

**CONTRACT BETWEEN THE NEW BRAUNFELS ECONOMIC DEVELOPMENT
CORPORATION AND LEFKO USA INC.**

THE STATE OF TEXAS §
 § KNOW ALL MEN BY THESE PRESENTS
COUNTY OF COMAL §

THIS CONTRACTUAL AGREEMENT, is made and entered into by and between the New Braunfels Economic Development Corporation, a Non-Profit Corporation of the State of Texas, hereinafter referred to as "**EDC**", acting by and through its duly authorized officers, and Lefko USA Inc., hereinafter referred to as "**Company**", a Delaware corporation with its principal office located at 1700 Boul. Industriel, Magog, Quebec J1X 4V9, Canada, and its principal place of business located at the Facility (as defined below), acting by and through its officers.

W I T N E S S E T H:

WHEREAS, under the authority granted to the EDC by Texas Local Government Code §501.101, EDC recommended this project for approval on July 17, 2025, and the New Braunfels City Council approved it with Resolution XXXX on MONTH DAY, YEAR; and

WHEREAS, the incentives are offered by the EDC in consideration of the COMPANY fulfilling performance requirements including guaranteed minimum taxable value at its New Braunfels facility and the creation and retention of primary jobs at a minimum annual wage. Said terms and conditions are further described below.

WHEREAS, the Company proposes the development of a new blow-molded plastic manufacturing facility, with associated job creation, in a facility to be leased by the Company at 2617 Goodwin Lane, in New Braunfels, Texas (the "**Facility**").

Now, therefore, EDC and Company agree as follows:

AGREEMENT

I. COMPANY’S OBLIGATIONS

A. Initial Investment

1. The Company shall occupy and receive certificate of occupancy at Facility by December 31, 2026.
2. Company shall demonstrate to EDC’s reasonable satisfaction an investment of at least

\$4 million in buildings and other real property improvements, machinery and equipment, and business personal property as of December 31, 2026.

B. Employment

1. Number of Qualified Employees

The Company must have a “rolling average” of Qualified Employees with an average annual Wage of at least \$62,000 per Qualified Employee by the dates set out below:

As of:	Minimum Average Number of Qualified Employees
1 January 2028	20
1 January 2029	50
1 January 2030 and continuing through Term of this Agreement	100

2. Average Annual Wage

To avoid any recapture of the incentives provided hereunder, the Company must demonstrate an Average Annual Wage of at least \$62,000 during each year of this Agreement. For purposes hereof, “**Average Wage**” shall be the quotient of (a) the total Wages paid during a calendar year to a group of Qualified Employees at the Project equal to the Minimum Average Number of Qualified Employees specified above for such calendar year, *divided* by (b) the Minimum Average Number of Qualified Employees specified above for such calendar year. In determining the Average Wage, the Company may (a) exclude positions that exceed the Minimum Average Number of Qualified Employees, and (b) include in such calculations single positions held by more than one person during a given calendar year (for example, an individual employee working in January that ceases employment with the Company and is replaced by another employee in July who works through the end of the year) so long as no overlapping periods are included in the computation of Wages.

3. Local Hiring Requirement

To focus the economic benefits of job creation created by the Facility on the local community, no less than twenty percent (20%) of the Qualified Employees required pursuant to Section B.1. above shall be Local Employees (the “**Local Hiring Requirement**”). For purposes of this Section, “**Local Employee**” shall mean a Qualified Employee that resides within the boundaries of Comal County or Guadalupe County, Texas. Notwithstanding the foregoing, however:

- (i) if, in any measuring year, the annual unemployment rate for Comal County, Texas, is less than three and one-half percent (3.5%), then the Local Hiring Requirement shall be waived; and

- (ii) if, in any measuring year, the Company fails to meet the Local Hiring Requirement, then the Company shall have twelve (12) months to cure this failure before any default shall occur as a result of noncompliance or any other penalties apply.

4. Certification

- a. Affidavit. To demonstrate satisfaction with the Employment requirement the Company must submit an affidavit in March of each year beginning in 2026 certifying the actual number of Qualified Employees, Aggregate Annual Wages paid as of the end of the preceding calendar year (i.e., the first such certification will be for the number of Qualified Employees as of December 31, 2026), and the Average Wage during such preceding calendar year. Company's failure to provide the certification as required in this section by March 31 of each year of this Agreement will make Company ineligible to receive the Incentive for the particular year for which the certification was required, unless the failure was due to an event of Force Majeure. Notwithstanding the foregoing, Company shall not be required to disclose confidential personnel information regarding individual employees or their compensation.
- b. Audit. Company shall permit EDC to audit Company's employment records for each year the Company is required to perform, subject to a notification of 30 days prior to requested access of employment records; provided, however, that the EDC's access to the employment records shall be limited to what those records necessary to verify compliance and the EDC shall treat all such records as confidential information for all purposes including the Texas Public Information Act as applicable and subject to applicable law. For the purposes of this audit provision and the enforcement of any provision of this Agreement, the City of New Braunfels employees shall serve as the EDC's agent, pursuant to that Agreement between the City and the EDC
- c. Annualized Unemployment Rate Evaluation. For purposes of determining compliance with performance certification requirements under this Agreement, the Annualized Unemployment Rate for Comal County, Texas shall be evaluated as follows:
 - Data Source. The unemployment rate shall be based on the official estimates published by the U.S. Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics (LAUS) program, or its successor agency. If BLS data is not available for Comal County, the Texas Workforce Commission (TWC) published figures shall be used.
 - Calculation Period. The "Annualized Unemployment Rate" shall be defined as the average of the seasonally adjusted monthly unemployment rates for Comal County over the twelve (12)

consecutive months immediately preceding the end of the applicable Performance Year.

- Certification Timing. The calculation shall be performed within sixty (60) days following the close of each Performance Year, based on the most recently available finalized data. Preliminary or revised data may be used if final annual averages are not yet published.
- Adjustments.
 - In the event of revisions by BLS or TWC to published unemployment figures after certification, no retroactive adjustment shall be made unless the revised data results in a variance of greater than 0.5 percentage points in the reported annualized unemployment rate.
 - If neither BLS nor TWC publishes unemployment data for Comal County for any month within the certification period, the most recent available figures shall be used to complete the calculation on a pro rata basis.
- Final Determination. The City shall document the calculation of the Annualized Unemployment Rate and provide written certification to the Company, which shall be deemed conclusive for purposes of performance evaluation under this Agreement.

5. Definitions

- a. ***“Qualified Employee”*** shall mean a full-time employee at the Facility by the Company or its Affiliate, or Temp for Hire (defined below) who works a minimum of thirty (30) hours per week at the Project (i.e., annual scheduled hours of at least 1500), and who qualifies for benefits commonly associated with full time employment, including but not limited to healthcare, paid and unpaid leave benefits, and or eligible to participate in Company’s qualified retirement plan.
- b. ***“Rolling average”*** shall be determined as of a given date by taking the actual number of Qualified Employees as of such date and adding such number to the actual number of Qualified Employees on the date one year prior, and then dividing such sum by two.
- c. ***“Wage”*** is defined as the gross wages paid to an employee, excluding employer-paid fringe benefits (such as the employer paid portion of health insurance premiums, life insurance, meal discounts, discounted or free childcare, 401k match, etc.) but including the employee-elective benefits paid out of the gross wages (such as the employee paid portion of health insurance premiums, employee contributions to health savings accounts and cafeteria plans and 401k contributions made by employees).
- d. ***“Temp for Hire”*** shall mean an employee engaged by the Company on a non-permanent basis through a third-party staffing agency, with a) the explicit intent of evaluating the individual for potential permanent employment with the Company or b) when the Company determines that a temporary increase in staffing levels are needed to fulfill production, seasonal or some non-routine or unforeseen increase

- in orders received by the Company.
- e. ***“Force Majeure”*** shall include acts and events not within the control of the party, and which the party could not use due diligence to avoid or prevent. Events of Force Majeure includes acts of God, strikes, riots, sabotage, civil disturbances, epidemics, acts of domestic and foreign terrorism, lightning, earthquakes, fires, storms, floods, and landslides. Force Majeure does not include economic or market conditions which affect a party’s cost, but not its ability to perform.

C. Cumulative Investment

Beginning 1 January 2027 and continuing each year through the term of this Agreement, Company must make, and demonstrate to EDC’s reasonable satisfaction that Company has made, at Facility cumulative investments in leasehold improvements, machinery and equipment and business personal property there located, in accordance with the following schedule:

Beginning of Year	Cumulative Investment
2027	\$4,000,000
2028	\$6,000,000
2029	\$8,000,000
2030	\$10,000,000

II. INCENTIVES

In consideration of the Company meeting the above outlined performance obligations, EDC shall grant Company the following incentives:

- A. Upon EDC’s determination that Company has complied with the requirements of sections IA and III of this Agreement, EDC shall pay Company \$450,000.
- B. Within 30 days of January 1, 2028, and upon EDC’s determination that Company has complied with the obligations in sections IB and IC, EDC shall pay to Company \$250,000 pursuant to the terms of this Agreement.
- C. Within 30 days of January 1, 2029, and upon EDC’s determination that Company has complied with the obligations in sections IB and IC, EDC shall pay to Company \$250,000 pursuant to the terms of this Agreement.

III. SECURITY

Prior to the EDC’s payment of the incentives, the Company shall provide security for its repayment obligations in the form of an irrevocable letter of credit in the initial amount of \$450,000 that shall remain in effect for a period of five years from the date of the first disbursement of funds from the EDC to Company made pursuant to this Agreement. Such letter of credit may be drawn upon by the EDC in the event the Company fails to meet any performance requirement outlined in this

Agreement. Before making demand on the letter of credit, the EDC agrees to submit a demand for payment to the Company. If the Company does not make the demanded payment to the EDC within sixty (60) days following written demand for such payment, the EDC may draw upon the letter of credit, notwithstanding the foregoing.

IV. REPAYMENT

- A. For each \$500,000 per year that Company is below the Cumulative Investment obligation as set out in Section IC, Company shall remit to EDC \$2,000 within 30 days of EDC's request for repayment.
- B. For each qualified employee position per year that Company is below the Employment obligation set forth in Section IB, Company shall remit to EDC \$2,000 within 30 days of EDC's request for repayment.
- C. In no event, may the aforementioned amounts repaid by the Company to the EDC exceed the value of the incentives actually received by the Company from the EDC.

V. NONDISCRIMINATION

In the performance of this contract, Company shall not discriminate against any person because of the person's race, color, religion, national origin, sex, disability or ancestry. Proven breach of this covenant may be regarded as a material breach of the contract causing its termination.

VI. UNDOCUMENTED WORKERS

Chapter 2264 of the Texas Government Code requires Company to certify that Company will agree not to knowingly employ any undocumented workers during the term of the Agreement. If Company is convicted of a violation under 8 U.S.C. Section 1324a(f), Company shall repay the amount of the financial incentives it has received from EDC with six percent (6%) interest, at the rate and according to the other terms provided by an agreement under Section 2264.053, not later than the 120th day after the date the public agency, state or local taxing jurisdiction, or economic development corporation notifies Company of the violation. If convicted, Company shall repay the amount of all financial incentives for the year(s) in which the violation occurred.

VII. ASSIGNMENT

This Agreement cannot be assigned by Company without the prior written consent of the City, which consent may not be unreasonably denied, delayed, conditioned or withheld (it being understood that reasonable reasons for the City to deny such consent include, without limitation, the lack of financial viability of the assignee, the business reputation of the assignee, the assignee's engaging in a type of business that would reflect poorly on the City, the assignee's lack of compliance with City ordinances and laws). Notwithstanding the foregoing, Company may assign this Agreement (in whole or in part), without the prior written consent of the City to any Affiliate of Company (currently existing or later formed), provided that such assignee assumes the obligations and liabilities of Company in writing in a form reasonably approved by the City.

VIII. NOTICE

All communications between EDC and Company shall be addressed to the President of the New Braunfels Economic Development Corporation, c/o City of New Braunfels, 550 Landa Street, New Braunfels, Texas 78130, with a copy being sent to the City Manager at the same address.

Any communication to Company shall be addressed to Lefko USA Inc., c/o Jean-Francois Migneault, Vice-President of Operations, Lefko Plastic Products Inc., 1700 Boul. Industriel, Magog, Quebec J1X 4V9, Canada

IX. SEVERABILITY

It is understood and agreed that in the event any provision of this contract is inconsistent with requirements of law, the requirements of law will control and the parties shall revert to their respective positions, which would otherwise be enjoyed or occupied by the respective parties for the terms of this contract. In addition, if the Company notifies the EDC that it is unable to satisfy any deadline provided in this Agreement due to adverse economic conditions, the EDC agrees to meet with the Company to better understand the impact of those adverse economic conditions on the Company and consider making good faith adjustments to the terms of this Agreement to address the impacts of such adverse economic conditions upon the Company

X. ENTIRE AGREEMENT

The foregoing instrument in writing between the parties herein, constitutes the entire agreement between the parties, relative to the funds made the basis hereof, and any other written or oral agreement with the EDC being expressly waived by the Company.

IN WITNESS WHEREOF, the parties hereto execute this agreement in duplicate originals on this ____ day of September, 2025.

Signatures on Following Page

NEW BRAUNFELS ECONOMIC
DEVELOPMENT CORPORATION

By: _____
Shane Hines, *President*

NEW BRAUNFELS ECONOMIC
DEVELOPMENT CORPORATION

By: _____
Larry Hammonds, *Secretary*

IN WITNESS WHEREOF, the parties hereto execute this agreement in duplicate originals
on this ____ day of September, 2025.

LEFKO USA INC.

By: _____

Its: _____

STATE OF TEXAS §
COUNTY OF COMAL §

On this day personally appeared _____, known to me to be
the person whose name is subscribed to the foregoing instrument and acknowledged to me that
_____ executed the same as the act of LEFKO USA INC
as its _____, for the purposes and consideration
therein expressed.

Subscribed and sworn to before me this ____ day of _____, 2025.

Notary Public, State of Texas

My commission expires: _____