CHAPTER 381
ECONOMIC DEVELOPMENT AGREEMENT

BETWEEN
COMAL COUNTY, TEXAS
AND
COSTCO WHOLESALE CORPORATION

This Chapter 381 Economic Development Agreement (this "**Agreement**") is entered into between **COSTCO WHOLESALE CORPORATION**, a Washington corporation, its successors and assigns (the "**Company**"), and **COMAL COUNTY, TEXAS**, a political subdivision of the State of Texas (the "**County**"), otherwise known collectively as the "**Parties**" and each as a "**Party**" to this Agreement.

RECITALS

WHEREAS, Chapter 381 of the Texas Local Government Code authorizes the Comal County Commissioners Court to enter into an agreement to promote economic development and stimulate, encourage, and develop business location and commercial activity in Comal County, Texas; and

WHEREAS, the Company is authorized to do business in the State of Texas and specializes in the development and operation of world-wide commercial retail warehouses, with the desire to expand their operations into Comal County, Texas; and

WHEREAS, the Comal County Commissioners Court recognizes the positive economic benefits that will accrue to the County through the Company's efforts to acquire and develop approximately 19.9983 acres of land located at the northeastern corner of Kohlenberg Road and Interstate Highway 35, as depicted in **Exhibit A** attached hereto and made a part hereof (the "**Property**"); and

WHEREAS, the County desires to offer an economic incentive to the Company through a sales tax rebate, which will enable the Company to develop the Property as a substantially prototypical Costco Wholesale membership warehouse club (retail) with fuel facility and associated parking (the "**Costco Facility**"; the development of the Property for the Costco Facility is referred to herein as the "**Project**"); and

WHEREAS, the County recognizes that the development of the Project will add significant new revenues to the County's tax base and otherwise help to stimulate the overall local economy.

NOW, THEREFORE, in consideration of the mutual benefits described in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the County and the Company agree as follows:

ARTICLE I

RECITALS

1.1 **Recitals**. The recitals set forth above are declared true and correct by the Parties and are hereby incorporated as part of this Agreement.

ARTICLE II

DEFINITIONS

As used in this Agreement, the following words or phrases shall have the following meanings:

2.1 "**Certificate of Occupancy**" shall mean a certificate of occupancy issued by the City of New Braunfels, Texas (the "**City**") indicating that the Costco Facility complies with the applicable provisions of the building codes and laws of the City, including, if applicable, a temporary certificate of occupancy under which the Company is permitted to Open for Business within the Costco Facility. A Certificate of Occupancy shall not include a certificate issued in error, by mistake, or based upon a misrepresentation of facts by the Company or its agent.

2.2 "**Chapter 381 Payments**" means the amount(s) paid by the County to the Company under this Agreement, specifically fifty (50) percent of the Sales Tax Revenue not to exceed $750,000.00

2.3 "**Conditions Satisfaction Deadline**" shall mean December 31, 2028. The Conditions Satisfaction Deadline shall be extended by the period of any delay in a Party's performance caused by Force Majeure events.

2.4 "**Costco Property Closing**" shall mean the closing of the sale of the Property to the Company as evidenced by the recordation of the deed conveying the Property the Company. As of the Effective Date, the Company anticipates that the Costco Property Closing will occur in the late-summer or fall of 2025.

2.5 "**Effective Date**" means the date this Agreement has been signed by both the County and the Company for full execution.

2.6 "**Floor Area**" means the aggregate number of square feet of floor space in the Costco Facility, whether roofed or not, whether or not actually occupied, including, without limitation, balcony and mezzanine space, measured from the exterior faces or the exterior lines of the exterior walls or other exterior points of demarcation.

2.7 "**Force Majeure**" means any delay incurred by either Party because of matters beyond such Party's reasonable control, such as an act of God, acts of war, riot, or civil commotion, an act of State, strikes, fire, flood, or the occurrence of any other event beyond the control of the Parties hereto.

2.8 "**Gross Taxable Sales**" means the total receipts from the sale of any and all taxable items by the Project located on the Property during the Term.

2.9 "**Maximum Reimbursement Amount**" means Seven Hundred and Fifty Thousand Dollars ($750,000.00).

2.10 "**Open for Business**" means that the Costco Facility is open for full-time business operations with a full line of products and services (subject to the Company's membership and operations policies, and for hours of operation consistent with the Company's other facilities in the State of Texas).

2.11 "**Sales Tax Revenue**" means the amount of sales tax actually received by the County from the Texas Comptroller of Public Accounts arising from a one-half of one percent (0.5%) sales and use tax levied by or for the County on Gross Taxable Sales at the Property, and including, without limitation, any sales/use tax paid by the Company which results in sales and/or use tax revenues to the County.

2.12 "**Term**" shall have the meaning set forth in Article III of this Agreement.

2.13 "**Term of Five Years**" means the five (5) year period commencing on the date of the initial Chapter 381 Payment by the County to the Company and continuing for each consecutive year through the end of the fifth (5th) annual anniversary thereof. The Term of Five Years shall be extended by any period of time where the Company is unable to be Open for Business as a result of Force Majeure events.

ARTICLE III

PURPOSE, AUTHORITY, TERM

3.1 **Purpose**. The Parties to this Agreement intend that if the Company commences development of the Project and otherwise complies with the terms of this Agreement, the County shall grant to the Company a fifty (50) percent rebate of Sales Tax Revenue in accordance with the terms and conditions of this Agreement.

3.2 **Authority**. The County's execution of this Agreement is authorized by Chapter 381 of the Texas Local Government Code and constitutes a valid and binding obligation of the County. The County acknowledges that Company is acting in reliance upon the County's performance of its obligations under this Agreement in making the decision to commit substantial resources and money to the establishment of the Project.

3.3 **Term**. This Agreement shall become enforceable upon the Effective Date as described herein, and shall terminate on the first to occur of (a) the Term of Five Years; (b) receipt by the Company of Chapter 381 Payments in an amount equal to the Maximum Reimbursement Amount; or (c) upon termination of this Agreement as provided herein (the "**Term**"). However, in recognition of the fact that Chapter 381 Payments are, by necessity, calculated and paid after the relevant Sales Tax Revenue have been paid to the County and, therefore, will always be paid in arrears, the Term will be deemed extended until any Chapter 381 Payments relating to Sales Tax Revenue attributable to the Term of Five Years have been paid by the County to the Company. Notwithstanding anything to the contrary set forth in this Agreement, if the Costco Property Closing has not occurred on or before December 31, 2025, this Agreement shall automatically terminate and be of no further

force or effect as of such date and the Parties shall have no further rights or obligations hereunder.

ARTICLE IV

COMPANY'S AGREED ACTIONS

4.1 Initial Performance Criteria. Notwithstanding anything contained in this Agreement, the Company may choose to develop the Project in its sole discretion and is under no obligation to construct the Project, and, if the Company fails or ceases to operate for business in the Costco Facility it shall not constitute a default by the Company under this Agreement. However, unless the Company complies with its obligations herein, the County shall be under no obligation to make Chapter 381 Payments to the Company pursuant to this Agreement. It is understood by the Parties that the Company must satisfy the follow benchmarks and requirements by no later than the Conditions Satisfaction Deadline in order to receive any Chapter 381 Payments hereunder:

4.1.1 Purchase. The Company shall have purchased the Property on which the Project will be built on or before December 31, 2025.

4.1.2 Construction. The Company shall have completed construction of a Costco Facility, containing at least one hundred fifty thousand (150,000) square feet of Floor Area, on the Property. This condition shall be satisfied by delivery by the Company of a certificate from an architect licensed in the State of Texas certifying the same. The Company shall use reasonable efforts to mobilize to commence construction of the Project as soon as reasonably practicable after the Costco Property Closing. As of the Effective Date, the Company anticipates that it will mobilize to commence construction of the Project before December 31, 2026, and will complete construction before December 31, 2028. To the extent applicable, the Company will coordinate its construction activities relating to the Project with all appropriate County departments, including but not limited to any platting requirements with the Comal County Engineer's Office.

4.1.3 Certificate of Compliance. The Company shall have made a capital investment of not less than Twenty-five Million Dollars ($25,000,000) in the Costco Facility, including, without limitation, the costs of acquiring the Property, hard and soft construction costs relating to the Costco Facility, including any necessary off-site improvements, and the costs of equipping the Costco Facility. This condition shall be satisfied by delivery from the Company to the County of a certificate in the form attached hereto as **Exhibit B** certifying that the Company has made a total of at least Twenty-five Million Dollars ($25,000,000) in capital investment.

4.1.4 Certificate of Occupancy. A Certificate of Occupancy shall have been issued for the Costco Facility.

4.1.5 Completion of Construction. The Costco Facility shall have been built in substantial accordance with (a) the all applicable permits issued with respect to the Project, subject to changes and modifications in the course of construction, which, to the extent required, shall be subject to the review and approval of such governmental entities with jurisdiction, and (b) all applicable laws. This condition shall be satisfied by the issuance of a Certificate of Occupancy.

4.1.6 Open for Business. The Costco Facility shall be Open for Business for at least one (1) day.

A failure by the Company to satisfy all of the initial performance criteria described in this Section 4.1 by the Conditions Satisfaction Deadline shall not constitute a default by the Company under this Agreement, but as a result of such failure, there will be no Sales Tax Revenue generated by the Company's business activities from the Project and, thus, the County shall have no obligation to pay any Chapter 381 Payments to the Company under this Agreement. In the event the Company fails to satisfy all of the initial performance criteria described in this Section 4.1 by the Conditions Satisfaction Deadline, the County may, by written notice to the Company, terminate this Agreement and, following such termination, the Parties shall have no further obligations under this Agreement.

4.2 Ongoing Obligation to Share Reports. The Company agrees that, during the Term, it will provide the County, on a monthly basis, a copy of any financial report (the "**Report**") that the Company will submit to the Comptroller of the State of Texas ("**Comptroller**") relating to Company's remission of sales taxes collected in Comal County, Texas, as a result of the operation of the Project, described herein. Additionally, the Company hereby consents to the State of Texas releasing these monthly reported figures along with any State audit adjustments to the County, and the County hereby agrees to keep this information "Confidential" in accordance with Texas Tax Code, including, without limitation, Section 151.027 (as amended).

4.3 Records. The Company shall collect and maintain all relevant records of Company, its successors and assigns, related to each of the economic development considerations and incentives and performance requirements, as stated in this Agreement. The Company, during normal business hours, shall allow the County reasonable access to review these records, but the confidentiality of such records and information shall be maintained by the County unless disclosure of such records and information shall be required by law, a court order, a lawfully issued subpoena, or at the direction of the Office of the Attorney General.

4.4 Other Provisions. The Company specifically acknowledges and agrees to the terms contained within this Agreement regarding Defaults; Remedies; Termination; and Incentive Recapture.

ARTICLE V

COUNTY'S AGREED ACTIONS

Execution of this Agreement and the continued effectiveness of this Agreement is further conditioned on the County acknowledging and agreeing to take the following actions:

5.1 **Chapter 381 Payments**. The County agrees that it will rebate, on a monthly basis and after receiving the Report, confirmation from the State and any State audit adjustments, fifty (50) percent of the Sales Tax Revenue, in an amount up to but not to exceed the Maximum Reimbursement Amount over a period not to exceed the Term of Five Years, once the Sales Tax Revenue is received by the County from the Comptroller which is verifiably connected to Company's business activities for the Project within Comal County, Texas, as described herein.

5.2 **Rebate Period**. As the Company successfully performs its obligations under this Agreement, the County agrees that it will continue to rebate fifty (50) percent of the Sales Tax Revenue from the Project until the first to occur of: (a) the Term of Five Years, or (b) receipt by the Company of Chapter 381 Payments in an amount equal to the Maximum Reimbursement Amount.

ARTICLE VI

COMPANY'S REPRESENTATIONS AND COVENANTS

Company hereby represents and covenants to the following:

6.1 **Authorized in Texas**. The Company 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 during the Term.

6.2 **Due Authorization**. The Company has taken all necessary corporate action to authorize the execution and delivery of this Agreement and its performance of the obligations hereunder.

6.3 **Funding**. The Company will have available to it all funds required to be expended by it for completion of the Project described by this Agreement.

6.4 **Compliance with Law**. The Company will use its reasonable efforts to complete all of its obligations under this Agreement when and as set forth herein. The Company shall operate and maintain the Project in accordance with all applicable federal, state, and local laws, codes, ordinances, and regulations, including, but not limited to, flood, subdivision, building, electrical, plumbing, fire, and life safety codes, other orders and ordinances, as amended.

6.5 **Payment of Taxes**. The Company shall pay all state and local taxes due and owing by the Company to all taxing authorities having jurisdiction over the Property prior to delinquency. The Company retains the right to timely and properly protest and contest any such taxes and so long as the Company is timely and properly protesting or contesting the same, it shall not constitute a default by the Company. However, as a result of any failure to make timely, uncontested payment of taxes, the County shall have no obligation to make any Chapter 381 Payments to the Company due during the year in which the Company is delinquent in any state and local taxes due and owing by the Company. The Company's payment of any penalties or interest related to untimely tax payments are not eligible for reimbursement under this Agreement.

6.6 **Other Agreements**. The Company has not entered into, and will not enter into, any agreement (written or otherwise) with any person or entity that would prohibit or limit the Company from performing all of its obligations under this Agreement.

6.7 **No Litigation**. As of the date of this Agreement, there is no litigation, claim, or proceeding pending of which the Company has received written notice, nor to the actual knowledge of the Company is there any litigation, claim, or proceeding threatened that could prohibit or limit the Company from performing all of its obligations under this Agreement. The Company shall notify in writing, the County within thirty (30) days of any litigation, claim, or proceeding of which the Company has received written notice that could prohibit or limit the Company from performing all of its obligations under this Agreement.

6.8 **No Bankruptcy Proceedings**. No bankruptcy proceedings or other proceedings are currently pending or contemplated, and the Company has not been informed of any potential involuntary bankruptcy proceedings. The Company shall immediately notify, in writing, the County of any bankruptcy proceedings. Any bankruptcy proceedings shall be addressed in compliance with Article VIII of this Agreement.

6.9 **Dissolution**. The Company will not dissolve or take any action in furtherance thereof so long as it has not performed all of its obligations under this Agreement.

6.10 **Transfer of Assets**. The Company will not dispose of or transfer any of its assets to a person or entity not a party to this Agreement if such disposition or transfer would materially and adversely affect its ability to perform all of its obligations under this Agreement.

6.11 **Completion of Construction**. The Company covenants and agrees to use its reasonable efforts to complete the Project. The completion of construction shall be performed in accord with Section 4.1 herein.

6.12 **Inspection by County**. The Company agrees to allow inspection of the Property by the County Judge or his designee(s) during the Term. Such inspection shall be to determine if the terms and conditions of this Agreement are being met and for the purpose of assuring compliance with applicable codes and ordinances. Inspections will be made only after giving the Company a minimum of two (2) business days prior written notice and will be conducted in such a manner as to not unreasonably interfere with the operation of the Project.

6.13 **Notice of Default**. The Company agrees to notify the County in writing within ten (10) days if it has actual knowledge that it is in default of any obligation under this Agreement.

6.14 **Undocumented Worker**. In accordance with Chapter 2264 of the Texas Government Code, Company agrees not to knowingly employ any undocumented workers at the Project during the Term. If Company is convicted of a violation under 8 U.S.C. Section 1324a(f), then such violation shall be an event of default. In the event of a conviction of a violation under 8 U.S.C. Section 1324a(f), the Company shall immediately notify the County in writing and repay to the County the amounts, with interest as provided in Section 6.15 below, rebated to the Company by this Agreement for the period covered under this Agreement during which such violation occurred. Such repayment with interest shall be made to the County Auditor within one-hundred twenty (120) business days after the date the Company is notified of such conviction. The County, in its sole discretion, may extend the period for repayment herein.

6.15 **Interest on Repayments for Undocumented Worker Violation**. If convicted of a violation described in Section 6.14 above, then Company shall pay interest on the amounts due to County at the rate periodically announced by *The Wall Street Journal* as the prime or base commercial lending rate, or if *The Wall Street Journal* shall ever cease to exist or cease to announce a prime or base lending rate, then at the annual rate of interest from time to time announced by Bank of America, N.A. (or by any other New York money center bank selected by the County) as its prime or base commercial lending rate, from the date of such violation until the repayment amount plus interest is paid in full.

6.16 **All Necessary Rights**. To its current, actual knowledge, the Company has acquired and maintained, or will acquire and maintain, all necessary rights, licenses, permits, including any construction permits required by the Fire Code, and authority to carry on its business in Comal County, Texas, and will continue to use its commercially reasonable efforts to maintain all necessary rights, licenses, permits and authority.

6.17 **Full Compliance**. The Company shall timely and fully comply with all of the terms and conditions of this Agreement, subject to Force Majeure.

6.18 **Certify Compliance**. The Company agrees to certify annually in writing its compliance with the terms of this Agreement. Such certification shall be provided to the County by February 15th of each year, commencing February 15, 2026, through the Term of this Agreement. Notwithstanding the above, the Parties understand that certain information, which may not be available until later in the year, may be supplied when it becomes available, but without unreasonable delay.

6.19 **Land Purchase**. The Company is under contract to purchase the Property.

6.20 **No Discrimination**. The Company shall not discriminate against any person on the basis of race, color, national origin, sex, or by reason of being disabled. The Company shall refrain from violating any applicable local, state, and federal law which may have a material adverse effect on the County's reputation by virtue of the County's relationship with the Company.

ARTICLE VII

COUNTY'S REPRESENTATIONS AND COVENANTS

County hereby represents and covenants the following:

7.1 **Authorized in Texas**. The County is a duly authorized and existing political subdivision of the State of Texas.

7.2 **Authorized Execution**. The County has taken all necessary action to authorize its execution and delivery of this Agreement and its performance of its obligations herein.

7.3 **Full Compliance**. The County will remit payment under this Agreement within thirty (30) days receipt of the Comptroller's records verifying the sales tax paid by the Company to the Texas Comptroller's Office. A delay in the County's payment of a Chapter 381 Payment due to a delay in receipt by the County of Sales Tax Revenue, and/or a delay in receipt of the Report and any other certification or other information that the County may reasonably need from the Comptroller to make the Chapter 381 Payments hereunder, as applicable, shall not be considered a default by the County so long as (a) the County has received the Sales Tax Revenue, (b) the County uses reasonable efforts to obtain the necessary certification or other information from the Comptroller, or the Company delays delivery of the Report, and (c) the County pays the applicable Chapter 381 Payment to the Company within thirty (30) days after receipt by the County of the Report and any other certification or other information that the County may reasonably need from the Comptroller to make said Chapter 381 Payment.

ARTICLE VIII

SUSPENSIONS, DEFAULTS, REMEDIES, AND TERMINATION

8.1 **County Suspension Right**. The County, under the following circumstances, and at its sole discretion, may suspend its obligations under this Agreement or terminate this Agreement and all future payment obligations shall automatically cease upon any one of the following events:

8.1.1 Appointment of Receiver. The appointment of a receiver of the Company, or of all or any part of its property, and the failure of such receiver to be discharged within sixty (60) days thereafter.

8.1.2 Adjudication as Bankrupt. An adjudication of the Company as bankrupt.

8.1.3 Filing for Bankruptcy. The filing by the Company of a petition or an answer seeking bankruptcy, receivership, reorganization, or admitting the material allegations of a petition filed against it in any bankruptcy or reorganization proceeding.

8.1.4 Grant Funding. To the extent this Agreement renders the County ineligible for state or federal grant funding during the Term, the County, at its sole discretion, may terminate the Agreement and all future payment obligations shall automatically cease. The County will notify the Company in writing at the address set forth in this Agreement promptly after the County has knowledge of any such requirement or that any such requirement is pending. The Parties agree to work in good faith to modify this Agreement to allow for future Chapter 381 Payments to resume without jeopardizing any state or federal grant funding to the County that was rendered ineligible as a result of this Agreement. Neither Party shall be obligated to make any such modifications.

8.2 Default in Completion of Construction. If the Company does not complete construction of the Project by the Conditions Satisfaction Deadline, then the County shall have as its sole remedy the right to terminate the Agreement in accordance with Section 8.5 below. The date for completing the construction and beginning the operations of the Project may be extended by County through a mutually agreed instrument in writing.

8.3 Operational Default. If, after the Company Opens for Business but prior to the expiration of the Term, the Company permanently discontinues operations of the Project for a period of one hundred eighty (180) consecutive days, and such discontinuance of operations is not due in whole or in part to the occurrence of a Force Majeure event, then the County shall have as its sole remedy the right to immediately terminate the Agreement .

8.4 Default in Rebate Payment by County. If the Company determines that the County has defaulted in its payment obligations, the Company may only seek specific performance against the County.

8.5 Termination. This Agreement may be terminated by the County if the Company defaults on this Agreement, including if the Company refuses, fails, or neglects to substantially comply with any terms of this Agreement, or, if any representation is made by the Company that is false or misleading in any material aspect. If the County determines it has the right to terminate this Agreement in whole or in part under any relevant provision herein, the County shall notify the Company in writing at the address set forth in this Agreement. If the default(s) is not cured within sixty (60) days after the date of such notice, the County may terminate this Agreement, subject to the County's rights of incentive recapture, upon written notice to the Company. Upon termination of this Agreement, in whole or in part, the County shall have the right regarding incentive recapture (as discussed below), in addition to seeking such other remedies as may be available at law or equity.

8.6 Incentive Recapture. If the County terminates this Agreement as a result of the Company's default as set forth herein, the rebate will be immediately abolished, and sales tax will be due for the entire year in which termination occurred, and no rebate shall accrue for all tax years thereafter. In the event of termination, an invoice for the total amounts due for the incentive recapture will be sent to the Company, and the Company agrees to pay the total amounts due within thirty (30) days receipt of the invoice. If the invoice is not paid by the Company within thirty (30) days, then the County may seek interest and attorneys' fees on the unpaid invoice amount.

8.7 **No Waiver**. Any waiver granted by the County to the Company of an act of default or any other act of non-compliance with this Agreement shall not be deemed to be or constitute a waiver of any other existing or future act of default by the Company or of a subsequent act of default of the same act or event by the Company.

ARTICLE IX

REPORTING AND MONITORING

9.1 **All Records**. The Company shall collect and maintain all relevant records of the Company, its successors and assigns, related to each of the economic development considerations and incentives and performance requirements as stated in this Agreement. After receiving a notice from the County of at least fifteen (15) business days, the Company agrees to provide the County with access to the requested records without disclosing any confidential employee information. The confidentiality of such report and information shall be maintained by the County unless disclosure of such records and information shall be required by a court order, a lawfully issued subpoena, or at the direction of the Office of the Texas Attorney General.

ARTICLE X

COUNTY'S LIABILITY LIMITATIONS

10.1 **County's Failure to Comply**. Should the County fail to timely comply with its obligations under this Agreement, following thirty (30) days' written notice thereof delivered by the Company, such failure shall be an act of default by the County.

10.2 **Limitation on Owner's Liability**. The Company specifically agrees that the County shall only be liable to the Company for the amount of the Chapter 381 Payments it is required to pay to the Company, and shall not be liable to the Company for any other actual or consequential damages, direct or indirect, or any other interest or fees for any act of default by the County under the terms of this Agreement

10.3 **Personal Liability of Public Officials**. To the extent permitted by Texas State law, no public official or employee shall be personally responsible for any liability arising under or growing out of this Agreement.

ARTICLE XI

REPRESENTATIVES

11.1 **Party Representatives**. Each Party will designate a representative for actions to be taken by it hereunder and will notify all other Parties in writing of such designation and any changes in such designations. Each Party's representative will be the contact person for such Party to facilitate completion of its obligations under this Agreement. The initial designated representatives of the Parties are Sherman Krause, County Judge or his designee for the County, and Seth Katz or his designee for the Company.

ARTICLE XII

MISCELLANEOUS PROVISIONS

12.1 **Amendments**. This Agreement constitutes the entire understanding and agreement of the Parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by all of the Parties hereto.

12.2 **Representations and Warranties of County**. The County represents and warrants to the Company that this Agreement is within its authority pursuant to Chapter 381 of the Texas Local Government Code, and that it is duly authorized and empowered to enter into this Agreement, unless otherwise ordered by a court of competent jurisdiction.

12.3 **Binding Obligation**. This Agreement shall become a binding obligation on the Parties upon execution by all signatories hereto. Each Party warrants and represents that the individual executing this Agreement on behalf of that individual's represented Party has full authority to execute this Agreement and bind the represented Party to the same.

12.4 **Notice**. Any notice required or permitted to be delivered hereunder shall be deemed delivered by actual delivery, or on the first business day after depositing the same in the hands of a reputable overnight courier (such as United States Postal Service, FedEx or UPS) and addressed to the Party at the address set forth below:

If to the Company: Costco Wholesale Corporation
999 Lake Drive
Issaquah, Washington 98027
Attn: Property Management Department

If to County: Comal County
Attn: County Judge
100 Main Plaza
New Braunfels, TX 78130

Comal County Auditor
150 N. Seguin, Suite 2019
New Braunfels, TX 78130

With a copy to: Comal County Criminal District Attorney
Attn: Chief Civil Prosecutor
199 Main Plaza, Suite 2007
New Braunfels, TX 78130

Any party may designate a different address at any time by giving Notice to the other parties.

12.5 **Assignment**. The Company may not assign this Agreement without the prior written consent of the County.

12.6 **Interpretation**. Each of the Parties has been represented by counsel of its choosing in the negotiation and preparation of this Agreement. In the event of any dispute regarding the interpretation of this Agreement, this Agreement will be interpreted fairly and reasonably and neither more strongly for nor against any party based on draftsmanship.

12.7 **Relationship of the Parties**. This Agreement will not be construed as establishing a partnership or joint venture, joint enterprise, express or implied agency, or employer-employee relationship between the parties. Neither the County, nor its past, present or future officers, elected officials, employees nor agents, assume any responsibility or liability to any third party in connection with the development of the Project or the design, construction or operation of any portion of the Project.

12.8 **Applicable Law and Venue**. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, and all obligations of the Parties created hereunder are performable in Comal County, Texas. Exclusive venue shall lie in a court of competent jurisdiction in Comal County, Texas.

12.9 **Severability**. In the event any provision in this Agreement shall be determined by any court of competent jurisdiction to be invalid or unenforceable, the Agreement shall, to the extent reasonably possible, remain in force as to the balance of its provisions as if such invalid provision were not a part hereof.

12.10 **Paragraph Headings**. The paragraph headings contained in this Agreement are for convenience only and will in no way enlarge or limit the scope or meaning of the paragraphs.

12.11 **No Third-Party Beneficiaries**. This Agreement is not intended to confer any rights, privileges or causes of action upon any third party.

12.12 **Counterparts**. This Agreement may be executed simultaneously in two or more counterparts, each of which will be deemed an original, but all of which will constitute one and the same instrument. A facsimile signature will be deemed to be an original signature for all purposes.

12.13 **Indemnity**. The Company agrees to indemnify, defend and hold harmless the County and its elected officials, officers, employees and agents from and against any claims, losses, damages, causes of action, suits and liabilities arising out of negligence of Company in connection with this Agreement.

12.14 **No Waiver of Immunity**. No provision of this Agreement shall affect or waive any sovereign or governmental immunity available to the County and/or its elected officials, officers, employees and agents under Federal or Texas law nor waive any defenses or remedies at law available to the County and/or its elected officials, officers, employees and agents under Federal or Texas law.

12.15 Changes in Law. If during the Term Texas State law applicable to Chapter 381 sales tax rebate differ from the amount which would have been paid to the Company under the laws in effect as of the Effective Date, then the County, in its sole discretion, may adjust the sales tax rebate utilizing whatever discretionary taxes and revenues are legally available to the County to be allocated. The foregoing does not require the County to use funds from sources which are not within the County's discretion to allocate to the Project in order to achieve the same economic benefits to both Parties, which would have resulted if the law had not changed.

12.16 Statutory Requirements. For the purposes of Chapters 2252, 2271, and 2274 of the Texas Government Code, the Company hereby represents and verifies that it: (i) does not boycott Israel and will not boycott Israel during the term of this Agreement; (ii) is not engaged in business with Iran, Sudan, or a foreign terrorist organization and, as of the Effective Date, is not identified on a list of scrutinized companies prepared and maintained under Texas Government Code Section 2270.0201 or 2252.153, in connection with the prohibition against governmental contracts with companies engaged in business with Iran, Sudan, or a foreign terrorist organization; (iii) does not boycott an energy company and will not boycott an energy company during the term of this Agreement and, as of the Effective Date, is not identified on a list of companies that boycott energy companies prepared and maintained under Texas Government Code Section 809.051; and, (iv) does not discriminate against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Agreement. For purposes of this Agreement, "boycott Israel" has the meaning assigned by Texas Government Code Section 808.001, "foreign terrorist organization" has the meaning assigned by Texas Government Code Section 2252.151, "boycott energy company" has the meaning assigned by Texas Government Code Section 809.001, and "discriminate against a firearm entity or firearm trade association" has the meaning assigned by Texas Government Code Section 2274.001. Notwithstanding anything contained herein, the representations and covenants contained in this provision regarding Texas Government Code Chapters 809, 2252, 2271, and 2274, shall survive the termination of this Agreement until the appropriate statute of limitations has run. The Company hereby acknowledges and agrees that the verifications set forth herein are material terms of the Agreement and the County is expressly relying on the verifications in agreeing to enter into the Agreement with the County.

12.17 TEC Form 1295. The Company acknowledges that for contracts needing County approval, that the County may not accept or enter into a contract until it has received from the Company a completed, signed, and notarized Texas Ethics Commission (the "**TEC**") Form 1295 from the Company complete with a certificate number assigned by the TEC, pursuant to Texas Government Code Chapter 2252 and the rules promulgated thereunder by the TEC.

EXECUTED to be effective as of the 27th day of FEBRUARY, 2025.

COUNTY:

COMAL COUNTY, TEXAS

By: _____

Name: Sherman Krause
Title: County Judge
Date: Feb. 27, 2025

COMPANY:

COSTCO WHOLESALE CORPORATION

By: _____

Name: DAVE MESSNER
Title: SVP REAL ESTATE
Date: MARCH 3, 2025

ATTEST:

Bobbie Koepp
Bobbie Koepp, County Clerk

COMMISSIONERS' COURT COMAL COUNTY, TEXAS

Exhibit A
Property Description and Location

BEING a tract of land situated in the Antonio Maria Esnaurizar Survey, Abstract No. 98, City of New Braunfels, Comal County, Texas and being a portion of a tract of land described in Recission of Warranty Deed with Vendor's Lien to South Star at Mayfair Developer, LLC, recorded in Instrument No. 202206027253, Official Public Records, Comal County, Texas, and being a portion of a tract of land described in Special Warranty Deed to SouthStar at Mayfair Developer, LLC, recorded in Instrument No. 202106037786 of said Official Public Records, and being more particularly described as follows:

BEGINNING at a 5/8 inch iron rod with red plastic cap stamped "KHA" set for corner in the intersection of the northeast right-of-way line of Kohlenberg Road (variable width right-of-way) and the southeast right-of-way line of Interstate Highway 35 (variable width right-of-way);

THENCE with said southeast right-of-way line of Interstate Highway 35, the following courses and distances:

North 29°11'44" East, a distance of 110.05 feet to a 5/8 inch iron rod with red plastic cap stamped "KHA" set for corner;
North 26°53'58" East, a distance of 237.51 feet to a 5/8 inch iron rod with red plastic cap stamped "KHA" set for corner;
North 31°26'06" East, a distance of 163.84 feet to a 5/8 inch iron rod with red plastic cap stamped "KHA" set for corner;

THENCE departing said southeast right-of-way line of Interstate Highway 35, over and across said South Star at Mayfair Developer, LLC tract, the following courses and distances:

North 76°26'06" East, a distance of 35.36 feet to a 5/8 inch iron rod with red plastic cap stamped "KHA" set for corner;
South 58°33'54" East, a distance of 96.84 feet to a 5/8 inch iron rod with red plastic cap stamped "KHA" set for the beginning of a tangent curve to the right with a radius of 2,970.00 feet, a central angle of 06°33'58", and a chord bearing and distance of South 55°16'55" East, 340.18 feet;
In a southeasterly direction, with said tangent curve to the right, an arc distance of 340.36 feet to a 5/8 inch iron rod with red plastic cap stamped "KHA" set for corner;
South 44°40'02" East, a distance of 50.31 feet to a 5/8 inch iron rod with red plastic cap stamped "KHA" set for the beginning of a non-tangent curve to the right with a radius of 2,964.00 feet, a central angle of 06°24'24", and a chord bearing and distance of South 47°49'52" East, 331.25 feet;
In a southeasterly direction, with said non-tangent curve to the right, an arc distance of 331.43 feet to a 5/8 inch iron rod with red plastic cap stamped "KHA" set for corner;
South 44°37'40" East, a distance of 322.49 feet to a 5/8 inch iron rod with red plastic cap stamped "KHA" set for corner;
South 48°10'18" West, a distance of 33.05 feet to a 5/8 inch iron rod with red plastic cap stamped "KHA" set for corner;
South 45°22'20" West, a distance of 708.17 feet to a 5/8 inch iron rod with red plastic cap stamped "KHA" set for corner;
North 44°37'40" West, a distance of 137.50 feet to a 5/8 inch iron rod with red plastic cap stamped "KHA" set for corner;
South 45°22'20" West, a distance of 280.37 feet to a 5/8 inch iron rod with red plastic cap stamped "KHA" set for corner in said northeast right-of-way line of Kohlenberg Road;

THENCE with said northeast right-of-way line of Kohlenberg Road, the following courses and distances:

North 44°50'55" West, a distance of 50.29 feet to a 4" X 4" concrete TXDOT monument found for corner;
North 32°04'07" West, a distance of 223.01 feet to a 5/8 inch iron rod with red plastic cap stamped "KHA" set for corner;
North 17°46'35" West, a distance of 210.78 feet to a 5/8 inch iron rod with red plastic cap stamped "KHA" set for corner, from which a 12 inch concrete TXDOT monument found bears North 25°37'11" West, a distance of 0.61 feet;
North 06°23'08" West, a distance of 302.95 feet to a 5/8 inch iron rod with red plastic cap stamped "KHA" set for corner;
North 23°44'21" West, a distance of 183.71 feet to the **POINT OF BEGINNING** and containing 871,127 square feet or 19.9983 acres of land.

Bearing system based on the State Plane Coordinate System of 1983, Texas North Central Zone (4202), North American Datum of 1983 (2011).

Exhibit B
Form of Capital Investment Certification

Re: CHAPTER 381 ECONOMIC DEVELOPMENT AGREEMENT BETWEEN COMAL COUNTY, TEXAS AND COSTCO WHOLESALE CORPORATION; CAPITAL INVESTMENT CERTIFICATION

This Capital Investment Certification is being delivered by Costco Wholesale Corporation ("Costco") in connection with that certain Economic Development Agreement between Comal County, Texas (the "County") and Costco effective as of _____, 2025 (the "Agreement"). All terms used herein have the meanings ascribed to them in the Agreement unless otherwise defined herein.

The undersigned authorized officer of Costco hereby certifies to the County that Costco has made a capital investment of not less than Twenty-five Million Dollars ($25,000,000) in the Costco Facility, including, without limitation, the costs of acquiring the Property, hard and soft construction costs relating to the Costco Facility, including any necessary off-site improvements, and the costs of equipping the Costco Facility.

The undersigned hereby certifies that I am a duly authorized representative of Costco and am duly authorized to execute this Capital Investment Certification.

COSTCO WHOLESALE CORPORATION

BY: _____
NAME – SIGNATURE

_____
NAME – PRINTED

_____
TITLE DATE_____20___

STATE OF _____

COUNTY OF _____

Sworn to and subscribed to before me on the ___ day of _____, 20_____, by _____.

_____
NOTARY NAME