

ECONOMIC DEVELOPMENT AND NON-ANNEXATION AGREEMENT CITY OF BAY CITY, TEXAS

This **ECONOMIC DEVELOPMENT AND NON-ANNEXATION AGREEMENT** ("**Agreement**") is entered into in accordance with Article III, Section 52-a of the Texas Constitution, Chapter 380 of the Texas Local Government Code ("**Chapter 380**"), and Section 212.172 of the Texas Local Government Code ("**Section 212.172**"), to be effective as of the 5th day of June, 2014 ("**Effective Date**"), by and between the City of Bay City ("**City**"), a Texas home rule municipality, and both Maverick Tube Corporation and its affiliate Tenaris Bay City, Inc., each, a Delaware corporation (together, the "**Tenaris Affiliates**").

WHEREAS, Article III, Section 52-a of the Texas Constitution and Chapter 380 authorize a local government to establish and provide for the administration of one or more programs, for making loans and grants and providing personnel and services of the municipality, to promote state or local economic development and to stimulate business and commercial activity in the municipality and its extraterritorial jurisdiction;

WHEREAS, pursuant to Chapter 380, City has adopted an economic development program to promote local economic development and stimulate business and commercial activity within the City and its extraterritorial jurisdiction;

WHEREAS, Tenaris Affiliates desire to build a seamless pipe mill (the "**Facility**"), as depicted in **Exhibit A**, on the approximately 1,534 acre tract of real property in Matagorda County, Texas more fully described in **Exhibit B** (the "**Property**");

WHEREAS, it is expected that direct and indirect jobs will be created during the construction of the Facility, and that at least 600 full-time equivalent jobs at an average annual salary of at least \$66,000 will be created by the time the Facility is developed;

WHEREAS, Tenaris Affiliates intend to invest \$1.314 billion in the construction of the Facility;

WHEREAS, City hereby finds that the development of the Facility, as proposed, will contribute to the economic development of City, expand its extraterritorial jurisdiction and contribute to the surrounding area by creating new jobs and increased employment, generating increased development, and having both a direct and indirect positive stimulus in the local and state economy, and as such meets the requirements under Chapter 380 and City's economic development program;

WHEREAS, City desires to offer incentives, including the grants set forth in this Agreement, to Tenaris Affiliates to enable Tenaris Affiliates to develop the Facility in substantial conformity with this Agreement and in a manner consistent with the economic development plan of City and its extraterritorial jurisdiction;

WHEREAS, Tenaris Affiliates have filed a petition (a copy of which is attached as **Exhibit C**) requesting that certain portions of the Property (as described in **Exhibit C**) be dis-annexed from City pursuant to Texas Local Government Code Section 43.142 and City's charter, and that following such dis-annexation, the extraterritorial jurisdiction of City be expanded

pursuant to Texas Local Government Code Section 42.022(b) to include the entirety of the Property;

WHEREAS, on May 8, 2014, prior to the execution of this Agreement, City adopted ordinances (i) dis-annexing portions of the Property formerly included in City limits and (ii) expanding the extraterritorial jurisdiction of City to include the entirety of the Property, copies of which ordinances are attached as **Exhibit D**;

WHEREAS, Section 212.172 authorizes City to make a written contract with an owner of land that is located in City's extraterritorial jurisdiction to: guarantee the continuation of the extraterritorial status of the land and its immunity from annexation by City for a period of up to 45 years; extend City's planning authority over the land by providing for a development plan to be prepared by the landowner and approved by City under which certain general uses and development of the land are authorized; authorize enforcement by City of certain municipal land use and development regulations in the same manner the regulations are enforced within City's boundaries; authorize enforcement by City of land use and development regulations other than those that apply within City's boundaries, as may be agreed to by the landowner and City; provide for infrastructure for the land; authorize enforcement of environmental regulations; provide for the annexation of the land as a whole or in parts and to provide for the terms of annexation, if annexation is agreed to by the parties specify the uses and development of the land before and after annexation, if annexation is agreed to by the parties; or include other lawful terms and considerations the parties consider appropriate;

WHEREAS, Tenaris Affiliates have sought certainty from City as to future annexation of the Property and enforcement of certain municipal regulations on the Property, and in consideration of the positive economic impact that the Facility will bring to City and its extraterritorial jurisdiction, City intends that the Property not be annexed during the term of this Agreement;

WHEREAS, City and Tenaris Affiliates (the "**Parties**") wish to enter into this Agreement to set forth certain terms and obligations of the Parties with respect to the foregoing incentives, and to ensure that the incentives are administered in a manner consistent with Article III, Section 52-a of the Texas Constitution, Chapter 380, Section 212.172, and other law;

WHEREAS, the Parties have entered into agreements for the reimbursement of City by Tenaris Affiliates for (i) engineering fees and expenses incurred by City for the design of water and sewer facilities to service the Facility (copies of which agreement (and amendment thereto) are attached as **Exhibit E**), and (ii) costs incurred in the construction of water and sewer facilities to service the Facility (copies of which agreement are attached as **Exhibit F**), and the Parties intend that the receipt of benefits under this Agreement be contingent on compliance with such reimbursement agreements;

WHEREAS, the Parties recognize that all agreements of the Parties hereto and all terms and provisions hereof are subject to the laws of the State of Texas and all rules, regulations and interpretations of any agency or subdivision thereof at any time governing the subject matters hereof;

WHEREAS, the Parties agree that all conditions precedent for this Agreement to become a binding agreement have occurred and been complied with, including all requirements pursuant to the Texas Open Meetings Act, and all public notices and hearings, if any, have been conducted in accordance with Texas law;

WHEREAS, on the Effective Date, the commitments contained in this Agreement shall become legally binding obligations of the Parties; and

WHEREAS, the City Council of Bay City hereby adopts these recitals by Resolution and authorizes the Mayor to execute this Agreement to provide the foregoing economic development grants and incentives to Tenaris Affiliates in recognition of the positive economic benefits which will accrue to City through Tenaris Affiliates' efforts to develop the Facility and the Property;

NOW, THEREFORE, in consideration of the mutual covenants, benefits and agreements described and contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and further described herein, the Parties agree as follows:

ARTICLE I

AUTHORITY & BINDING REPRESENTATIONS

1.1. City's execution of this Agreement is authorized by Chapter 380 (and by the Resolution authorizing same) and Section 212.172, and shall constitute a valid and binding obligation of City.

1.2. Tenaris Affiliates' execution and performance of this Agreement constitutes a valid and binding obligation of Tenaris Affiliates obligating Tenaris Affiliates to proceed with the development of the Facility as provided by this Agreement.

1.3. The above recitals (the "**Recitals**") are incorporated by reference herein.

1.4. City acknowledges that Tenaris Affiliates are acting in reliance upon City's performance of its obligations under this Agreement (including those presented in the Recitals) in making its decision to commit substantial resources to develop the Facility, and Tenaris Affiliates acknowledge that City is acting in reliance upon Tenaris Affiliates' representations (including those presented in the Recitals) and its full and complete performance of its obligations under this Agreement in making its decision to commit substantial resources to this Facility.

ARTICLE II

DEFINITIONS

Certain terms not defined elsewhere herein shall have the following meanings:

"Act of Default" means failure to timely, fully, and completely comply with one or more requirements, obligations, duties, terms, conditions or warranties, as stated in this Agreement.

“Force Majeure” means an event beyond the reasonable control of a party obligated to perform an act or take some action under this Agreement including, but not limited to, acts of God, earthquake, fire, explosion, war, civil insurrection, acts of the public enemy, act of civil or military authority, sabotage, terrorism, floods, lightning, hurricanes, tornadoes, severe snow storms or utility disruption, strikes, and lockouts.

“Full-time Employee” mean an employee with a regular work schedule of at least 1600 hours per year.

“In City Industrial Sewer Rate” means the rates charged for industrial users of sewer utility within the corporate limits of City.

“In City Industrial Water Rate” means the rates charged for industrial users of water utility within the corporate limits of City.

“Jobs Creation Report” means a report showing the number of Full-time Equivalent Employees working within the Facility during the year for which the report was created.

“Outside City Industrial Sewer Rate” means the rates charged for industrial users of sewer utility outside the corporate limits of City.

“Outside City Industrial Water Rate” means the rates charged for industrial users of water outside the corporate limits of City.

ARTICLE III

PROJECT SCOPE

The Facility, as described in Exhibit A, may be revised by addendum; provided, however, that any revision shall not decrease the overall investment in the Facility.

ARTICLE IV

TENARIS AFFILIATES’ OBLIGATIONS

4.1. Local Preference. Tenaris Affiliates agree to make good faith efforts to give preference and priority to suppliers of goods and services within City of Bay City, except where not reasonably possible without added expense, substantial inconvenience, or sacrifice in operating efficiency in the normal course of business. Tenaris Affiliates shall provide City with an annual report documenting this activity.

4.2. Compliance with Reimbursement Agreements. Tenaris Affiliates shall substantially comply with the terms of the water and sewer service engineering design reimbursement agreement (as amended) attached as Exhibit E, and the water and sewer service infrastructure reimbursement agreement attached as Exhibit F (as amended).

4.3. Reimbursement of Other Costs Incurred by City. Tenaris Affiliates shall consider amendments to the agreements described in Section 4.2 to address the reimbursement of additional expenses incurred by City to service the Facility arising from previously unforeseen conditions.

4.4. Construction. Tenaris Affiliates shall complete construction of the Facility no later than December 31, 2017, by which date Company shall have made a minimum investment of One Billion Three Hundred Fourteen Million Dollars (\$1,314,000,000) in the construction of the Facility.

4.5. Sewer Discharge. All sewer discharge from the Facility shall comply with all applicable federal, state, and municipal requirements (all as amended) to protect water quality and the operation of City's sewer treatment plant.

4.6. Employment. On December 31, 2017, Tenaris Affiliates shall employ a minimum of 600 Full-time Employees at the Facility. Should Tenaris Affiliates employ fewer than 600 employees on December 31 of 2017 and/or on December 31 of any subsequent year during the Term of this Agreement, Tenaris Affiliates shall pay City Five Thousand Dollars (\$5,000) adjusted for inflation multiplied by the difference between 600 and the number of Full-time employees it employed on December 31 of the year in question. Inflation shall be measured using the annual average unadjusted Consumer Price Index for All Urban Consumers for all items with respect to the year to which the payment relates, as published by the United States Department of Labor, with 2017 as the base year. Tenaris Affiliates will make necessary payments within two months of the date the United States Department of Labor publishes the annual average Consumer Price Index for All Urban Consumers with respect to each year, during the Term of this Agreement, in which Tenaris Affiliates maintained fewer than 600 jobs as of December 31. The average annual salary of the Full-time Employees shall be at least Sixty Six Thousand Dollars (\$66,000).

4.7. Dedication. The Tenaris Affiliates shall dedicate two acres of land to the City for water facilities, the location of which land is more particularly described in **Exhibit G**. Tenaris Affiliates shall make such dedication by special warranty deed, clear of any exceptions to warranty that would interfere with the City's intended use of the land. Such dedication shall occur within thirty (30) days of the City's request for same.

4.8. Required Reporting. Tenaris Affiliates shall deliver to City the following reports by March 31, 2015, and on March 31 of each subsequent year of the Agreement:

4.8.1. Documentation of use of City suppliers of goods and services.

4.8.2. Statement of value created through development and construction of real property improvements to the Facility during the prior year.

4.8.3. Certification of full compliance with all requirements of this Agreement, including certification that all reports required by this Agreement have been submitted for the year certified.

4.8.4. A Jobs Creation Report, including information reasonably necessary for City to verify Tenaris Affiliates' compliance with the employment requirements of Section 4.6.

4.9. Additional Information and Privacy

4.9.1. Upon written request by City, Tenaris Affiliates shall promptly provide additional information reasonably necessary to determine if Tenaris Affiliates are in compliance with this Agreement. All information required by this Agreement shall be submitted to the Mayor at the address specified for giving notice in this Agreement.

4.9.2 All information provided by Tenaris Affiliates to City under the required reporting section shall be deemed confidential and shall not be provided to any person outside City government, and shall not be subject to public inspection in accordance with the Texas Public Information Act, pursuant to section 552.110 of the Texas Government Code. In the event a request is made for such information, City will request an Attorney General Decision to allow Tenaris Affiliates to file its own briefing to substantiate any claim of confidentiality related to the information. City agrees not disclose the information unless required to do so by a Letter Ruling issued by the Texas Attorney General's Office in accordance with the Texas Public Information Act, as amended.

4.10. Indebtedness and Obligations. The payment of all indebtedness and obligations incurred by Tenaris Affiliates in connection with the development and construction of the Facility and the operation of the Facility shall be solely the obligations of Tenaris Affiliates. City shall not be obligated to pay any indebtedness or obligations of Tenaris Affiliates.

4.11. Tax Obligations. Tenaris Affiliates shall make timely payment of all real property, personal property, and sales taxes during the Term of this Agreement. To the extent permitted by law, and except where not reasonably possible without added expense, substantial inconvenience, or sacrifice in operating efficiency in the normal course of business, Tenaris Affiliates shall make commercially reasonable efforts to make purchases and sales of items subject to sales tax within the city limits of City.

4.12. Drainage. The Facility and the Property shall comply with all applicable drainage requirements of the Matagorda County Drainage District No. 1 and City's development regulations.

4.13. Development Approval. Tenaris Affiliates commit to apply for and timely obtain all required approvals for development of the Facility and the Property, including the approval of plats by City or Matagorda County, the procurement of building permits from Matagorda County, and the approval of water and sewer utilities by City. City commits to assist to expedite the approval process where possible.

4.14. Immunity Preservation. Tenaris Affiliates covenant and agree not to use the Property for any use other than the use of a seamless pipe mill ("Facility") or the existing use at the time of this Agreement, without the prior written consent of City. Said existing uses specifically being uses that allow Tenaris Affiliates to retain its current property appraisal for ad valorem tax purposes as land for agricultural or wildlife management use under Subchapter C or D, Chapter 23, Texas Tax Code, or as timber land under Subchapter E of that chapter as

applicable to the Property on the Effective Date of this Agreement. Pursuant to Texas Local Government Code Section 43.035 this Agreement is not a permit for purposes of Chapter 245 of the Texas Government Code. Tenaris Affiliates, their heirs, successors and assigns hereby waive any and all vested rights including rights and claims that they may have under common law, federal case law or Section 43.002 of the Texas Local Government Code related to uses, anticipated uses or potential uses of the Property, other than the uses allowed by this Agreement.

ARTICLE V

CITY'S OBLIGATIONS

5.1. Compliance with Reimbursement Agreements. Parties shall substantially comply with the terms of the water and sewer service engineering design reimbursement agreement (as amended) attached as Exhibit E, and the water and sewer service infrastructure reimbursement agreement attached as Exhibit F.

5.2. Water and Sewer. City shall provide water and sewer service to the Facility. City shall have the same duties and obligations to deliver water and sewer services to Tenaris Affiliates as City shall have to any other similarly situated water and sewer utility customer.

5.3. Grant Payments. For the period beginning January 1, 2016, and ending December 31, 2025, City agrees to rebate to Tenaris Affiliates (each such rebate, a "**Grant Payment**") the difference between the effective Outside of City and In City Industrial Water and Sewer Rates, as established annually by City, so that Tenaris Affiliates shall pay only the effective In City Water and Sewer Rates. City's current In City Industrial Water and Sewer Rates and the Outside of City Industrial Water and Sewer Rates are attached hereto as **Exhibit H**. The timing of City's payment of such rebates to Tenaris Affiliates shall be at City's discretion; provided, however, that all Grant Payments owed to Tenaris Affiliates with respect to a calendar year must be paid no later than February 28 of the year following such calendar year.

5.4. Immunity from Annexation. Pursuant to its authority under Section 212.172, City guarantees that, subject to Company's compliance with the applicable terms of this Agreement, the Property and the Facility shall remain in City's extraterritorial jurisdiction and shall be immune from annexation during the entire Term of this Agreement. During the Term of this Agreement, City shall not enter into any agreement permitting the Property or the Facility to be annexed to the extraterritorial jurisdiction of another municipality.

5.5 Authorized Enforcement of Land Use and Development Regulations. The Parties agree that City's regulations regarding oil and gas drilling, as set forth in Chapter 62 of City's Code of Municipal Ordinances, as amended, shall fully apply to the Property.

ARTICLE VI

TERM OF AGREEMENT

The "**Term**" of this Agreement (hereinafter so called) shall extend for a period of forty-five (45) years from the **Effective Date**. Upon the expiration of this Agreement, Tenaris Affiliates and their successors, heirs or assigns agree to the voluntary annexation of the Property described within this Agreement serving as a petition for voluntary annexation. For the purposes

of Texas Local Government Code Section 43.028 (d), this petition shall be deemed filed on the termination date of this Agreement. This provision shall survive termination of this Agreement.

ARTICLE VII **COVENANTS**

7.1. Covenants of Tenaris Affiliates. During the Term of this Agreement, Tenaris Affiliates shall comply with the following covenants.

7.1.1. Operation of Facility. The Facility shall be operated, maintained and managed directly by Tenaris Affiliates or any successor in a manner consistent with operation and management of other similar facilities. The Facility shall be in compliance with all applicable laws.

7.1.2. Employment of Undocumented Workers. In accordance with Texas Government Code section 2264.051, Tenaris Affiliates certify that they do not and will not knowingly employ an undocumented worker, as that term is defined in the section.

7.2. Covenant of City. During the Term of this Agreement, City shall manage its municipal water and sewer utilities in a reasonable and prudent manner in order to fulfill its obligations under this Agreement, and shall be in compliance with all applicable laws, including by obtaining and keeping in effect all time all permits, licenses and contractual arrangements as may be necessary for the operation of municipal water and sewer utilities.

7.3. Further Actions. City and Tenaris Affiliates will do all things reasonably necessary or appropriate to carry out the objectives, terms and provisions of this Agreement and to aid and assist each other in carrying out such objectives, terms and provisions.

ARTICLE VIII **REPRESENTATIONS AND WARRANTIES**

8.1. Representations and Warranties of Tenaris Affiliates. Tenaris Affiliates represent and warrant to City, as of the Effective Date, as follows:

8.1.1. Organization. Tenaris Affiliates are each corporations, duly organized, validly existing and in good standing under the laws of the State of Delaware, and authorized to do business in the State of Texas. The business that Tenaris Affiliates proposes to carry on at the Facility may lawfully be conducted by Tenaris Affiliates.

8.1.2. Authority. The execution, delivery and performance by Tenaris Affiliates of this Agreement are within Tenaris Affiliates' powers and have been duly authorized by all necessary actions of Tenaris Affiliates.

8.1.3. No Conflicts. Neither the execution and delivery of this Agreement, nor the consummation of any of the transactions herein contemplated, nor compliance with the terms and provisions hereof will contravene the

organizational documents of Tenaris Affiliates or any provision of law, statute, rule or regulation to which Tenaris Affiliates are subject or any judgment, decree, license, order or permit applicable to Tenaris Affiliates, or will conflict or be inconsistent with, or will result in a breach of any of the terms of the covenants, conditions or provisions of, or constitute a delay under, or result in the creation or imposition of a lien upon any of the property or assets of Tenaris Affiliates pursuant to the terms of any indenture, mortgage, deed of trust, agreement or other instrument to which Tenaris Affiliates are a party or, by which Tenaris Affiliates are bound, or to which Tenaris Affiliates are subject.

8.1.4. No Consents. No consent, authorization, approval, order or other action by, and no notice to or filing with, any court or governmental authority or regulatory body or third party is required for the due execution, delivery and performance by the delivery of this Agreement or the consummation of the transactions contemplated hereby or thereby, other than City whose authority and consent is herein granted.

8.1.5. Valid and Binding Obligation. This Agreement is the legal, valid and binding obligation of Tenaris Affiliates, enforceable against Tenaris Affiliates in accordance with its terms except as limited by applicable relief, liquidation, conservatorship, bankruptcy, moratorium, rearrangement, insolvency, reorganization or similar laws affecting the rights or remedies of creditors generally, as in effect from time to time.

8.1.6. No Pending Litigation. There is no action, proceeding, inquiry or investigation, at law or in equity, before any court, arbitrator, governmental or other board or official, pending or, to the current actual knowledge of Tenaris Affiliates, threatened against or affecting Tenaris Affiliates or any subsidiaries of Tenaris Affiliates, questioning the validity or any action taken or to be taken by Tenaris Affiliates in connection with the execution, delivery and performance by Tenaris Affiliates of this Agreement or seeking to prohibit, restrain or enjoin the execution, delivery or performance by Tenaris Affiliates hereof, wherein an unfavorable decision, ruling or finding, (i) would adversely affect the validity or enforceability of, or the authority or ability of Tenaris Affiliates to perform, their obligations under this Agreement, or (ii) would have an adverse effect on the consolidated financial condition or results of operations of Tenaris Affiliates or on the ability of Tenaris Affiliates to conduct their business as presently conducted or as proposed or contemplated to be conducted (including the operation of the Facility).

8.1.7. No Defaults. Tenaris Affiliates are not in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any material agreement or instrument to which a Tenaris Affiliate is a party or by which Tenaris Affiliates or any of their property is bound that would have any material adverse effect on Tenaris Affiliates' ability to perform under this Agreement.

8.2. Representation and Warranties of City. City represents and warrants to Tenaris Affiliates, as of the Effective Date, as follows:

8.2.1. Authority. City is a duly created and existing municipal corporation and home rule municipality of the State of Texas under the laws of the State of Texas and is duly qualified and authorized to carry on the governmental functions and operations as contemplated by this Agreement. The execution, delivery and performance by City of this Agreement are within its respective powers and have been duly authorized by all necessary action.

8.2.2. No Conflicts. Neither the execution and delivery of this Agreement, nor the consummation of any of the transactions herein contemplated nor compliance with the terms and provisions hereof will contravene the governing documents of City or any provision of law, statute, rule or regulation to which City is subject or any judgment, decree, license, order or permit applicable to City, or will conflict or be inconsistent with, or will result in a breach of any of the terms of the covenants, conditions or provisions of, or constitute a delay under, or result in the creation or imposition of a lien upon any of the property or assets of City pursuant to the terms of any indenture, mortgage, deed of trust, agreement or other instrument to which City is a party or by which City is bound, or to which City is subject.

8.2.3. Valid and Binding Obligation. This Agreement is the legal, valid and binding obligation of City, enforceable against City in accordance with its terms except as limited by applicable relief, liquidation, conservatorship, bankruptcy, moratorium, rearrangement, insolvency, reorganization or similar laws affecting the rights or remedies of creditors generally, as in effect from time to time.

8.2.4. No Pending Litigation. There is no action, proceeding, inquiry or investigation, at law or in equity, before any court, arbitrator, governmental or other board or official, pending or, to the current actual knowledge of City, threatened against or affecting City, questioning the validity of any proceedings taken or to be taken by City in connection with the execution, delivery and performance by City of this Agreement or seeking to prohibit, restrain or enjoin the execution, delivery or performance by City hereof, wherein an unfavorable decision, ruling or finding would adversely affect the validity or enforceability of, or the authority or ability of City to perform its obligations under this Agreement.

8.2.5. No Default. City is not in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any material agreement or instrument to which City is a party or by which City is bound that would have any material adverse effect on City's ability to perform under this Agreement.

ARTICLE IX
PERSONAL LIABILITY OF PUBLIC OFFICIALS

No employee of City, or any councilmember or agent of City, shall be personally responsible for any liability arising under or growing out of this Agreement. The Grant Payments made hereunder shall, as applicable, be paid solely from lawfully available funds that have been appropriated by City. Under no circumstances shall City's obligations hereunder be deemed to create any debt within the meaning of any constitutional or statutory provision.

ARTICLE X
DEFAULT

10.1 Default by Tenaris Affiliates.

10.1.1. Act of Default; Termination of Grant Payment. Should Tenaris Affiliates fail to timely, fully and completely comply with any one or more of the requirements, obligations, duties, terms, conditions or warranties of this Agreement, such failure shall be an Act of Default by Tenaris Affiliates and, if such Act of Default is not cured pursuant to Section 10.1.4, this Agreement shall terminate and City may cease making any further Grant Payments.

10.1.2. Annexation. Upon termination of this Agreement pursuant to Section 10.1.1 due to an uncured Act of Default by Tenaris Affiliates, City may immediately initiate annexation proceedings pursuant to Texas Local Government Code Chapter 43 and City charter.

10.1.3. Force Majeure. The failure to comply with a requirement, obligation, duty, term, condition, or warranty hereunder shall not constitute an Act of Default pursuant to Section 10.1.1 if such failure was caused by an unforeseeable third party delay or Force Majeure, upon a reasonable showing by Tenaris Affiliates that they have immediately and in good faith commenced and are diligently and continuously pursuing the correction, removal or abatement of such failure.

10.1.4. Cure. City shall provide written notice to Tenaris Affiliates of any alleged Act of Default. Tenaris Affiliates shall have ninety (90) days from the receipt of such written notice to cure such Act of Default. The period for curing an Act of Default shall toll, and shall not be considered for any purpose as having run, beginning upon the day Tenaris Affiliates file a petition in district court in Matagorda County, Texas to determine whether an Act of Default has in fact occurred under this Agreement and/or to determine whether any attempt to cure has been sufficient. Tolling described in the preceding sentence will end, and the time period during which a cure of any default must be made will again begin to run, upon the issuance of a final court decision, and when all appeals therefrom are exhausted.

10.1.5. Notice. Any delay for any amount of time by City in providing notice of an Act of Default to Tenaris Affiliates shall in no event be deemed or

constitute a waiver of such Act of Default by City of any of its rights and remedies available in law or in equity.

10.1.6. Waiver. Any waiver granted by City to Tenaris Affiliates of an Act of Default shall not be deemed or constitute a waiver of any other existing or future Act of Default by Tenaris Affiliates or of a subsequent Act of Default of the same act or event by Tenaris Affiliates.

10.2. City's Liability Limitations. Should City fail to timely, fully and completely comply with any one or more of the requirements, obligations, duties, terms, conditions or warranties of this Agreement, such failures shall be an Act of Default by City and City shall have ninety (90) days to cure and remove the Act of Default upon receipt of written notice to do so from Tenaris Affiliates. The period for curing an Act of Default shall toll, and shall not be considered for any purpose as having run, beginning upon the day City files a petition in district court in Matagorda County, Texas to determine whether an Act of Default has in fact occurred under this Agreement and/or to determine whether any attempt to cure has been sufficient. Tolling described in the preceding sentence will end, and the time period during which a cure of any default must be made will again begin to run, upon the issuance of a final court decision, and when all appeals therefrom are exhausted. Tenaris Affiliates specifically agree that City shall only be liable to Tenaris Affiliates for the amount of Grant Payments determined under Section 5.3, and City shall not be liable to Tenaris Affiliates for any other actual or consequential damages, direct or indirect, or interest for any Act of Default by City under the terms of this Agreement.

ARTICLE XI

MISCELLANEOUS

11.1. Entire Agreement. This Agreement, including exhibits hereto, contains the entire agreement between the Parties with respect to the transactions contemplated herein.

11.2. Amendment. This Agreement may only be amended, altered, or revoked by written instrument signed by all Parties. A section of this Agreement may be revised by addendum that includes only that section, signed by all Parties.

11.3. Successors and Assigns. In this Agreement, unless a clear contrary intention appears, reference to any party includes such party's successors and assigns, and reference to any agreement, document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof. This Agreement shall be binding on and inure to the benefit of the Parties and their respective successors and assigns. This Agreement is not assignable without the prior written permission of the other parties thereto; provided, however, that Tenaris Affiliates may assign in whole or in part their rights and obligations under this Agreement to any affiliate, subsidiary, related company, partnership, or joint venture, so long as the assignee controls, is controlled by, or is under common control with Tenaris Affiliates; or to a third party lender advancing funds for the acquisition of all or any part of the Facility or the Property or for the construction or operation of the Facility. City expressly consents to any assignment described in the preceding sentence, and agrees that no further consent of City to such an assignment will be required. Tenaris Affiliates agree to provide City with written notice of any such assignment. Tenaris Affiliates agree that

they will not dissolve or terminate their existence during the Term of this Agreement unless such obligations are assumed as provided herein.

11.4. Waiver. No term or condition of this Agreement shall be deemed to have been waived, nor, shall there be any estoppel to enforce any provision of this Agreement, except by written instrument of the Party charged with such waiver or estoppel.

11.5. Remedies. Upon breach of any of the promises, covenants, representations or warranties contained in this Agreement, in addition to any other remedies expressly set forth in this Agreement with respect to such breach, the aggrieved Party shall have such remedies as are available in law or equity for breach of contract; provided, however, that no Party shall be liable to any other Party for incidental or consequential damages.

11.6. Notices. Any notice, statement and/or communication required and/or permitted to be delivered hereunder shall be in writing and shall be mailed by first-class mail, postage prepaid, or delivered by hand, by messenger, by facsimile, or by reputable overnight carrier, and shall be deemed delivered when received at the addresses of the Parties set forth below, or at such other address furnished in writing to the other Parties thereto:

TENARIS AFFILIATES: Mr. Hernan Hanisch
Tenaris Bay City, Inc.
4000 Avenue F, Suite A
Bay City, TX 77414

CITY: City of Bay City
c/o Mayor Mark Bricker
1901 Fifth Street
Bay City, Texas 77414

With a copy to: George Hyde
Denton, Navarro, Rocha, Bernal, Hyde & Zech, P.C.
2500 W William Cannon Drive, Suite 609
Austin, Texas 78745-5257

11.7. Applicable Law. This Agreement is made, and shall be construed and interpreted under the laws of the State of Texas, and venue shall lie in State courts located in Matagorda County, Texas.

11.8. Severability. In the event any provision of this Agreement is illegal, invalid, or unenforceable under the 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 a similar in terms as possible to the provision found to be illegal, invalid or unenforceable.

11.9. No Joint Venture. Nothing contained in this Agreement is intended by the Parties to create a partnership or joint venture between the Parties and any implication to the contrary is hereby expressly disavowed. It is understood and agreed that this Agreement does not create a joint enterprise, nor does it appoint either Party as an agent of the other for any purpose whatsoever. Except, as otherwise specifically provided herein, neither Party shall in any way assume any of the liability of the other for acts of the other or obligations of the other.

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

EXECUTED to be effective as of the Effective Date:

CITY OF BAY CITY

By: _____

Mark A. Bricker, Mayor

ATTEST:

Rhonda Clegg
Rhonda Clegg, City Secretary

MAVERICK TUBE CORPORATION

By: _____

Name: Roberto Delgado Chris D. North

Title: Attorneys in Fact

TENARIS BAY CITY, INC.

By: _____

Name: Roberto Delgado Chris D. North

Title: Attorneys in Fact