

STATE OF TEXAS §
 §
COUNTY OF LUBBOCK §

PERFORMANCE AGREEMENT

This Performance Agreement (the “Agreement”) is made effective on April ¹⁸____, 2023 by and between LUBBOCK ECONOMIC DEVELOPMENT ALLIANCE, INC., a Texas nonprofit corporation (hereinafter referred to as “LEDA”) and CoNetrix, LLC, a 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 an expansion of their IT consulting and software development company to be located at 6224 34th Street, Lubbock, Texas, (NAICS 511200). Its business project is anticipated to result in 15 new Primary Jobs in the City of Lubbock, with a Target Annual Compensation of \$975,000 in the aggregate or a total of \$4,875,000 over five years. Total capital investment is estimated to be \$15,300,000.

- C. Recipient is a domestic 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 even though payments thereunder are divided into multiple installments as annually earned. A failure to perform any obligation by Recipient may constitute a breach of the entire Agreement and terminate any further commitments by LEDA.

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 CoNetrix LLC, a domestic 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” shall mean the identification of the capital request of \$150,000 by Recipient towards the cost of construction to the facility.
- F. “Term”, as used herein, shall begin with the Start Date of the execution of this Agreement, and continue through completion of the capital investment portion of the Project as identified in Paragraph 2B, above.
- G. “Payback Provisions” shall mean that in the event recipient fails to comply with the capital expansion identified in Paragraph 2B, above, LEDA shall not pay the Project capital investment incentive and this Agreement shall be null and void.
- K. “Primary Jobs” shall mean new and/or retained jobs in the City of Lubbock, TX as defined in the Act.
- L. “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.

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 after the request is made could result in the termination of this Agreement.
- 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.

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 Investment Incentive to be Awarded and Terms of Award

LEDA hereby grants to Recipient a potential incentive of \$150,000, with payments to be expressly made under the following terms and conditions:

- A. LEDA shall pay Recipient the sum of \$150,000 payable in one (1) installment, becoming due upon Recipient's written confirmation and proof that the capital investment portion of the Project identified in Paragraph 2B is completed and upon Recipient delivering to LEDA a copy of the Certificate of Occupancy for the Project issued by the City of Lubbock.
- B. Recipient agrees that should the estimated capital investment expenditures fall more than twenty percent (20%) below the amount identified in Section 2b, above, that the capital investment incentive from LEDA would be reduced \$10,000 for every \$500,000 below \$12,240,000.

8. Conditions for Payment of Incentives:

It is specifically agreed and understood by and between the parties that LEDA has agreed to make the project payments 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 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 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 for a period of two (2) years after the termination of this Agreement. 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.

- 9. 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, 8B & 8C, and after written notice and failure to cure the violation, then LEDA, in its sole discretion, may terminate this Agreement.

10. **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.

11. **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.

12. **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.

13. **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, Suite 600
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:
CoNetrix, LLC
5225 S. Loop 289, STE #207

Lubbock, Texas 79424

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 18th day of April, 2023.

LUBBOCK ECONOMIC DEVELOPMENT
ALLIANCE, INC.

DocuSigned by:

John Osborne

John Osborne, CEO and President

RECIPIENT:

CoNetrix, LLC

DocuSigned by:

Russ Horn

Russ Horn, President