

STATE OF TEXAS

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SEGUIN, TEXAS,
AUTHORIZING THE CITY MANAGER TO EXECUTE A CHAPTER 380
ECONOMIC INCENTIVE AGREEMENT BETWEEN THE CITY OF SEGUIN
AND KTH TEXAS, INC.**

WHEREAS, the Seguin City Council desires to foster, promote, and encourage the economic development of the community; and

WHEREAS, Goal 2, Strategy 1 of the Seguin Comprehensive Economic Development Strategy (CEDS) calls the City of Seguin (the “City”) and the Seguin Economic Development Corporation (the “SEDC”) to focus on attracting new businesses, specifically those in Seguin’s identified targets industries, to promote economic growth and diversification; and

WHEREAS, two of the five identified targeted industries identified through the CEDS are the Advanced Manufacturing and Automotive industries, both of which provide quality primary jobs and a healthy tax base for the Seguin community; and

WHEREAS, KTH Texas, Inc. (“KTH”) has been a global leader in the advanced manufacturing space in the metal stamping and welding of automotive undercarriages since 1985 and seeks to construct an approximately 250,000 square-foot facility in Seguin with an anticipated capital investment of \$127 M and creating 173 new full-time jobs on a +/- 40-acre tract of land located off of FM 78 and wholly within the Seguin Tax Increment Reinvestment Zone Number 3; and

WHEREAS, KTH seeks certain incentives from the City to help offset costs associated with the construction and machinery outfitting of the new development; and

WHEREAS, Chapter 380 of the Texas Local Government Code provides statutory authority for granting the economic incentives and administering the Program described in the Agreement; and

WHEREAS, the City has found that providing the economic incentives to the Company in exchange for the construction of the new facility (the “Project”) will promote local economic development, stimulate business and commercial activity, and create and retain new Primary Jobs within the City; and

WHEREAS, the City has determined that the economic incentives provided will directly serve a public purpose, being the promotion of the economic welfare of the City and surrounding areas, and that a Chapter 380 Agreement (the “Agreement”) contains controls likely to ensure that the public purpose is accomplished; and

WHEREAS, the City has determined that the terms of the Agreement meet the goals of the City and its policies relating thereto; and

WHEREAS, the City has determined that it is in the public interest to provide these economic incentives subject to the terms and conditions of this Agreement.

NOW, THEREFORE BE IT RESOLVED by the City Council of the City of Seguin, Texas:

SECTION 1. All the recitals above are true and correct and are incorporated herein as if restated in full.

SECTION 2. The City of Seguin City Council authorizes the City Manager to execute a Chapter 380 economic incentive agreement between the City of Seguin and KTH Texas, Inc., as reflected in the attached Exhibit A.

SECTION 3. This Resolution is effective upon passage.

PASSED AND APPROVED this 7th day of July 2026.

**DONNA DODGEN
MAYOR**

ATTEST:

Kristin Mueller, City Secretary

EXHIBIT A: CHAPTER 380 ECONOMIC INCENTIVE AGREEMENT BETWEEN THE
CITY OF SEGUIN AND KTH TEXAS, INC.

CHAPTER 380 ECONOMIC DEVELOPMENT AGREEMENT

THIS CHAPTER 380 ECONOMIC DEVELOPMENT AGREEMENT ("*Agreement*") is entered into as of this 7th day of July 2026 (the "*Effective Date*") by and between the **CITY OF SEGUIN, TEXAS**, a home rule city of the State of Texas ("*City*") and **KTH Texas, Inc.**, an Ohio corporation ("*Employer*") and/or its Affiliates. Collectively, the City and Employer may be referred to as "Parties" and individually as a "Party," acting by and through their respective authorized officers.

RECITALS

A. WHEREAS, the Employer is under contract to buy or has recently closed the purchase of an approximately 40.18-acre property North of IH-10 and located in the New Quest development near Friesenhahn Road (the "*Property*"), which is located within the corporate limits of the City and further described and depicted in "**Exhibit A**," attached and incorporated herein; and

B. WHEREAS, the Property is currently undeveloped, and the Employer wishes to develop the Property by designing and constructing infrastructure improvements within and outside the boundaries of the Property necessary to prepare the Property for light industrial, commercial uses stated in this Agreement, proposed to be operated as business commonly known as KTH Texas, Inc., or a named Affiliate of that business entity; and

C. WHEREAS, as part of the Project (as further defined in Section 1.02(e)), the Employer shall invest on the Property, a manufacturing plant meeting or exceeding approximately 250,000 square feet for an metal stamping application in order to supply better quality and lower total cost materials to automotive customers in the United States and in general provide numerous benefits to the consistently stable automotive industry (a Project Site Plan is attached hereto as "**Exhibit B**"; and

D. WHEREAS, the Project will require construction of common public infrastructure that is required by the City-approved construction plans and permits, applicable City ordinances, codes, and regulations, and applicable local, state, and federal law, which provide utilities and drainage infrastructure for the Property and the Project; and

E. WHEREAS, the Employer is willing to construct the Project and create/maintain a minimum threshold of Full-Time Equivalent Employees in exchange for the Incentive Payment (defined herein) paid in accordance with the terms and conditions of this Agreement; and

F. WHEREAS, the City has the authority pursuant to Chapter 380, Texas Local Government Code, to enter this Agreement and this Agreement sets up a structured arrangement wherein annual economic development incentive payments in the form of property and sales tax rebates will be made to Employer exclusively from property and sales tax revenues collected by City from the property and sales tax revenue created by Employer on the Property and received by the City, subject to the terms and conditions of this Agreement; and

G. WHEREAS, the City hereby establishes a program pursuant to Chapter 380, Texas Local Government Code, to provide for the economic incentive provided to Employer under the terms and conditions of this Agreement; and

H. WHEREAS, the City hereby finds that this Agreement will promote local economic development and stimulate business and commercial activity in the City.

NOW, THEREFORE, for and in consideration of the terms, conditions and covenants set forth herein, the parties agree as follows:

ARTICLE I
RECITALS; DEFINITIONS

Section 1.01. Recitals_Incorporated. The representations, covenants and recitations set forth in the recitals to this Agreement are material to this Agreement and are hereby found and agreed to be true and correct and are incorporated into and made a part of this Agreement for all purposes.

Section 1.02. Definitions.

- a) “Affiliates” means, with respect to a specified Person or entity, any other Person or entity that directly or indirectly controls, is controlled by, or is under common control with such Person or entity. For purposes of this definition, “control” (including the terms “controlling,” “controlled by,” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management, policies, or operations of a Person or entity, whether through ownership of voting securities or membership interests, by contract, or otherwise. Control shall be presumed to exist if a Person or entity owns, directly or indirectly, fifty percent (50%) or more of the voting interests or equity interests of another entity.
- b) “Annualized Payroll” shall mean the total wages and bonuses paid, exclusive of benefits, to the Full-time Employees of Employer within any Year.
- c) “City” means the City of Seguin, a home rule municipal corporation of the State of Texas.
- d) “Employer” shall mean KTH Texas, Inc, a Ohio corporation.
- e) “Property” means the real property described and depicted on **Exhibit “A”** attached hereto.
- f) Full-time Employees” or “FTE” shall mean the employees employed on site at the Property by the Employer, working at least a thirty-six-hour workweek.

- g) “Project” means the development of industrial and non-residential improvements, including a manufacturing plant meeting or exceeding approximately 250,000 square feet in size for an automotive parts application, and supporting improvements and infrastructure described in paragraphs B, C, and of the Recitals section above, Section 2.01, and Section 4.01, and as generally shown on the site plan attached hereto as **Exhibit “B”**, which is incorporated herein for all purposes, to be located on the Property.
- h) “On site” means on the Property and at the Project.
- i) “Year” shall mean a twelve-month period of time beginning on January 1 and ending December 31.
- j) “Certificate of Occupancy” shall mean the final document or documents issued by the City of Seguin, Texas entitled “Certificate of Occupancy” indicating that all building codes, regulations, and ordinances have been officially unconditionally, completely complied, within in all respects, with respect to construction and completion of the Project, and specifically shall not include any temporary or conditional document authorizing temporary or conditional occupancy.
- k) “Code” shall mean the City of Seguin Code of Ordinances.
- l) “Finance Department” means the Finance Department of the City of Seguin.
- m) “Comply”, “compliance”, and “in accordance with” means timely, full, and complete performance of each requirement, obligation, duty, condition, or warranty as stated in this Agreement. “Comply”, “compliance”, and “in accordance with” mean complete compliance in all material respects and do not mean substantial compliance, unless otherwise specifically stated.
- n) “Default” and “Act of Default” means failure in some material respect to comply timely, fully and completely with one or more requirements, obligations, duties, terms, conditions or warranties set forth in this Agreement, including but not limited to:
 - (i) The Employer terminates the use of the Property for the Project at any time during the duration of this Agreement.
 - (ii) The Employer fails to meet the performance criteria as specified in Article IV below.
 - (iii) The Employer falsely certifies that it has met the performance criteria for a particular tax year in its annual certification and reports submitted to the City under this Agreement.
- o) “Incentive Payment” and “Incentive Payments” mean the economic development incentive payments as described hereafter in Section 3.01 of this Agreement. Incentive Payments will be made to Employer within 90-days of Employer making its property and sales tax payment for the Property, subject to compliance with this

Agreement. The effective date for the start of the 10-year Incentive Payment shall begin with the year after the year in which the Employer receives a Certificate of Occupancy.

- p) “Construct” and “construction” mean construction in a good and workmanlike manner and in compliance with City-approved construction plans and/or permits, applicable federal, State and local laws, codes and regulations or valid waivers thereof or variances thereunder, and good engineering practices.
- q) “Property Tax” or “Property Taxes” shall mean the ad valorem taxes collected and received by the City on the taxable value of the Property, other than those ad valorem taxes dedicated to City of Seguin Tax Increment Reinvestment Zone No.3 (“TIRZ No.3”), as determined by the Guadalupe County Appraisal District and the buildings, structures, and other fixtures that are erected or affixed to the Property that are included in the definition of real property set forth in Section 1.04(2), Texas Tax Code. The term “Property Tax” or “Property Taxes” shall also include tangible personal property, equipment or fixtures located on the Property which are held or used for the production of income through Employer’s operations, and which are not otherwise exempt from taxation under Chapter 11 of the Texas Tax Code.
- r) “Sales Tax” means, as of the Effective Date, the levied 1.5% sales tax for commercial activity in the Property less the 0.5% sales tax enacted by the City of property tax reduction, equaling a total of 1.0% sales tax.
- s) “Sales Tax Incentive Payment” means the percentage of Sales Tax received by the City and paid to the Employer pursuant to this Agreement. Sales Tax Incentive Payments shall be a percentage of total Sales Tax collected from the operation of business on the Property after dedication of Sales Tax to City of Seguin Tax Increment Reinvestment Zone No.3 (“TIRZ No.3”), which shall first be allocated prior to calculation of the Sales Tax Incentive Payment under this Agreement.

ARTICLE II IMPROVEMENTS

Section 2.01. Construction of Improvements. Employer agrees to design and construct and install, or cause to be designed/constructed/installed, the Project, including all necessary public and private improvements, infrastructure and facilities needed to support the development, use and occupancy of the Project in compliance with City-approved construction plans and permits, applicable City ordinances, codes and regulations, applicable local, state, and federal regulations, and good engineering practices. The Project may be constructed in phases, at the sole discretion of Employer, provided that the Project shall be completed by the deadline set forth in Section 4.01. The plans and specifications for the Improvements shall be subject to the review and approval of all governmental entities with jurisdiction.

Section 2.02. Funding of Improvements. Employer shall pay all Project costs, or negotiate an agreement with a third party, which results in the payment of all or a portion of the Project costs by that third party.

ARTICLE III
ECONOMIC INCENTIVES AND CERTIFICATION OF COMPLIANCE

Section 3.01 Economic Development Incentive.

- (a) Employer will receive a 10-year rebate of City of Seguin **Property Taxes** that will extinguish proportionally, subject to compliance with the terms and conditions of this Agreement, including but not limited Article IV. Incentive Payments will begin the year following the year in which the Employer completes and receives a Certificate of Occupancy for the Project.

The annual City of Seguin Incentive Payment shall be calculated as follows*:

- Year 1: 90% of Property Taxes
- Year 2: 90% of Property Taxes
- Year 3: 90% of Property Taxes
- Year 4: 90% of Property Taxes
- Year 5: 90% of Property Taxes
- Year 6: 80% of Property Taxes
- Year 7: 80% of Property Taxes
- Year 8: 80% of Property Taxes
- Year 9: 80% of Property Taxes
- Year 10: 80% of Property Taxes

*Since “Property Taxes” is defined as all ad valorem taxes other than those dedicated to TIRZ No.3, the percentages cited above will, in reality, be a significantly lesser percentage of the total ad valorem taxes collected on the Property. For instance, if fifty percent (50%) of the increment of ad valorem taxes are dedicated to TIRZ No. 3, then the ninety percent (90%) cited above will actually equate to approximately 45% of the total ad valorem taxes collected for the Property.

- (b) Employer will receive a 10-year rebate of City of Seguin **Sales Taxes** that will extinguish proportionally, subject to compliance with the terms and conditions of this Agreement, including but not limited Article IV. Incentive Payments will begin the year following the year in which the Employer completes and receives a Certificate of Occupancy for the Project.

The annual City of Seguin Incentive Payment shall be calculated as follows:

- Year 1: 90% of Sales Taxes
- Year 2: 90% of Sales Taxes
- Year 3: 90% of Sales Taxes
- Year 4: 90% of Sales Taxes
- Year 5: 90% of Sales Taxes
- Year 6: 80% of Sales Taxes
- Year 7: 80% of Sales Taxes
- Year 8: 80% of Sales Taxes
- Year 9: 80% of Sales Taxes
- Year 10: 80% of Sales Taxes

*Since “Sales Taxes” is defined as all sales taxes other than those dedicated to TIRZ No.3, the percentages cited above will, in reality, be a significantly lesser percentage of the total Sales taxes collected from business conducted on the Property. For instance, if fifty percent (50%) of the increment of Sales taxes are dedicated to TIRZ No. 3, then the ninety percent (90%) cited above will actually equate to approximately 45% of the total Sales taxes collected for the Property.

- (c) The Incentive Payment shall be reduced according to the schedule above.
- (d) Freeport Tax Exemption. City, Guadalupe County and Seguin ISD participate in Freeport Exemption from ad valorem tax on business inventories destined for out-of-state shipment within 175 days.
- (a) State Programs. City staff will aid and provide guidance to facilitate applications and help Employer access various state and/or federal programs including, but not limited to, the Texas Enterprise Zone Program, which shall include a nomination to the Office of the Governor Economic Tourism for participation in the Texas Enterprise Program by the City of Seguin.

Section 3.02 Certification of Compliance.

- (a) For each year in which the Employer is eligible for an Incentive Payment, at the time that the Employer pays its Property and Sales Tax, the Employer shall submit to City the reports and records reasonably necessary to demonstrate fulfillment of the performance criteria set forth in Article IV, along with a certificate in the form provided by the City verifying compliance with this Agreement. Such reports and records shall include at a minimum the following:
 - (i) A certified payroll list containing the information required by Texas Workforce Commission Rule 815.106 submitted by January 31 of each year which includes a list of all Full-time Equivalent Employees (not independent contractors) employed by the Employer at the Property during the prior calendar year. The annual employment report must include the following information and must also include a certification (as attached):
 - a. Name of Reporting Entity
 - b. Reporting Period
 - c. Name of Each Employee.
 - d. Position Title of Each Employee.
 - e. Average Number of Hours Worked Per Week by Each Employee During the Reporting Period.
 - f. Actual Taxable Compensation Paid to Each Employee During the Reporting Period (amount that will be reported in Box 1 of IRS Form W-2 Wage & Tax Statement).
 - (ii) Proof of payment of the Property Tax for the Property;
- (b) The City may request additional records to support the information to confirm compliance with this Agreement.

Section 3.03 Audit. The City shall, upon reasonable prior written notice to the Employer and during normal business hours, have the right to audit and inspect the Employer's records, books, and all other relevant records related to Incentive Payments. The Parties agree to maintain the appropriate confidentiality of such records, unless disclosure of such records and information shall be required by a court order, a lawfully issued subpoena, State Law (including but not limited to the Texas Public Information Act, Chapter 552, Texas Government Code), municipal ordinance, or at the direction of the Office of the Texas Attorney General.

ARTICLE IV
PERFORMANCE CRITERIA

Section 4.01 Performance Criteria.

- (a) To begin receiving the Incentive Payment, the Employer shall complete the Project in accordance with this Agreement and obtain a final Certificate of Occupancy. The Employer shall complete the Project in accordance with this Agreement and obtain a Certificate of Occupancy within thirty-six (36) months of the Effective Date of this Agreement.
- (b) The Employer shall employ no less than the number of Full-Time Equivalent Employees and shall invest no less than the amounts indicated for Annual Capital Investment by December 31st of the year designated in the chart below:

Year	New FTEs on Site	Total FTEs on Site	Annual Capital Investment ¹
2026	0	0	
2027	>0	>0	
2028	>0	>0	\$100 Million
2029	>0	>0	
<u>>2029</u>	125	125	

- (c) Employer may not be delinquent in the payment of ad valorem taxes to the City.
- (d) Employer shall comply with Article II.
- (e) *Certification.* Pursuant to Section 3.02, above, Employer shall complete and certify a 380 Grant Certification to be provided by the City for each year of this Agreement, to be due annually not later than April 30 (in the form substantially similar to “**Exhibit C**”, attached hereto), which shall include the Threshold Documentation in the first year that an Incentive Payment is sought, and the applicable Ongoing Documentation for subsequent years for which Incentive Payments are sought.
- (f) *Sales Tax Reports.* Employer shall provide or cause to be provided to the City any required permission to access information filed with the State of Texas related to sales taxes collected and remitted to the State of Texas by entities conducting commercial activity on the Property promptly upon request by the City to allow the City to verify the amount of Sales Tax Incentive to be paid to Employer under this Agreement. The City shall use good faith, diligent efforts to access all information necessary to verify the amount of the Sales Tax Incentive, however the City shall not be required to pay the Sales Tax Incentive until the City has received all permissions required to access such information, and the Sales Tax Incentive shall be calculated solely on sales tax receipts that can be verified based on records held by the State of Texas.
- (g) After the first Economic Incentive Payment, compliance with Sections 4.01(b), (c), (d), (e) and (f) shall be a condition of receiving an annual Incentive Payment.

Section 4.02 Forfeiture. The Employer shall forfeit all rights to the Incentive Payments set forth in Section 3 of this Agreement for each year in which the Employer fails to meet the Performance Criteria set forth in Section 4.01 for that year; provided that failure to employ the required minimum number of FTE’s results in a pro-rata reduction of the Payment Incentive as provided in Section 4.01(f).

¹ Annual Capital Investment shall consist of Employer’s capital improvements and/or the installation of fixtures and equipment on the Property in support of Employer’s business operation on the Property.

Section 4.03 Employment of Undocumented Workers. Employer covenants and certifies that Employer does not and will not knowingly and directly 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 Employer is convicted of a violation under 8 U.S.D. Section 132(a)(f), Employer shall repay to the City the full amount of Incentive Payments made under Article III of this Agreement. Repayment shall be paid within 120 days after the date following such conviction that Employer receives notice of violation from the City. As provided by 2264.101(c) of the Texas Government Code. Employer shall not be liable for a violation by a subsidiary, affiliate, or franchisee of Employer or by a person with whom Employer contracts.

ARTICLE V **COVENANTS AND DUTIES**

Section 5.01 Employer's Covenants and Duties. Employer makes the following covenants and warranties to the City and agrees to timely and fully perform the obligations and duties contained in Article IV of this Agreement. Any false or substantially misleading statements contained herein or failure to timely and fully perform those obligations and duties within this Agreement shall be an act of Default by the Employer.

- a) Employer is authorized to do business and is in good standing in the State of Texas and shall remain in good standing in the State of Texas and the United States of America during any term of this Agreement.
- b) The execution of this Agreement has been duly authorized by the Employer, and the individual signing this Agreement on behalf of the Employer is empowered to execute such Agreement and bind the company. Said authorization, signing, and binding effect is not in contravention of any law, rule, regulation, or of the provisions of Employer's company agreement, by-laws, or of any agreement or instrument to which Employer is a party to or by which it may be bound.
- c) The Employer is not a party to any bankruptcy proceedings currently pending or contemplated, and Employer has not been informed of any potential involuntary bankruptcy proceedings.
- d) Employer shall make diligent efforts to timely and fully comply with all the terms and conditions of this Agreement. Employer also agrees to obtain or cause to be obtained, all necessary permits and approvals from City and/or all other governmental agencies having jurisdiction over the construction of Project improvements on the Property which is within the City limits.
- e) Employer shall require approval of plans and specifications for the Project improvements prior to starting any construction.
- f) Employer owns or has secured site-control over the Property via a binding lease agreement.
- g) Employer shall have a continuing duty to cooperate with the City in providing all necessary information to assist the City in complying with this Agreement; and to execute such other and further documents as may be reasonably required to comply therewith.

Section 5.02 Representation and Warranties by the City of Seguin. The City of Seguin represents and warrants that this Agreement is within the scope of its authority, and that it has been duly authorized and empowered to execute and enter into this agreement.

Section 5.03 Mutual Assistance. The parties 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. The parties shall execute any additional documents and agreement reasonably necessary to implement this Agreement.

ARTICLE VI TERMINATION

Section 6.01 Termination. This Agreement shall terminate upon the earliest occurrence of any one or more of the following: (a) The written agreement of the Parties; (b) The Agreement’s Expiration Date; or (c) An uncured Default by the Employer. The Expiration Date shall be the date that the final Incentive Payment is due; provided that the following shall survive termination of this Agreement for any reason: the obligation of the City to pay an annual Incentive Payment for those years in which the applicable performance criteria set forth in Article IV were met; Article IV; Article V; Article VII; and Article IX.

ARTICLE VII DEFAULT AND REMEDIES

Section 7.01 Default. Notwithstanding anything herein to the contrary, no Party shall be deemed to be in default under this Agreement until the passage of sixty (60) business days after receipt by such Party of notice of default from the other Party, plus the passage of any Extensions, if the breaching Party qualifies for them under this section (“Cure Period”), which notice shall specify, in reasonable detail, the nature of the default. Upon the passage of the Cure Period without cure of the default, such Party shall be deemed to have defaulted for purposes of this Agreement; provided that, if the nature of the default is such that it cannot reasonably be cured within the Cure Period, the Party receiving the notice of default may during such Cure Period give the other Party written notice that it has commenced cure within the Cure Period and will diligently and continuously prosecute the cure to completion as soon as reasonably possible, and such written notice together with diligent and continuous prosecution of the cure shall extend the Cure Period for up to an additional ninety (90) calendar days so long as the cure is being diligently and continuously pursued during such time; and provided further that, if the cure cannot be reasonably accomplished within the additional ninety (90) calendar day period but the applicable facts, circumstances, and progress establish that a cure will be obtained within a reasonable period of time following the expiration of the ninety (90) calendar day period, the time for cure will be extended for an additional period of time as mutually agreed by the Parties (such agreement not to be unreasonably withheld); provided, further, that if a default is not cured within the applicable Cure Period, or, as applicable, written notice having been given and cure being commenced and diligently and continuously prosecuted, within the additional ninety (90) calendar days after the giving of the written notice, or, as otherwise applicable within the time mutually agreed by the Parties due to the defaulting Party not being able to obtain a cure within the additional ninety (90) calendar days after the defaulting Party gives written notice that it is commencing cure, then the non-defaulting Party may pursue the remedies set forth in this Agreement, as well as any other remedies available in equity or law.

Section 7.02 Recapture. In the event of Default by Employer under this Agreement, the City shall, after providing Employer notice and an opportunity to cure, have the right to recapture Incentive Payments.

Section 7.03 Liability of the Employer, Its Successors and Assignees. Any obligation or liability of the Employer whatsoever that may arise at any time under this Agreement or any obligation or liability which may be incurred by the Employer pursuant to any other instrument transaction or undertaking contemplated hereby shall be satisfied, if at all, out of the assets of the Employer only. No obligation or liability shall be personally binding upon, nor shall resort for the enforcement thereof be had to, the property of any of partners, officers, employees, shareholders or agents of the Employer, regardless of whether such obligation or liability is contract, tort or otherwise.

Section 7.04 Mediation. If a dispute arises out of or relates to this Agreement or the breach thereof, the Parties shall first in good faith seek to resolve the dispute through negotiation between the upper management of each respective Party. If such dispute cannot be settled through negotiation, the Parties agree to try in good faith to settle the dispute by mediation before resorting to litigation or some other dispute resolution procedure; provided that a Party may not invoke mediation unless it has provided the other Party with written notice of the dispute and has attempted in good faith to resolve such dispute through negotiation. All costs of negotiation and mediation, collectively known as alternate dispute resolution (“ADR”), shall be assessed equally between the City and Employer with each party bearing their own costs for attorney’s fees, experts, and other costs of ADR and any ensuing litigation.

ARTICLE VIII
NOTICE

Section 8.01 Notice. Notices under this Agreement must be sent by certified mail, return receipt requested, or personal deliver; notice by certified mail, return receipt requested, however, is effective only as of the date delivery of the certified mail correspondence is initially attempted. Personal deliver is effective upon delivery. The Parties' addresses for notice are:

City of Seguin:

Attn: City Manager
205 N. River St., Seguin, TX 78155

With copy to:

Mark Kennedy
City Attorney
205 N. River St., Seguin, TX 78155

KTH Texas, Inc:

Attn: Yosuke Suwa
Managing Officer
P.O. Box 0940, St. Paris, OH
43072

With copy to:

Creative Planning Tax, LLC

Attn: Reece Macdonald
Director
201 E John Carpenter Fwy, Ste. 400, Irving, TX 75062

ARTICLE IX
MISCELLANEOUS PROVISIONS

Section 9.01 Limitations on Liability. The City shall not be liable for consequential damages, specifically lost profits, and any damages claimed against the City shall be limited to amounts recoverable under §271.153 of the Texas Local Government Code. The parties agree that this Agreement shall not be interpreted as or otherwise claimed to be a waiver of sovereignty on the part of the City.

Section 9.02. Personal Liability of Public Officials; No Debt Created. No employee of the City, nor any councilmember or agent of the City, shall be personally responsible for any liability arising under or growing out of this Agreement. The Incentive Payments made hereunder shall be paid solely from lawfully available funds that have been appropriated by the City. Under no circumstances shall the City's obligations hereunder be deemed to create any debt within the meaning of any constitutional or statutory provision.

Section 9.03 Force Majeure. In the event either Party is rendered unable, wholly or in part, by force majeure to carry out any of its obligations under this Agreement, then the obligations of such Party, to the extent affected by such force majeure and to the extent that due diligence is being used to resume performance at the earliest practicable time, shall be suspended during the continuance of any inability so caused, to the extent provided, but for no longer period. As soon as reasonably possible after the occurrence of the force majeure relied upon, the Party whose contractual obligations are affected thereby shall give notice and the full of such force majeure to the other Party. Such cause, as far as possible, shall be remedied with all reasonable diligence.

- a) The term "force majeure" as employed herein shall mean and refer, without limitation, to acts of God; strikes and/or lockouts; acts of public enemies, orders of any kind of the government of the United States, the State of Texas or any civil or military authority (other than the City): insurrections; riots; lightning, earthquakes, fires, hurricanes, storms, floods and other natural disasters; washouts and other weather-related delays' restraint of government and people; civil disturbance; explosions; or other causes not reasonably within the control of the party claiming such inability.
- b) If, because of force majeure, any party hereto shall be rendered wholly or partially unable to carry out its obligations under this Agreement, then such party shall give written notice of the full of such force majeure to the other party within ten (10) days after the occurrence thereof. The obligations of the party giving such notice, to the extent effected by the force majeure, shall be suspended during the continuance of the inability claimed except as hereinafter provide, but of no longer period, and the party shall endeavor to remove or overcome such inability with all reasonable dispatch.
- c) It is understood and agreed that the settlement of strikes and lockouts shall entirely within the discretion of the party having the difficulty, and that the above requirement and any force majeure shall be remedied with all reasonable dispatch shall not require that the settlement be unfavorable in the judgement of the party having the difficulty.

Section 9.04 Independent Contractors. It is expressly understood and agreed by all Parties hereto that in performing their services hereunder the Employer or its subcontractors or tenants at no time will be acting as agents of the City or and that all consultants or contractors engaged by the Employer, its subcontractors or tenants will be independent contractors. The Parties hereto understand and agree that the City will not be liable for any claims that may be asserted by any third party occurring in connection with services performed by the Employer under this Agreement, unless any such claims are due to the fault of the City.

Section 9.05 Interpretation. Each of the Parties has been represented by counsel of their choosing in the negotiation and preparation of this Agreement. Regardless of which Party prepared the initial draft of this Agreement, this Agreement shall, in the event of any dispute, whatever its meaning or application, be interpreted fairly and reasonably and neither more strongly for or against any Party.

Section 9.06 Time is of the Essence. Time is of the essence in the performance of this Agreement.

Section 9.07 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.

Section 9.08 Entire Agreement. This Agreement contains the entire agreement between the parties with respect to the transaction contemplated herein. Any Exhibits attached hereto are incorporated by reference for all purposes.

Section 9.09 Amendment. This Agreement may only be amended, altered, or revoked by written instrument signed by the parties and as approved by the City Council of the City of Seguin, Texas.

Section 9.10 Successors and Assigns. This Agreement shall be binding on and inure to the benefit of the parties, their respective successors and assigns; provided however (i) the benefits of this Agreement in favor of the Employer may not be assigned to any party other than an affiliate of Employer without the written consent of the City of Seguin (which consent shall not be unduly withheld, provided the City is satisfied that any remaining obligations under the Agreement will be met); and (ii) notwithstanding the foregoing and any other provision of the Agreement to the contrary, any successor owner, occupant, tenant, licensee or invitee of any such portion of the Property (including, without limitation, any business that may operate from time to time thereon).

Section 9.11 Applicable Law and Venue. This Agreement is made and all obligations arising hereunder shall be construed and interpreted under the laws of the State of Texas and the venue for any action arising from the Agreement shall be Guadalupe County, Texas.

Section 9.12 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.

Section 9.13 No Additional Waiver Implied. The failure of either Party to insist upon performance of any provision of this Agreement shall not be construed as a waiver of the future performance of such provision by the other Party.

Section 9.14 Parties in Interest. This Agreement shall be for the sole and exclusive benefit of the Parties and shall not be construed to confer any rights upon any third parties.

Section 9.15 Merger. This Agreement embodies the entire understanding between the Parties and there are no other representations, warranties or agreements between the Parties covering the subject matter of this Agreement.

Section 9.16 Captions. The captions of each section of this Agreement are inserted solely for convenience.

Section 9.17 Severability. If any provision of this Agreement or the application thereof to any person or circumstances is ever judicially declared invalid, such provision shall be deemed severed

from this Agreement and the remaining portions of this Agreement shall remain in effect.

Section 9.18 Indemnification. EMPLOYER COVENANTS AND AGREES TO FULLY INDEMNIFY AND HOLD HARMLESS, THE CITY AND ITS ELECTED OFFICIALS, EMPLOYEES, OFFICERS, DIRECTORS, AND REPRESENTATIVES, INDIVIDUALLY AND COLLECTIVELY, FROM AND AGAINST ANY AND ALL COSTS, CLAIMS, LIENS, DAMAGES, LOSSES, EXPENSES, FEES, FINES, PENALTIES, PROCEEDINGS, ACTIONS, DEMANDS, CAUSES OF ACTION, LIABILITY AND SUITS OF ANY KIND AND NATURE BROUGHT BY ANY THIRD PARTY AND RELATING TO EMPLOYER'S ACTIONS ON THE PROJECT, INCLUDING BUT NOT LIMITED TO, PERSONAL INJURY OR DEATH AND PROPERTY DAMAGE, MADE UPON THE CITY OR DIRECTLY OR INDIRECTLY ARISING OUT OF, RESULTING FROM OR RELATED TO EMPLOYER OR EMPLOYER'S TENANTS' NEGLIGENCE, WILLFUL MISCONDUCT OR CRIMINAL CONDUCT IN ITS ACTIVITIES UNDER THIS AGREEMENT, INCLUDING ANY SUCH ACTS OR OMISSIONS OF EMPLOYER OR EMPLOYER'S TENANTS, ANY AGENT, OFFICER, DIRECTOR, REPRESENTATIVE, EMPLOYEE, CONSULTANT OR SUBCONSULTANTS OF EMPLOYER OR EMPLOYER'S TENANTS, AND THEIR RESPECTIVE OFFICERS, AGENTS, EMPLOYEES, DIRECTORS AND REPRESENTATIVES WHILE IN THE EXERCISE OR PERFORMANCE OF THE RIGHTS OR DUTIES UNDER THIS AGREEMENT, ALL WITHOUT, HOWEVER, WAIVING ANY GOVERNMENTAL IMMUNITY AVAILABLE TO CITY, UNDER TEXAS LAW AND WITHOUT WAIVING ANY DEFENSES OF THE PARTIES UNDER TEXAS LAW. THE PROVISIONS OF THIS INDEMNIFICATION ARE SOLELY FOR THE BENEFIT OF THE CITY AND ARE NOT INTENDED TO CREATE OR GRANT ANY RIGHTS, CONTRACTUAL OR OTHERWISE, TO ANY OTHER PERSON OR ENTITY. EMPLOYER SHALL PROMPTLY ADVISE CITY IN WRITING OF ANY CLAIM OR DEMAND AGAINST THE CITY, RELATED TO OR ARISING OUT OF EMPLOYER OR EMPLOYER'S TENANTS' ACTIVITIES UNDER THIS AGREEMENT AND SHALL SEE TO THE INVESTIGATION AND DEFENSE OF SUCH CLAIM OR DEMAND AT EMPLOYER'S COST TO THE EXTENT REQUIRED UNDER THE INDEMNITY IN THIS PARAGRAPH. CITY SHALL HAVE THE RIGHT, AT ITS OPTION AND AT ITS OWN EXPENSE, TO PARTICIPATE IN SUCH DEFENSE WITHOUT RELIEVING EMPLOYER OF ANY OF ITS OBLIGATIONS UNDER THIS PARAGRAPH.

IT IS THE EXPRESS INTENT OF THE PARTIES TO THIS AGREEMENT THAT THE INDEMNITY PROVIDED FOR IN THIS PARAGRAPH, SHALL NOT BE AN INDEMNITY EXTENDED BY EMPLOYER TO INDEMNIFY, PROTECT AND HOLD HARMLESS CITY FROM THE CONSEQUENCES OF THE CITY'S OWN NEGLIGENCE OR INTENTIONAL MISCONDUCT. THE INDEMNITY PROVIDED FOR IN THIS PARAGRAPH SHALL APPLY ONLY, TO THE EXTENT OF ANY COMPARATIVE NEGLIGENCE STATUTES AND FINDINGS, WHEN THE NEGLIGENT ACT OF CITY IS A CONTRIBUTORY CAUSE OF THE RESULTANT INJURY, DEATH, OR DAMAGE, AND IT SHALL HAVE NO APPLICATION WHEN THE NEGLIGENT ACT OF CITY IS THE SOLE CAUSE OF THE RESULTANT INJURY, DEATH, OR DAMAGE. EMPLOYER FURTHER AGREES TO DEFEND, AT ITS OWN EXPENSE AND ON BEHALF OF CITY AND IN THE NAME OF CITY ANY CLAIM OR LITIGATION BROUGHT AGAINST CITY (AND ITS ELECTED OFFICIALS, EMPLOYEES, OFFICERS, DIRECTORS AND REPRESENTATIVES), IN CONNECTION WITH ANY SUCH INJURY, DEATH, OR DAMAGE FOR WHICH THIS INDEMNITY SHALL APPLY, AS SET FORTH ABOVE.

IT IS THE EXPRESS INTENT OF THIS SECTION THAT THE INDEMNITY PROVIDED TO THE CITY AND THE EMPLOYER SHALL SURVIVE THE TERMINATION AND OR EXPIRATION OF THIS AGREEMENT AND SHALL BE BROADLY INTERPRETED AT ALL

TIMES TO PROVIDE THE MAXIMUM INDEMNIFICATION OF THE CITY AND / OR THEIR OFFICERS, DIRECTORS, EMPLOYEES, REPRESENTATIVES AND ELECTED OFFICIALS PERMITTED BY LAW.

Section 9.19 Anti-Boycott Verification. To the extent this Agreement constitute a contract for goods or services within the meaning of Section 2270.002 of the Texas Government Code, as amended, solely for purposes of compliance with Chapter 2270 of the Texas Government Code, and subject to applicable Federal law, Employer represents that neither Employer nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of Employer (i) boycotts Israel or (ii) will boycott Israel through the term of this Amendment or the Agreement. The terms “boycotts Israel” and “boycott Israel” as used in this paragraph have the meanings assigned to the term “boycott Israel” in Section 808.001 of the Texas Government Code, as amended.

Section 9.20 Iran, Sudan and Foreign Terrorist Organizations. To the extent this Agreement constitute a governmental contract within the meaning of Section 2252.151 of the Texas Government Code, as amended, solely for purposes of compliance with Chapter 2252 of the Texas Government Code, and except to the extent otherwise required by applicable federal law, Employer represents that neither Employer nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of Employer is a company listed by the Texas Comptroller of Public Accounts under Sections 2270.0201, or 2252.153 of the Texas Government Code.

IN WITNESS, WHEREOF, the Parties hereto have executed this Agreement in multiple copies, each of equal dignity, to be effective on the latest date of execution. Any party may change the address which notices are to be sent by giving the other parties written notice in the manner provided in Section 8.01.

(SIGNATURES FOLLOW ON THE NEXT PAGE)

THE CITY OF SEGUIN, TEXAS

Steve Parker, City Manager _____

ATTEST/SEAL:

Kristin Mueller, City Secretary _____

APPROVED AS TO FORM:

Mark Kennedy, City Attorney _____

Agreed to and accepted on _____, 2026.

KTH Texas, Inc.

~~William C. Millice, President~~ _____

Agreed to and accepted on _____, 2026.

Exhibit A: Property Description

Exhibit B: Project Site Plan

Exhibit A
Property Description

Exhibit A

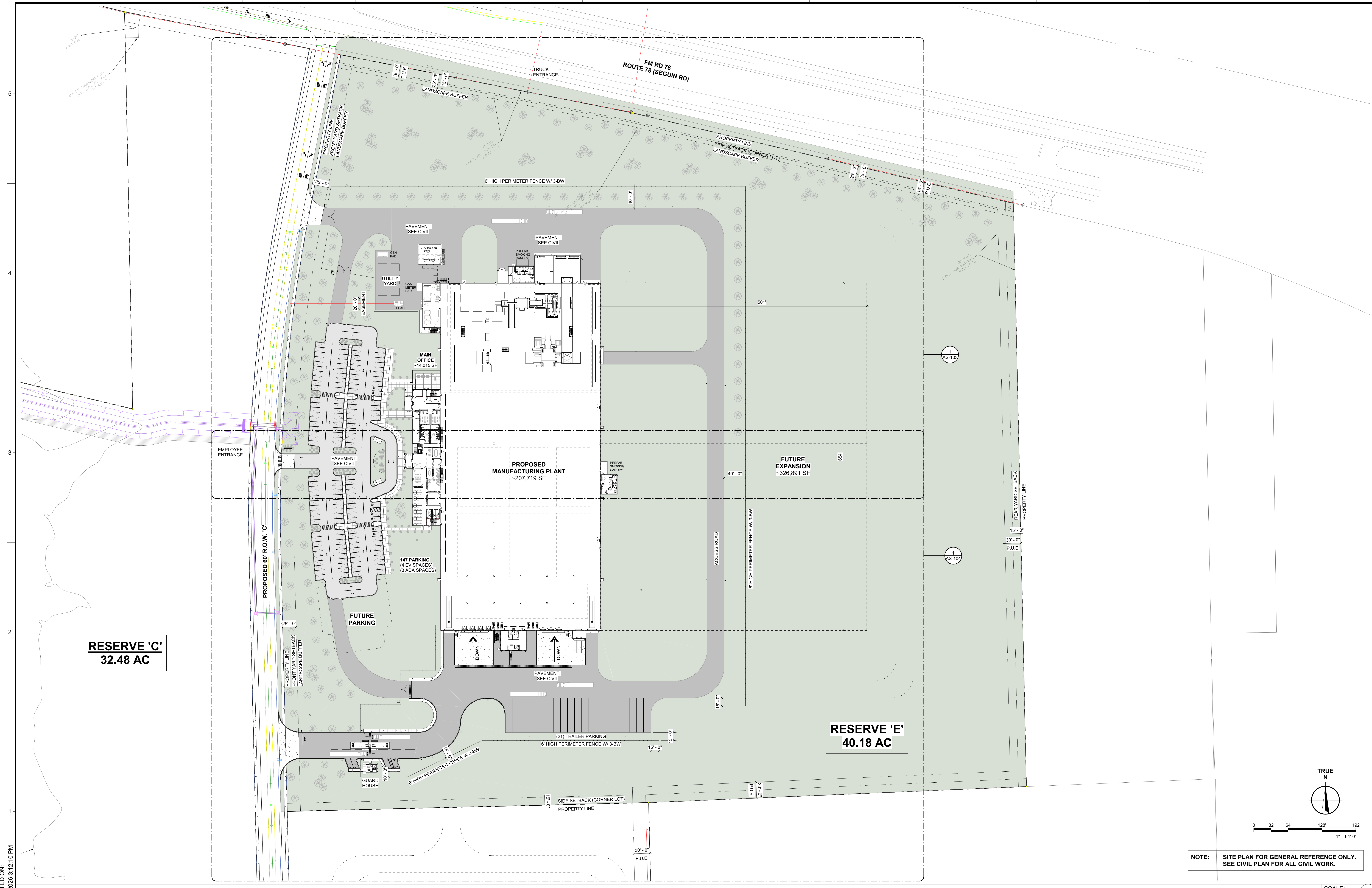
Property Description

KTH Parts Industries, Inc.

KTH Parts Industries, Inc. will develop an advanced automotive stamping and welding assembly facility on a 40.18-acre site located in the northwest quadrant of I-10 and F.M. 46 in Seguin, Texas. The project will involve significant site preparation, construction of a modern manufacturing facility, and installation of specialized equipment including next-generation stamping presses, automated welding systems, and smart material-handling infrastructure. The facility will be designed to accommodate high-load machinery, climate-controlled production environments, and upgraded electrical, mechanical, and process-utility systems necessary to support sophisticated manufacturing operations.

The project will create at least 125 full-time, high-quality jobs across professional, skilled, and entry-level categories, with a strong emphasis on advanced manufacturing and technical roles. Skilled positions such as press technicians, weld technicians, maintenance and controls technicians, quality inspectors, and logistics specialists will support complex production systems and require ongoing technical training within five (5) years. Professional roles will include engineering, production management, quality assurance, maintenance supervision, safety, logistics planning, and administrative functions. Entry-level and semi-skilled roles will offer accessible career pathways supported by on-the-job training and partnerships with institutions such as Texas State Technical College (TSTC), enabling long-term workforce development and advancement within the organization.

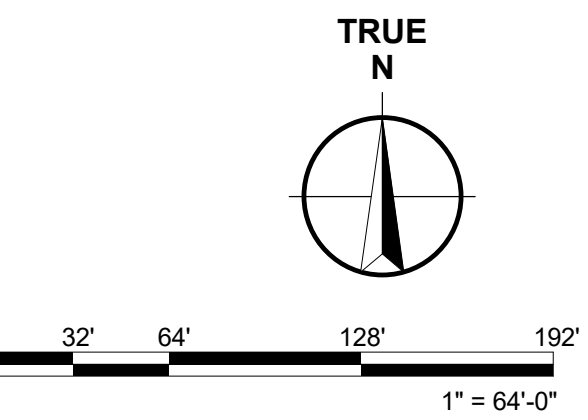
Exhibit B
Project Site Plan



RESERVE 'C'
32.48 AC

RESERVE 'E'
40.18 AC

NOTE: SITE PLAN FOR GENERAL REFERENCE ONLY. SEE CIVIL PLAN FOR ALL CIVIL WORK.



MASTER SITE PLAN SCALE: 1/64" = 1'-0" **1**

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KAJIMA ASSOCIATES INC.

KAJIMA ASSOCIATES INC.
3414 PEACHTREE RD NE, SUITE 1400, ATLANTA, GA 30326
PARRA & CO., LLC
110 E. HOUSTON STREET, FLOOR 6, SAN ANTONIO, TX 78205
P.E.S. STRUCTURAL ENGINEERS
1852 CENTURY PL NE, #201, ATLANTA, GA 30345
BOWMAN FIRE & LIFE SAFETY, INC.
10475 MEDLOCK BRIDGE ROAD, SUITE 520, JOHN'S CREEK, GA 30097
KAJIMA ASSOCIATES INC.
3414 PEACHTREE RD NE, SUITE 1400, ATLANTA, GA 30326



KTH GROUP TX PLANT
NW QUADRANT OF I-10 & F.M.
46, SEGUIN, TX 78155

DATE	#	REMARKS
2025.11.14	A	ISSUED FOR CLIENT REVIEW 02
2025.12.10	B	ISSUED FOR CLIENT REVIEW
2026.04.15	C	ISSUED FOR SCHEMATIC DESIGN PACKAGE (30%)
2026.06.30	D	ISSUED FOR DESIGN DEVELOPMENT PACKAGE

REVISIONS:

MASTER SITE PLAN

PROJECT NO.: 80-25508
PROJECT MANAGER: KAI
PROJECT DESIGNER: KAI
DRAWN BY: Author
CHECKED BY: IS
SCALE: 1/64" = 1'-0"

AS-102

NOT FOR CONSTRUCTION

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**Exhibit C
Form of 380 Grant Certification**

**CITY OF SEGUIN
ANNUAL CHAPTER 380 AGREEMENT (THE "AGREEMENT")
GRANT REPORT FORM
Chapter 380 Grant Certification – Tax Year _____**

PROJECT STATUS – THRESHOLD GRANT CRITERIA – Fill this section out for Tax year 1 only; this section may be deleted for subsequent years.

Certificate of Occupancy for the Project issued _____.

Please provide each of the following documents as an attachment to this Certification

___ - Certificate of Occupancy

ONGOING GRANT CRITERIA

___ - Annual Employment Report pursuant to Section 3.02, above.

___ - Proof of payment of the ad valorem taxes for the Property. Records reasonably acceptable to the City showing the amount paid.

CERTIFICATION

I certify that to the best of my knowledge and belief, the information and attached documents provided in this Chapter 380 Grant Certification are true and accurate and in compliance with the terms of this Chapter 380 Agreement with the City of Seguin, Texas. I further certify that to the best of my knowledge and belief, the requirements of the Threshold Grant Criteria have been met, as those terms are defined in the Agreement.

Printed Name and Title of Certifying Officer Signature of Certifying Officer

Date Telephone Number Email Address

NOTE: This Chapter 380 Grant Certification shall be filed annually on or before April 30 of each calendar year beginning with 2027 (unless required earlier by the Agreement) and each year thereafter so long as the Chapter 380 Agreement is in existence.