

**ECONOMIC DEVELOPMENT AND PERFORMANCE AGREEMENT BETWEEN THE
MANSFIELD ECONOMIC DEVELOPMENT CORPORATION AND
UNIVERSAL AIR CONDITIONER, INC.**

This Economic Development Agreement ("**Agreement**") is made and entered into by and between the MANSFIELD ECONOMIC DEVELOPMENT CORPORATION ("**Corporation**"), a nonprofit corporation organized under Title 12, Subtitle C1, of the Texas Local Government Code ("**Act**"), and UNIVERSAL AIR CONDITIONER, INC., a Texas Corporation ("**Company**"). Company and the Corporation may sometimes hereafter be referred to individually as a "party" or collectively as the "parties."

RECITALS:

WHEREAS, Company operates its business within an existing approximately 200,000 square feet distribution center on property located at 1441 Heritage Pkwy, Mansfield, TX 76063; and

WHEREAS, Company intends to expand its current distribution center by 160,000 square feet; and

WHEREAS, as a component of the construction, Company will be constructing certain improvements to service the Property; and

136 **WHEREAS**, Company has requested financial assistance from the Corporation for the construction of the Improvements, and the Corporation has determined and found that the requested grant will be used to fund a "project" as defined in Section 501.101 of the Act; specifically, that the expenditure of the Corporation is required or suitable for manufacturing, industrial or warehouse use, or other qualifying use under Section 501.101 of the Act; and

WHEREAS, the Corporation also finds that the requested grant will be used to fund a "project" as defined in Section 501.103 of the Act and that such grant is required or suitable for infrastructure necessary to promote or develop new or expanded business enterprises.

NOW THEREFORE, in consideration of the mutual benefits and promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

**ARTICLE 1
DEFINITIONS**

"Act," "Agreement," "Corporation," and "Company," have the meanings set forth above.

"Capital Investment" means the actual costs attributable to the construction of the Expansion and related infrastructure, including the actual construction costs of all buildings, site preparation, structures, infrastructure, utilities, landscaping and on-site improvements, including

labor and materials, engineering costs, surveying costs, fees of consultants, permit and inspection fees. It does not include insurance costs, marketing costs or any interest paid to finance the cost of Capital Investment.

“Certificate of Occupancy” means the document issued by the City of Mansfield certifying a building’s compliance with applicable building codes and other laws, and indicating it to be in a condition suitable for occupying.

“Director” means the Corporation’s Economic Development Director.

“Effective Date” means the date this Agreement is fully executed by both the Corporation and Company.

“Expiration Date” shall mean six years after the Effective Date, unless sooner terminated as provided herein.

“Expansion” means the approximate 160,000 square feet expansion to Company’s Facility.

“Facility” means the existing approximate 200,000 square feet distribution center building located at the Property.

CL **“Grant”** means the full payment to be made by the Corporation to Company pursuant to this Agreement as a reimbursement for the cost of the Improvements and upon the terms, conditions and provisions set forth herein, such payment to a sum calculated as follows: the lesser of: (i) 100% of the actual costs of the Improvements, or (ii) \$350,000. The Grant will be paid in two payments as described in Article 4.

“Impositions” mean all taxes, assessments, use and occupancy taxes, charges, excises, license and permit fees, and other charges by public or governmental authority, general and special, ordinary and extraordinary, foreseen and unforeseen, which are or may be assessed, charged, levied, or imposed by any public or governmental authority on Company or any property or any business owned by Company within the City of Mansfield.

“Improvements” mean those improvements, design construction and other work and cost items described on Exhibit A attached hereto.

“Payment Request” means a written request from Company to Corporation for payment of the Grant, which request shall be accompanied by evidence reasonably satisfactory to Corporation to establish that Company is in compliance with this Agreement, including documentation of construction costs of the Improvements and expenditure of the Capital Investment.

“Primary Jobs” means any employee on a forty (40) hour or more per week schedule or the combination of two (2) or more employees on part-time schedules equaling at least forty (40) hours and falling under the definition of primary jobs in Section 501.002(12) of the Act.

“Property” means the real property located at 1441 Heritage Pkwy, Mansfield, TX 76063, on which the Facility is located, and on which Company will build the Expansion.

“Term” means the term of this Agreement as described in Article 2 of this Agreement.

ARTICLE 2 TERM

The Term of this Agreement will begin on the Effective Date and continue thereafter until the Expiration Date, unless terminated earlier under the terms of this Agreement.

ARTICLE 3 COVENANTS OF COMPANY

3.01 **Company Obligations.** In consideration of Corporation agreeing to pay Company the Grant in accordance with the terms and conditions of this Agreement, Company, agrees to:

- (a) Do the following no later than July 31, 2019:
 - (i) Make a Capital Investment in an amount no less than \$6,600,000;
 - (ii) Complete the Improvements; and
 - (iii) Obtain a Certificate of Occupancy for the Expansion; and
- (b) Create a minimum of fifty (50) Primary Jobs at the Facility and Expansion within five (5) years of the Effective Date; and

3.02 **Undocumented Workers.** Company covenants and certifies that it does not and will not knowingly employ an undocumented worker as that term is defined by Section 2264.001(4) of the Texas Government Code. In accordance with Section 2264.052 of the Texas Government Code, if Company is convicted of a violation under 8 U.S.C. Section 1324a (f), Company shall repay to the Corporation the full amount of all payments made under Section 5 of this Agreement, plus ten percent (10%) interest per annum from the date such payment was made until the date of full repayment. Repayment shall be paid within one hundred twenty (120) days after the date Company receives a notice of violation from the Corporation.

ARTICLE 4 GRANT BY CORPORATION

Provided that Company is in compliance with the terms of this Agreement and Company has satisfied the conditions set forth above in Section 3.01(a), Company may send a Payment Request to the Corporation for the Grant, whereupon the Corporation shall pay one-half of the Grant (the lesser of one-half of actual costs of the Improvements or \$175,000) to Company within thirty (30) days. The Corporation will pay the remaining one-half of the Grant to

Company within twelve (12) months of the first payment, provided Company is in full compliance with the terms of this Agreement.

ARTICLE 5 IMPROVEMENTS

Company shall be solely responsible for the design of the Improvements and Expansion and shall comply with all building codes and other ordinances of the City of Mansfield applicable to the construction of the Improvements and the Expansion.

ARTICLE 6 TERMINATION, OFFSET, AND REPAYMENT

6.01 Termination. This Agreement may be terminated upon any one or more of the following:

- (a) by mutual written agreement of the parties;
- (b) upon written notice by either party, if the other party defaults or breaches any of the terms or conditions of this Agreement and such default or breach is not cured within thirty (30) days after written notice thereof;
- CL (c) upon written notice by Corporation, if Company suffers an event of bankruptcy or insolvency;
- (d) upon written notice by Corporation, if any Impositions owed to the City of Mansfield by Company become delinquent; or
- (e) upon written notice by either party if any subsequent federal or state legislation or any decision of a court of competent jurisdiction renders this Agreement invalid, illegal, or unenforceable.

6.02 Offset. Corporation may at its option, offset any amounts due and payable under this Agreement against any debt (including taxes) lawfully due to City of Mansfield by Company, regardless of whether the amount due arises pursuant to the terms of this Agreement, or otherwise, and regardless of whether or not the debt due to the City of Mansfield has been reduced to judgment by a court.

6.03 Repayment. In the event the Agreement is terminated by Corporation pursuant to Section 6.01(b)-(d), Company shall immediately refund to Corporation an amount equal to the amount of the Grants that has been provided by Corporation to Company prior to the date of such termination, plus interest at the rate of interest periodically announced by the Wall Street Journal as the prime or base commercial lending rate, or if the Wall Street Journal shall ever cease to exist or cease to announce a prime or base lending rate, then at the annual rate of interest from time to time announced by Citibank, N.A. (or by any other New York money center bank selected by Corporation) as its prime or base commercial lending rate, from the Effective Date until paid.

ARTICLE 7 INDEMNIFICATION

COMPANY, IN PERFORMING THE OBLIGATIONS UNDER THIS AGREEMENT, IS ACTING INDEPENDENTLY, AND THE CORPORATION ASSUMES NO RESPONSIBILITIES OR LIABILITIES TO THIRD PARTIES IN CONNECTION WITH THE IMPROVEMENTS, THE FACILITY, OR THE EXPANSION. COMPANY AGREES TO INDEMNIFY, DEFEND, AND HOLD HARMLESS THE CORPORATION, ITS DIRECTORS, OFFICERS, AGENTS, EMPLOYEES, AND VOLUNTEERS IN BOTH THEIR OFFICIAL AND INDIVIDUAL CAPACITIES, FROM AND AGAINST CLAIMS, SUITS, DEMANDS, LOSSES, DAMAGES, CAUSES OF ACTION, AND LIABILITY OF EVERY KIND, INCLUDING, BUT NOT LIMITED TO, EXPENSES OF LITIGATION OR SETTLEMENT, COURT COSTS, AND ATTORNEYS FEES WHICH MAY ARISE DUE TO ANY DEATH OR INJURY TO A PERSON OR THE LOSS OF USE, OR DAMAGE TO PROPERTY, ARISING OUT OF OR OCCURRING AS A CONSEQUENCE OF THE PERFORMANCE BY COMPANY OF THE OBLIGATIONS UNDER THIS AGREEMENT, INCLUDING ANY ERRORS OR OMISSIONS, OR NEGLIGENT ACT OR OMISSION OF COMPANY, OR ITS OFFICERS, AGENTS, EMPLOYEES, OR CONTRACTORS.

ARTICLE 8 ACCESS TO INFORMATION

Upon the Corporation's request, Company agrees to provide the Corporation access to information, documents, invoices, receipts or other records to verify Company's compliance with this Agreement.

ARTICLE 9 GENERAL PROVISIONS

9.01 Mutual Assistance. Company and the Corporation shall do all things reasonably necessary or appropriate to carry out the terms and provisions of this Agreement and to aid and assist each other in carrying out such terms and provisions.

9.02 Representations and Warranties. Company represents and warrants to the Corporation that it has the requisite authority to enter into this Agreement. Company represents and warrants to the Corporation that it will not violate any federal, state or local laws in operating the business, that all proposed Improvements shall conform to the applicable building codes, zoning ordinances and all other ordinances and regulations.

9.03 Section or Other Headings. Section or other headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

9.04 Entire Agreement. This Agreement contains the entire agreement between the parties with respect to the transaction contemplated herein.

9.05 Amendment. This Agreement may only be amended, altered, or revoked by written instrument signed by Company and the Corporation.

9.06 Successors and Assigns.

(a) Assignment. This Agreement shall be binding on and insure to the benefit of the parties, their respective successors and assigns. Company may assign all or part of its rights and obligations hereunder only upon prior written approval of the Corporation.

(b) Collateral Assignment. Notwithstanding Section 9.06(a), Company shall have the right to collaterally assign, pledge, or encumber, in whole or in part, to any lender as security for any loan in connection with construction of the Improvements, all rights, title, and interests of Company to receive the Grant under this Agreement. Such collateral assignments: (i) shall require the prior written consent of the Corporation, which shall not be unreasonably delayed or withheld, and Corporation agrees to execute such reasonable consent forms as may be required to evidence such consent, (ii) shall require notice to the Corporation together with full contact information for such lenders, (iii) shall not create any liability for any lender under this Agreement by reason of such collateral assignment unless the lender agrees, in writing, to be bound by this Agreement; and (iv) may give lenders the right, but not the obligation, to cure any failure of Company to perform under this Agreement. No collateral assignment may relieve Company from any obligations or liabilities under this Agreement. The Director has the authority to give the written consent under this subsection after review and consultation with the Corporation's legal counsel; provided, however, the Director may, in his or her sole discretion, present the assignment request to the Corporation's board of directors for approval.

9.07 Notice. Any notice required or permitted to be delivered by this Agreement shall be deemed delivered by depositing same in the United States mail, certified with return receipt requested, postage prepaid, addressed to the appropriate party at the following addresses, or at such other addresses provided by the parties in writing:

COMPANY: Universal Air Conditioner, Inc.
1441 Heritage Parkway
Mansfield, Texas 76063
ATTN: Carlos J. Coll

CORPORATION: Mansfield Economic Development Corporation
301 South Main Street
Mansfield, Texas 76063
Attn: Director

With a copy to: Mansfield Economic Development Corporation Attorney

Taylor, Olson, Adkins, Sralla & Elam, LLP
6000 Western Place, Suite 200
Fort Worth, Texas 76107

9.08 Interpretation. Regardless of the actual drafter of this Agreement, this Agreement shall, in the event of any dispute over its meaning or application, be interpreted fairly and reasonably, and neither more strongly for or against any party.

9.09 Applicable Law/Venue. This Agreement is made, and shall be construed and interpreted under the laws of the State of Texas; exclusive venue for any legal action regarding this Agreement shall lie in Tarrant County, Texas.

9.10 Severability. In the event any provision of this Agreement is ruled illegal, invalid, or unenforceable by any court of proper jurisdiction, under present or future laws, then and in that event, it is the intention of the parties hereto that the remainder of this Agreement shall not be affected thereby, and it is also the intention of the parties to this Agreement that in lieu of each clause or provision that is found to be illegal, invalid, or unenforceable a provision be added to this Agreement which is legal, valid and enforceable and is as similar in terms as possible to the provision found to be illegal, invalid or unenforceable.

9.11 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be considered an original, but all of which shall constitute one instrument.

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9.12 No Joint Venture. Nothing contained in this Agreement is intended by the parties to create a partnership or joint venture between the parties.

9.13 Force Majeure. If either party hereto shall be delayed or hindered in or prevented from the performance of any act required hereunder (other than the payment of money) by reason of strikes, lockouts, inability to procure materials, failure of power, governmental moratorium or other governmental action or inaction (including, failure, refusal or delay in issuing permits, approvals or authorizations), injunction or court order, terrorist attacks, riots, insurrection, war, fire, earthquake, flood or other natural disaster or other reason of a like nature not the fault of the party delaying in performing work or doing acts required under the terms of this Agreement (but excluding delays due to financial inability), then performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay, provided that the foregoing shall not be applicable to any payment obligation of either party under this Agreement.

9.14 Attorney's Fees. In the event it should become necessary to take legal action to interpret or enforce the terms of this Agreement, the prevailing party in such action shall be entitled to recover from the non-prevailing party reasonable attorney's fees and costs of court.

9.15 Limitation of Liability. The parties further agree that neither party will be liable to the other under this Agreement for consequential damages (including lost profits) or exemplary damages.

**MANSFIELD ECONOMIC
DEVELOPMENT CORPORATION**

By: _____

Larry Klos, Board President

Date: _____

9-5-17

ATTEST:

Board Secretary

UNIVERSAL AIR CONDITIONER, INC.,
a Texas corporation

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT “A”
The Improvements

[illegible]