

STATE OF TEXAS §
 §
COUNTY OF LUBBOCK §

PERFORMANCE AGREEMENT

This Performance Agreement (the “Agreement”) is made effective on October 27, 2021 by and between LUBBOCK ECONOMIC DEVELOPMENT ALLIANCE, INC., a Texas nonprofit corporation (hereinafter referred to as “LEDA”) and BASF Corporation, a foreign for-profit corporation, (hereinafter referred to as “Recipient”), by and through their duly authorized officers and affiliate organizations under the terms and conditions that follow.

1. **Applicable Law:** It is understood by and between the parties that the term “Act,” as used herein, is intended to mean the Development Corporation Act of 1979, as amended. (Sec 501.001 *et seq.*, Local Government Code, formerly Sec 5190.6, VACS.) The parties hereto covenant and agree to comply with the terms of the Act applicable to this Agreement.

2. **Parties:**

- A. LEDA, a Texas non-profit corporation as well as a tax exempt 501(c) 4 entity, was created by the City of Lubbock, Texas, as an Industrial Development Corporation under the Act for the purpose of creating and retaining positions and encouraging new businesses to be established in Lubbock, Texas, to stimulate business and commercial activities, as well as all other purposes allowed by the Act.
- B. Recipient is preparing a new “Project” which shall include the expansion and remodel of an existing facility and the relocation and consolidation of assets from California, Arizona and South Texas to the facility located at 1405 East Loop 289, Lubbock, Texas, (NAICS 541700). Its business project is anticipated to result in 23 new Primary Jobs for the City of Lubbock with a Target Annual Compensation of \$1,380,000, in the aggregate, or a total of \$6,900,000 over five years. Total capital investment is estimated to be \$1,250,000.
- C. Recipient is a foreign, for-profit corporation authorized to do business in Texas.

3. **Purpose:** The purpose for this Agreement is to formalize the agreements between LEDA and Recipient for the payment of certain costs associated with Recipient's Project and specifically state the covenants, representations of the parties, and the incentives associated with Recipient's commitment to abide by the provisions of the Act and to abide by the terms of this Agreement which has been approved by the Board of Directors of LEDA as complying with the specific requirements of the Act. It is expressly agreed that this Agreement constitutes a single transaction. A failure to perform any obligation by Recipient may constitute a breach of the entire Agreement and terminate any further commitments by LEDA.

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4. **Definitions:**

- A. The “Act” shall refer to the Development Corporation Act of 1979, as amended, as Sec 501.001 *et seq*, Local Government Code, formerly Sec 5190.6, VACS.
- B. “LEDA” shall refer to Lubbock Economic Development Alliance, Inc., a Texas non-profit corporation, created by the City of Lubbock as an “Industrial Development Corporation,” pursuant to the Act.
- C. “Recipient” shall refer to BASF Corporation, a foreign for-profit corporation authorized to do business in Texas, and the Recipient party to this Agreement.
- D. “Project” shall mean the project identified in Paragraph 2B, above.
- E. “Recipient Request” may include the identification of the cost of the project by Recipient to the facility or other purpose within Section 2(4) of the Act.
- F. “Measurement Date” shall mean the date upon which the determination is made as to whether Recipient is in compliance with this agreement. Measurement Dates shall be:
(1) Year One - one calendar year following the closing date on the Eppes Property
(2) Year Two – one calendar year following Year One.
- G. “Term”, as used herein, shall begin with the Start Date of the execution of this Agreement, and terminate at the end of Year Two, unless earlier breached by Recipient’s failure to perform.
- H. “Eppes Property” is defined as approximately 54.8 acres identified in the Agreement of Purchase and Sale set forth in Exhibit A.
- I. “Carlton Property” is defined as approximately 93.5 acres identified in the Agreement of Purchase and Sale set forth in Exhibit A.
- J. “Payback Provisions” shall mean forfeiture of all unspent incentives in accordance with the terms of this Agreement.
- K. “Layoff” is defined as an event, due to adverse or changing business conditions, that result in the loss of employment and shall exclude loss of employment due to casualty at the Project if the Recipient chooses to rebuild the Project. Employees meeting this definition shall have lost their jobs through no fault of their own.
- L. “Closing” shall be the act LEDA’s conveyance of the Eppes Property and the Carlton Property in exchange for Recipient’s payment as more particularly described in the Agreement of Purchase and Sale set forth in Exhibit A.

5. Representations of Recipient:

- A. Recipient represents that it will utilize the incentive provided towards costs involved and associated with the Project.
- B. Recipient represents that it is authorized to do business in Texas and has authorization to enter into this Agreement on its behalf.
- C. Recipient represents that it has sought from LEDA economic assistance pursuing Recipient's Project.
- D. Recipient represents that it has conferred with attorneys of its own choosing and is fully knowledgeable of the terms of the Act and understands the reporting requirements of the Act, as well as all conditions precedent and subsequent as required to be eligible for the incentives offered by LEDA, including the Payback Provisions.
- E. Recipient represents that it acknowledges that its failure to perform any reporting requirements within a reasonable period of time after the request is made could result in payment adjustments.
- F. Recipient understands and agrees that any variations as to any term of this Agreement or any terms or conditions of the incentives as stated must be mutually agreed to in written supplements or addenda since no oral agreements, amendments, or representations will be binding on either party.
- G. Recipient agrees to participate in any LEDA sponsored wage and benefit surveys, as well as any marketing materials that focus on economic development for the City of Lubbock.

6. Representations by LEDA:

- A. LEDA represents that it is established as an Industrial Development Corporation under the Act and further represents that the costs applied toward Recipient's Project as stated in this Agreement have been found by the Board of Directors of LEDA sitting as fact finders have determined the Project to be in compliance with the requirements and purposes of the Act, the provisions of LEDA's charter, as well as for the benefit of the City of Lubbock, Lubbock County, Texas, and trade area.
- B. LEDA represents that it has authority to enter into this Agreement. LEDA understands and agrees that any variation in terms of this Agreement or the incentives offered to Recipient or commitment by Recipient will only be binding if mutually agreed to in writing.

7. Capital Incentive to be Awarded and Terms of Award:

LEDA hereby grants to Recipient a potential capital incentive of \$491,000, with payments to

be expressly made under the following terms and conditions:

- A. LEDA agrees to pay Recipient the sum of \$161,000 in reimbursement for the cost of the irrigation equipment on the approximate 54.8 acres known as the Eppes Property, within thirty (30) days of BASF Recipient presenting invoices associated with the cost of the irrigation equipment. BASF is responsible for any cost exceeding \$161,000 for the cost of the irrigation equipment.
- B. LEDA agrees to pay Recipient the sum of \$330,000 in reimbursement for the cost of moving BASF's current field trial operations onto the Carlton Property, within thirty (30) days of BASF Recipient presenting invoices associated with the cost of moving BASF's current field trial operations onto the Carlton Property. BASF is responsible for any cost exceeding \$330,000 for the cost of the changes required on the Carlton Property to allow BASF field trial operations.

8. **Conveyance of Real Property:**

A. Eppes Property

a. LEDA shall convey approximately 54.8 of land, also known as the Eppes Property, pursuant to the terms and conditions as set forth in the Agreement of Sale and Purchase attached as Exhibit A. Such conveyance shall take place at Closing on or before December 15, 2021. The obligation and rights of Recipient under this Agreement shall be conditioned upon the parties closing on the transfer under the Agreement of Sale and Purchase.

b. The value of the Eppes Property at the time of conveyance from LEDA to Recipient is stipulated to be \$376,750 (\$6,875/per acre) of land. It is acknowledged and agreed that the net Fair Market Value of the land, \$176,750, shall not be required to be paid by Recipient, except for Payback Provisions set forth in Section 11 of this Agreement.

B. Carlton Property

a. In addition to its conveyance of the Eppes Property, LEDA shall also convey the Carlton Property to Recipient at the Closing pursuant to the terms and conditions as set forth in the Agreement of Sale and Purchase attached as Exhibit A. The obligation and rights of Recipient under this Agreement shall be conditioned upon the parties closing on the transfer under the Agreement of Sale and Purchase.

b. The value of the Carlton Property at the time of conveyance from LEDA to Recipient is stipulated to be \$511,632 (\$5,472/per acre) of land.

C. The Purchase Price is \$200,000 for the Eppes Property and Carlton Property combined.

9. **AS IS PROVISION.** The deed to the Property shall include the following "as-is" provision:

THIS CONVEYANCE IS AN ARMS-LENGTH CONVEYANCE BETWEEN THE PARTIES. THE CONVEYANCE WAS BARGAINED ON THE BASIS OF AN AS IS, WHERE IS TRANSACTION AND REFLECTS THE AGREEMENT OF THE PARTIES THAT THERE ARE NO REPRESENTATIONS, DISCLOSURES, OR EXPRESS OR IMPLIED WARRANTIES, EXCEPT FOR THE SPECIAL WARRANTY OF TITLE TO THE REAL PROPERTY STATED IN THIS DEED AND LEDA'S REPRESENTATIONS AND WARRANTIES SET FORTH IN THE PERFORMANCE AGREEMENT BETWEEN THE PARTIES ("PERFORMANCE AGREEMENT").

EXCEPT FOR THE SPECIAL WARRANTY OF TITLE TO THE REAL PROPERTY STATED IN THIS DEED AND LEDA'S REPRESENTATIONS AND WARRANTIES SET FORTH IN THE PERFORMANCE AGREEMENT, THE PROPERTY IS CONVEYED TO GRANTEE IN AN AS IS, WHERE IS CONDITION, WITH ALL FAULTS. ALL WARRANTIES ARE DISCLAIMED, EXCEPT THE SPECIAL WARRANTY OF TITLE TO THE REAL PROPERTY IN THIS DEED AND LEDA'S REPRESENTATIONS AND WARRANTIES SET FORTH IN THE PERFORMANCE AGREEMENT.

GRANTEE SPECIFICALLY ACKNOWLEDGES THAT BY ACQUIRING THE PROPERTY, GRANTEE IS NOT RELYING ON ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED, FROM LEDA, ITS AGENTS, OR BROKERS AS TO ANY MATTERS CONCERNING THE PROPERTY, OTHER THAN THOSE SET FORTH IN THE PERFORMANCE AGREEMENT.

10. **Conditions for Payment of Incentives and Conveyance of Real Property:** It is specifically agreed and understood by and between the parties that LEDA has agreed to make the project payments and conveyance to Recipient strictly upon the following terms and conditions:

- A. Any use of LEDA's name for publicity in connection with Recipient's business or activities must be approved in advance by LEDA. It is understood that LEDA may make known its contributions to Recipient in whatever public manner LEDA deems appropriate.
- B. Recipient must maintain a business location in the City of Lubbock or Lubbock County for 5 years following the execution of this Agreement and its legal status under federal and state law duly and remain qualified to do business in the State of Texas.
- C. The operations or activities of Recipient and its employees shall be performed and conducted in a professional and businesslike manner and shall be in keeping with federal and state laws and regulations, and any ordinances of the City of Lubbock and/or governmental entities which may have jurisdiction over operations and activities.
- D. Recipient certifies that the Recipient does not and will not knowingly employ an undocumented worker in accordance with Chapter 2264 of the Texas Government Code, as amended. If during the Term of this Agreement, Recipient is convicted of a

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violation under 8 U.S.C. § 1324a(f), Recipient shall repay the amount of the public subsidy provided under this Agreement, with interest at the legal pre-judgment interest rate, with attorney's fees, not later than the 120th day after the date LEDA notifies Recipient of the violation.

- E. Any information obtained by LEDA or its agents or assigns during negotiations leading up to the execution of the Agreement or otherwise about the business, have or will be returned upon the execution of this Agreement, subject to a right to a continuing examination by LEDA in order to comply with LEDA's reporting obligations, if any. Such information shall be considered confidential and beyond the scope of any Open Records request as proprietary information.
- F. Recipient will notify LEDA in writing within three (3) business days of any lay-off or reduction in force greater than 20% of the existing workforce. The notification must include the number of employees being laid off, their job titles, the reasoning for the lay-off, and what the company is doing to assist the laid off employees. Likewise, if an announcement is made that the Recipient is closing its doors and ceasing business operations during the review of job creation incentives, LEDA, in its sole discretion, may elect to suspend payment to Recipient.

11. Payback Provisions and Events of Default: Recipient acknowledges that LEDA and Recipient are required to remain in conformance with the statutory provisions of the Act. The parties hereto agree that in the event Recipient fails to comply with the provisions of this Agreement, including but not limited to Paragraphs 5E and 10C, and after written notice and failure to cure the violation, then LEDA, in its sole discretion, may terminate this Agreement and permanently suspend all future payments to Recipient.

- A. Upon conveyance of Real Property reference in Section 8.A., the Recipient has provided to LEDA an estimated capital investment cost of \$1,250,000 in the form of expansion of activities and equipment at Recipient's East Loop Research Station to be invested any time prior to the end of Year Two. LEDA based its decision to grant incentives to Recipient partly upon such capital investment.
 - a. If Recipient fails to provide written confirmation that the construction of the irrigation lines on the Eppes Property are completed by the end of Year Two, Recipient will be obligated to repay to LEDA the \$161,000 capital investment incentive.
 - b. If Recipient's actual capital investment amounts are significantly lower (20% or greater) than the estimated capital investment at the end of Year Two, LEDA may demand the sum of \$4,400 for every \$25,000 of capital investment below \$1,000,000. Capital investment will be measured and confirmed by documentation from Recipient on company letterhead indicating the amount of capital investment that was either relocated to or purchased for the Project, which may include expenditures made prior to the date of this Agreement.
- B. Additionally, Recipient agrees to maintain a business presence in Lubbock for at least 5 years and to expand and remodel the existing activities and operations as well as relocate and consolidate a portion of Recipient's assets from California, Arizona and

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South Texas to the facility located at 1405 East Loop 289, Lubbock, Texas

- a. If Recipient fails to provide written confirmation on company letterhead of increased employment, increased capital investment or increased research activity by the end of Year Two, Recipient will be obligated to repay to LEDA the \$330,000 capital investment incentive.
- b. If Recipient's actual capital investment amounts are significantly lower (20% or greater) than the estimated capital investment at the end of Year Two, LEDA may demand the additional sum of \$12,800, (\$4,400 plus \$12,800) for a total of \$17,200 for every \$25,000 of capital investment below \$1,000,000, as referenced in section 11. A.
- C. Notwithstanding the foregoing, Recipient's respective liability arising out of this Agreement shall not exceed the value of the land incentive, in potential payback to LEDA.

12. **Assignment, Merger, and Termination Due to Merger, Etc.:** This Agreement shall not be assignable, either in whole or in part. Termination as the result of assignment or merger or change in business form shall not disqualify the remaining or new entity from applying to LEDA for new incentive consideration.

13. **No Privity of Endeavor Nor Joint Venture:** It is specifically agreed that there shall be no privity of endeavor nor joint venture whatsoever between LEDA and Recipient and the sole connection between the parties is the contribution of the economic assistance by LEDA under the restricted conditions as set forth herein and that such contributions as stated herein are for the sole purposes as set forth herein and it shall in no way be construed as a continuing basis of financial support by LEDA to Recipient. The parties hereto have entered into this Agreement in an arms-length transaction. No agency relationship or fiduciary relationship is intended to be created by this Agreement and no such relationship shall be determined to exist.

14. **Good Faith -Normal Business Operations:** The parties agree that this Agreement has been entered into in good faith and that each party shall act in good faith in complying with its provisions. The parties further agree to transact all their business under and that which relates to this Agreement in accordance with their normal business operations.

15. **Miscellaneous Provisions:**

- A. **Notices:** For the purposes of any notices to be given, pursuant to the terms of this Agreement, the parties shall use the following addresses, or any other address as may be changed by the parties, upon written notice to the other party, as follows:

(1) John Osborne
CEO and President

LUBBOCK ECONOMIC DEVELOPMENT ALLIANCE, INC.
1500 Broadway, 6th Floor
Lubbock, TX 79401

(2) With a copy to:
Ann Manning
Attorney at Law
UNDERWOOD LAW FIRM
P.O. Box 16197
Lubbock, Texas 79490

(3) With a copy to:
Frederick Moore
Vice President, Head of Trait Development
BASF Corporation
1405 E Loop 289
Lubbock, Texas 79403

with copy to:

BASF CORPORATION
Attn: Real Estate Department
100 Park Avenue
Florham Park, New Jersey 07932

Notices shall be deemed to be given upon the placing in the United States Mail, Certified Mail, Return Receipt Requested, to the above-described addresses or as may be changed, pursuant to the terms and conditions hereof.

- B. No Waiver of Immunity. Notwithstanding any other provision of this Agreement, including, without limitation, the provisions of Section 9 of this Agreement, nothing in this Agreement shall or may be deemed to be or shall or may be construed to be, a waiver or relinquishment of any immunity, defense or tort limitation to which LEDA and the City, its elected officials, its officers, employees, representatives and agents are or may be entitled, including without limitation, any waiver of immunity suit.
- C. Venue; Governing Law. All payments made pursuant to this Agreement and other obligations performed under this Agreement shall be made or performed in the City of Lubbock, Lubbock County, Texas. Exclusive venue for any action, cause of action, lawsuit, or other proceeding under or in connection with this Agreement shall be and lie in Lubbock County, Texas and the parties hereby submit themselves to the jurisdiction thereof; and this Agreement shall be governed by and construed

in accordance with the laws of the State of Texas without respect to the conflict of laws rules thereof. Recipient hereby waives and agrees not to assert by way of motion, as a defense, or otherwise, in any suit, action, or proceeding, any claim that (i) it is not subject to such venue or the jurisdiction of the courts of Lubbock County, Texas, (ii) the suit, action, or proceeding is brought in an inconvenient forum or (iii) the venue of the suit, action or proceeding is improper.

- D. Entire Agreement: This instrument constitutes the entire agreement between the parties hereto and neither this Agreement nor any of the Exhibits attached hereto, if any, can be altered, changed, or amended in any respect except by an instrument in writing duly executed by both parties.
- E. Partial Invalidity: In the event that any portion of this Agreement should be found or declared to be invalid for any reason, the remaining provisions of this Agreement shall remain in full force and effect and shall be binding upon the parties. The parties agree that it is their intent for this Agreement to be determined as being an indivisible obligation of the parties.
- F. Binding Effect: This Agreement shall be binding upon the undersigned, their successors and assigns, subject to the express terms of this Agreement concerning assignment.
- G. Force Majeure: If any default or performance of any other covenant or term of this Agreement is delayed by reason of strike, riots, shortages of labor, materials, supplies, or transportation, war, civil commotion, act of God, governmental restrictions, regulations, or interference, fire, or other casualty, or any other circumstances beyond a signatory party's control, then the duty to do or perform the term or covenant, regardless of whether the circumstance is similar to any of those enumerated above or not, is excused during the delay period.
- H. Time is of the Essence: The parties agree that time is of the essence in the execution of this Agreement.

EXECUTED in multiple counterparts, each of which is an original, on this 27 day of October, 2021.

LUBBOCK ECONOMIC DEVELOPMENT
ALLIANCE, INC.


John Osborne, CEO and President

LEDA  BASF 

ATTEST:

Katelyn

RECIPIENT:

BASF Corporation

Frederick Moore

Frederick Moore

ATTEST:

Tom Speed

[Signature]