer shall certify that the work of these improvements has been satisfactorily completed.
42. Filing of Improvement Plans. Upon completion of construction of the Sanitary Sewer Improvement and subsequent to the acceptance Improvements by the City, the Applicant shall supply the City with one mylar (4 mils) set of "as builts" along with an electronic CAD and PDF file and shall reflect the job as actually constructed, with all changes incorporated therein.
43. Assignment. This Agreement shall not be assignable by Applicant without written consent of City unless assigned to an affiliate of Applicant.
44. Severability. In the event any term, covenant or condition herein contained shall be held to be invalid by any court of competent jurisdiction, such invalidity shall not affect any other term, covenant or condition herein contained, provided that such invalidity does not materially prejudice either the Applicant or the City in their respective rights and obligations contained in the valid terms, covenants or conditions hereof.
45. Venue. This Agreement is performable in Harris County, Texas, and venue for any cause of action arising out of this Agreement shall be exclusively in the state and federal courts of Harris County, Texas.
46. Entire Agreement. This Agreement merges the prior negotiations and understandings of the parties hereto and embodies the entire agreement of the parties, and there are no other agreements, assurances, conditions, covenants (expressed or implied) or other terms with respect to the construction of Sanitary Sewer Improvements, whether written or verbal, antecedent or contemporaneous with the execution hereof.

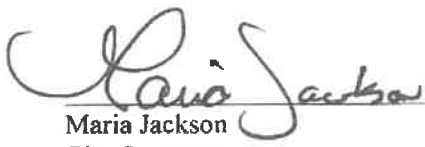
Executed on April 23, 2025 at Humble, Texas

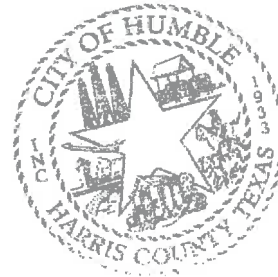
CITY OF HUMBLE

BY:


Jason Stuebs
City Manager

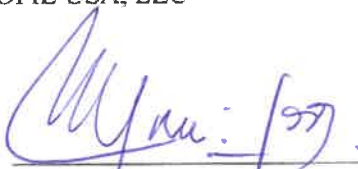
ATTEST:


Maria Jackson
City Secretary



TECNOFIL USA, LLC

BY:


Mario Llor
Chief Executive Officer

ATTEST: