

JOB GROWTH INCENTIVE AGREEMENT ELITE SUBMERSIBLE PUMPS, INC.

This agreement is executed and entered into pursuant to the application of Elite Submersible Pumps, Inc. (ESP) for job growth assistance, pursuant to the determination of the Board of Directors of the Breckenridge Economic Development Corporation (BEDC) and by the City of Breckenridge (City), that the expenditures contemplated by this agreement promote gainful employment and the development of new and expanded business enterprise and the development of jobs in Breckenridge, Stephens County, Texas.

ESP leases facilities owned by BEDC, which have resulted in job creation. ESP is requesting assistance to provide for an increase in economic activity in the community and employment stability. BEDC, as a unit of the City, proposes to provide an incentive to ESP to provide for job retention and expansion based upon the actual increased local payroll of ESP under the terms of this agreement and subject to the limitation and conditions provided herein. The actions of BEDC hereunder were duly approved at its regular meeting on October 24, 2023

The following terms are defined for purposes of this agreement:

1. "Initial Employment" is the number of individuals actually employed by ESP at the Breckenridge facility, and is, for purposes of this agreement, deemed to be 13 (thirteen) individuals.
2. "Full-time eligible employee" is a new employee that lives in Stephens County or within 20 miles of Breckenridge.
3. "Job Growth Incentive" is the total determined amount of incentive earned, based upon the total new full-time job created at an average annual salary rate of \$40,000.00. The payroll used for purposes of this agreement shall exclude expenditures for the employer's share of FICA, Medicare deductions or employer furnished health care, retirement, or other such benefits, and shall exclude the salary or payroll of any employee not regularly physically stationed at the Breckenridge facility, but allocated for accounting purposes to the Breckenridge facility. In order to be eligible, the additional employee must be employed by ESP for a minimum of nine (9) months during the calendar year to qualify for an incentive payment in that period.

An employee whose nine-month period is completed after December 31 of that calendar year would be eligible for the following year's incentive payment. If an employee's nine-month period is not completed before December 31, 2027, the employee will not qualify for an incentive payment.

Each FTE job created will result in a **\$5,000.00 job creation incentive** due to ESP from BEDC (maximum of ten per calendar year).

Example 1: If ESP adds 10 (ten) new full-time jobs with a total annual payroll increase of at least \$400,000.00, will justify an incentive of \$5,000.00 per job, or \$50,000.00 for that year.

Example 2: If ESP adds 1 new full-time job on January 1, 2024 with a total annual payroll increase of at least \$40,000.00, will justify a \$5,000.00 incentive payment if they remain employed through September 30, 2024.

In order to compensate ESP for job growth and development, BEDC agrees to provide an incentive payment to ESP on or before March 15 of the year following the year the incentive was earned. Incentive payment periods will be January 1 through December 31 for the years 2024 through 2027.

Before the incentive payment is made by BEDC, ESP agrees to provide annually to BEDC, documentation, certified by ESP's chief financial officer, that details the increase in ESP's individual payroll amount and number of employees added for the previous year as of December 31. This documentation shall include copies of the detailed report from the last payroll of the year, and the filed Texas Workforce Commission Employer's Quarterly Report or Federal 941 form for each quarter of the previous year. Each year's job growth incentive will be considered subject to the limitations herein provided, to wit:

- A. The Increased Job Growth shall not include any individual retained or employed for the construction of expanded facilities.
- B. ESP will use its best efforts to increase the number of individuals employed above its initial employment.
- C. Each application for the incentive payment shall be submitted to BEDC at P.O. Box 1466, Breckenridge, TX 76424, on or before February 15 of each year of the incentive program, beginning with a submission on or before February 15, 2021 of the "Job Growth Incentive Application" form attached hereto.
- D. A **maximum payment** for any annualized period shall be \$50,000.00. The total incentive payments may reach **\$200,000.00** by the end of the four-year term of this agreement.
- E. The benefits and rights hereunder are not assignable by ESP.
- F. The payments provided under this agreement are expressly subject to the restrictions and limitations of the authority provided to Type B Economic Development Corporations under the Development Corporation Act of 1979 (with revisions). BEDC shall not be obligated to pay any sums not authorized hereunder.
- G. In the event BEDC shall reasonably believe that the certification for payment is inaccurate or in error, BEDC shall provide a written request to ESP for supporting employment information prior to February 25 following the receipt of such certification by ESP. The supporting employment information requested may include a copy of the Form 941 submitted to the Internal Revenue Service for the annualized period. Any information supplied shall be provided to the presiding officer of BEDC or its other designated officer who shall utilize such information for confirmation or correction of the certification only, and shall not divulge the contents thereof to any individual or entity not privy thereto without the consent of ESP except as may be

required for verification of the certification to BEDC. Upon review of such supporting documents, the same shall be returned to ESP.

In the event BEDC, after review of the supporting documents, finds that the certification is inaccurate or in error, it shall provide a written statement of the basis for such finding in writing. If, based upon such finding, BEDC determines that the certification was inaccurate or in error so that it would have not authorized an incentive payment if originally accurately submitted, BEDC shall not provide an incentive payment for the period.

H. The payroll shall be applicable to each annual period and not cumulative. But, in the event ESP is not, in any year, based upon the increase in annual payroll, eligible for an incentive payment, ESP shall nevertheless file the application, which reflects its payroll on December 31 of such year with employee names and payroll.

I. ESP specifically agrees that BEDC shall only be liable to ESP for the actual amount of the money grants to be conveyed to ESP and shall not be liable to ESP for any other actual or consequential damages, direct or indirect, interest, attorney fees, or cost of court for any act of default by BEDC under the terms of this agreement. It is further specifically agreed that BEDC shall only be required to pay the grant amounts solely out of its sales tax revenue currently collected, allocated and budgeted and to be allocated, budgeted and collected for ESP during the term of this agreement. Payment by BEDC is strictly limited to those funds so allocated, budgeted and collected solely during the grant term of this agreement, being January 1, 2024 through December 31, 2027. BEDC shall use its best efforts to anticipate economic conditions and to budget accordingly. However, it is further understood and agreed that, should the actual total sales tax revenue collected for any one year be less than the total amount of grants to be paid to all contracting parties with BEDC for that year, then, in that event, all contracting parties shall receive only their pro rata share of the available sales tax revenue for that year, less BEDC's customary and usual costs and expenses, as compared to each contracting parties' grant amount for that year, and BEDC shall not be liable to ESP for any such deficiency at that time or at any time in the future. In this event, BEDC will provide all supporting documentation, as requested. Payments to be made to ESP shall also require a written request from ESP to be accompanied by all necessary supporting documentation. The payment request should be directed to David Miller, Executive Director, Breckenridge Economic Development Corporation, P.O. Box 1466, Breckenridge, Texas 76424. Payments to ESP shall be made to _____

J. The final period providing for the incentive payments herein shall end December 31, 2027.

K. This agreement is executed and performable in Breckenridge, Stephens County, Texas.

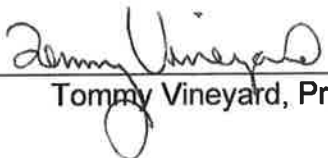
Each party hereto represents that the foregoing agreement accurately sets out the provisions agreed upon for the purposes provided herein and that the same is executed pursuant to authority of its Board of Directors.

Signed this the 12th day of December, 2023

Breckenridge Economic Development Corporation

By:  _____
Lee Olson, President

Elite Submersible Pumps, Inc.

By:  12/12/23 _____
Tommy Vineyard, President and CEO