

STATE OF TEXAS

§

COUNTY OF FORT BEND

§

§

**TAX ABATEMENT AGREEMENT BETWEEN
FORT BEND COUNTY, TRINITY DEVELOPMENT, LLC, AND
WET SOUNDS, INC.**

This Tax Abatement Agreement, hereinafter referred to as "Agreement," is executed by and between **FORT BEND COUNTY, TEXAS**, hereinafter referred to as "County," acting by and through its Commissioners Court and **TRINITY DEVELOPMENT, LLC**, hereinafter referred to as "Owner" of the Real Property and Improvements; and **WET SOUNDS, INC.**, hereinafter referred to as "Lessee" of the Real Property and Improvements, located within the City of Rosenberg Reinvestment Zone No. 24.

1. **Authorization:**

- a. This Agreement is authorized by the Property Redevelopment and Tax Abatement Act, Chapter 312, Subchapter B of the TEXAS TAX CODE as it exists on the effective date of this Agreement, and;
- b. The Guidelines and Criteria for Granting Tax Abatement in Reinvestment Zones created by Fort Bend County, Texas, were approved by the County's Commissioners Court on February 26, 2019. County has determined that the request for Tax Abatement presented by Owner conforms to the criteria established in the Guidelines for Tax Abatement.
- c. No official of County has an interest in the property subject to this Agreement.

2. **Definition:**

As used in this Agreement, the following terms shall have the meanings set forth below:

- a. The "Certified Appraised Value" or "Value" means the value certified as of January 1 of each year of this Agreement regarding the property within City of Rosenberg Reinvestment Zone No. 24 by the Fort Bend Central Appraisal District ("FBCAD").
- b. "Real Property" means the approximate 27.38 acre tract of land described in Exhibit 1 attached hereto and incorporated herein for all purposes, and all improvements currently located thereon, which tract of land is located within the City of Rosenberg Reinvestment Zone 24.
- c. "Improvements" means a commercial building with uses of office, distribution, fabrication and warehouse to be located in City of Rosenberg Reinvestment Zone No. 24 containing at least 118,386 square feet of floor space in the aggregate, the interior improvements to such commercial building(s) and any sidewalks, parking lots, outdoor lighting, landscaping and other improvements to serve the building, to be used for one or more of the purposes allowed within the CITY OF ROSENBERG Reinvestment Zone No. 24.

- d. "Effective Date" shall mean the date upon which this Agreement has been executed by both County and Owner and the conditions set forth in Section 12 below have been satisfied.
- e. "Abatement" means the full or partial exemption from ad valorem taxes of certain property in the City of Rosenberg Reinvestment Zone No. 24 designated for economic development purposes.
- f. "Eligible Property" means the Improvements described herein and eligible for Abatement under this Agreement.
- g. "Ineligible Property" means land, existing improvements, fixed equipment and machinery, tangible personal property that the FBCAD classifies as inventory or supplies, real property used primarily to provide retail sales or services to the public, real property used for residential purposes, tangible personal property classified as furnishings, tangible personal property located in the reinvestment zone prior to the effective date of the tax abatement agreement, real property with a productive life of less than 10 years, or any other property for which abatement is not allowed by state law.
- h. "Owner" means **TRINITY DEVELOPMENT, LLC** or other person or entity to which this Agreement is assigned, with prior approval of the Fort Bend County Commissioners' Court.
- i. "Lessee" means **WET SOUNDS, LLC** or other person or entity to which this Agreement is assigned, with prior approval of the Fort Bend County Commissioners Court.
- j. "County" means the County of Fort Bend, Texas.
- k. "Employee" means a person who:
 - i. Is an employee of the Lessee; and
 - ii. Regularly works at least 40 hours a week at the site of the Improvements, excluding time taken for holidays, vacations, sick leave, or other regular leave.

3. **Subject Property:**

- a. The City of Rosenberg Reinvestment Zone No. 24 is an area located in Fort Bend County, Texas, being legally described in Exhibit 1 attached hereto and incorporated herein for all purposes.
- b. The FBCAD has established the base year values for the subject property as of January 1, 2020 ("Base Year").

4. **Responsibilities:** In consideration of receiving the tax abatement granted herein, Owner and Lessee each represents and agrees:

- a. Responsibilities of Lessee:
 - i. Beginning on December 31, 2021 and continuing through December 31, 2031 Lessee will have and maintain at least 45 continuously employed persons employed at the Improvements meeting the definition of Employees, the as defined in this Agreement. The Employees required by this Agreement must have at least an average Annual Salary of at least \$75,000.00 before benefits.
 - ii. Upon request, Lessee shall annually furnish County with only payroll

records as allowed by law and as necessary for County to confirm Lessee's compliance with this Agreement (e.g. number of employees is appropriate; payroll dollars, taxes, benefits, and bonuses are not appropriate).

- iii. Lessee shall ensure that all non-abated ad valorem taxes assessed by County on any property owned by Lessee in Fort Bend County are paid prior to delinquency, excluding payment of any taxes which are subject to a properly filed protest and/or contest. Delinquent taxes for any Fort Bend County Property is a default of Lessee's obligations and will be grounds for termination regardless of whether the delinquent property is subject to an abatement.
- b. Responsibilities of Owner:
- i. That construction of the Improvements will commence without delay.
 - ii. No later than December 31, 2021 (the "Completion Date") Owner shall ensure that construction of the Improvements are complete. Owner shall provide the County Tax Assessor/Collector with written documentation confirming completion of the Improvements on or before the Completion Date. Owner's failure to provide the written documentation required by this Section may result in a forfeiture of the tax abatement provided for tax year 2022; provided that in the event Owner provides such documentation after December 31, 2021 but prior to December 31, 2022, the forfeiture of the tax abatement for failure to timely complete Improvements shall not apply to any tax abatement after tax year 2022.
 - iii. That Owner shall provide the County's Tax Assessor/Collector a certified statement that Owner has spent a minimum of \$8,900,000 in total project costs with respect to the Improvements (excluding the cost of the Real Property) within sixty (60) days after completion of the Improvements; and that the Certified Appraised Value of the Improvements on January 1, 2022, and on each and every January 1 thereafter during the term of this Agreement must not be less than \$7,120,000.00. Owner may from time to time during the term of this Agreement install additional improvements, and modify, remove or replace improvements as Owner may determine in their discretion. Failure to meet the requirements of this section shall not be a default but will invalidate the tax abatement for the year this requirement was not satisfied.
 - iv. OWNER SHALL BE RESPONSIBLE FOR NOTIFYING THE FBCAD OF THE ABATEMENT, INCLUDING FILING WITH THE FBCAD ANY APPLICATION OR OTHER FORMS NECESSARY TO QUALIFY FOR OR RECEIVE THE ABATEMENT GRANTED.
 - v. OWNER SHALL BE RESPONSIBLE FOR REQUESTING FROM COUNTY AN ASSIGNMENT OF THIS AGREEMENT IN THE EVENT THE REAL PROPERTY SUBJECT TO THIS AGREEMENT IS SOLD, TRANSFERRED OR ASSIGNED. EXCEPT AS OTHERWISE PROVIDED HEREIN, ANY ASSIGNMENT IS NOT EFFECTIVE UNTIL APPROVED IN

WRITING BY COUNTY.

- vi. That Owner has as of the effective date of this Agreement, the financial resources to implement the above representations.
- vii. That Owner shall ensure that taxes on all property owned by it in Fort Bend County are current. Delinquent taxes for any Fort Bend County property of Owner is a default of Owner and Owner's obligations hereunder and will be grounds for termination of this Agreement, regardless of whether the delinquent property is subject to an abatement under this Agreement.
- viii. That Owner will participate in the continuing economic development process in Fort Bend County by continuing their current membership as a Trustee Member (\$6,000/yr. dues) of the Greater Fort Bend Economic Development Council for a minimum period coinciding with the term of this Agreement.

5. Value and Term of Abatement:

- a. This Agreement shall be effective on the date executed by County and Owner, and Lessee and shall terminate on December 31, 2031. In no event shall this Agreement extend beyond December 31, 2031.
- b. In each year that this Agreement is in effect, the amount of abatement shall be an amount equal to the percentage indicated below of the taxes assessed upon the Improvements.
- c. Subject to the limitations imposed by law and conditioned upon the representations outlined in Section 4 herein above, there shall be granted and allowed hereunder a property tax abatement of the County ad valorem taxes applicable to Owner or Lessee on Eligible Property of Owner or Lessee for the following years and in the following amounts on the value of the Improvements:

Tax Year	Percentage Abatement
2022	60%
2023	60%
2024	60%
2025	60%
2026	60%
2027	60%
2028	60%
2029	60%
2030	60%
2031	60%

- 1) The abatement granted shall not apply to any Ineligible Property.

- 2) The FBCAD's determination of values shall be used to determine the value of the property subject to this Agreement. If Owner or Lessee protests the FBCAD's valuation of the property, the valuation placed on the property after the protest is resolved under State law shall be used.
 - 3) On or before September 1 of each year of this Agreement, Owner shall certify in writing to the Fort Bend County Tax Assessor/Collector Owner's compliance with each term of this Agreement by completion and submission of the form attached as Exhibit 3 to this Agreement. No substitutions are allowed.
- d. In the event Lessee does not meet the Responsibilities provided in Section 4(a)(i) or Owner does not meet the Responsibilities provided in Section 4(b)(iii) in any year during the Term of the Abatement, the Percentage Abatement shown in Section 5(c) shall be reduced in an amount proportional to the percentage that the Responsibilities were not met. By way of example, if the average Annual Salary were 10% less than the required \$75,000, the Percentage Abatement would be reduced by 10% ($60\% - 6\% = 54\%$) to 54% for such year when the Responsibility is not achieved.
- e. If two or more of the required minimum values in Par.4(a)i and Par.4(b)iii fall below the stated required minimums in any one year of the abatement term, then the reduction that is the greatest would be used to calculate the adjusted percentage of abatement for that one year. This does not apply to the Owner requirement in Par.4(a)I to certify a minimum total project cost of \$8,900,000.00.
- 1) For example, if in any one year of the Abatement term, improvements were 10% lower, jobs 6% lower, and salary 7% lower, we would reduce the 60% by 10%, which would be 6%, and as shown above, the abatement for that year would be 54%.
 - 2) However, if any one or more of the values were to decrease more than 20% lower than the required values of any year of the Abatement term, the Agreement would not be in default, but the Eligible Property would not qualify for the Abatement that year.
6. **Taxability:** During the period that this tax abatement is effective, the value of taxes shall be payable by the Owner or Lessee as follows:
- a. The value of all property (Eligible and Ineligible Property), shall be determined in the Base Year by the FBCAD.
 - b. The value of Ineligible Property shall be fully taxable.
 - c. The value of Eligible Property shall be abated as set forth in Section 5(c).
7. **Event of Default:**
- a. County may declare Owner or Lessee in default of this Agreement if: (1) Owner or Lessee fails to comply with any term of this Agreement or (2) Owner or Lessee allows County ad valorem taxes on any property owned by Owner or Lessee in Fort Bend County to become delinquent, even if the delinquent taxes are for a property not subject to an abatement or (3)

Owner or Lessee ceases operations on the Real Property for a continuous period of one hundred eighty (180) days before the expiration of the term of the Abatement without the prior written consent of the County, except that in the event of (i) a temporary shutdown of the facility, with assurance of the resumption of operations, for the purpose of facility modification, expansion, improvement, retooling or similar purpose, (ii) the facility is being actively marketed, the County shall not unreasonably withhold consent to a reasonable extension to such period to permit the sale of the facility to another operator, (iii) the closure of the facility pending settlement of insurance, casualty or condemnation claims or (iv) the closure of the facility due to inadequate or unacceptable raw water supply shall not constitute a vacating of or a cessation of operations on the Real Property under this Section 7(a)(3). Such exceptions are subject to further extension for force majeure as defined in Section 11 herein.

- b. County shall notify Owner and Lessee of any default in writing specifying the default. Owner shall have ninety (90) days from the date of the notice to cure any default. If Owner fails to cure the default within ninety (90) days from receipt of notice, County may terminate this Agreement by written notice.
- c. Any Default Notice issued in accordance this Agreement shall prominently state the following at the top of the notice:

NOTICE OF DEFAULT UNDER TAX ABATEMENT AGREEMENT

YOU ARE HEREBY NOTIFIED OF THE FOLLOWING DEFAULT UNDER YOUR TAX ABATEMENT AGREEMENT WITH THE COUNTY. FAILURE TO CURE THIS DEFAULT WITHIN THE TIME PERIODS PROVIDED BY THE AGREEMENT SHALL RESULT IN CANCELLATION OF THE TAX ABATEMENT AGREEMENT AND, ACTION TO RECAPTURE OF TAXES ABATED PURSUANT TO THE AGREEMENT.

- d. Owner or Lessee agree that all taxes previously abated by virtue of this Agreement will be recaptured and paid to County within thirty (30) days of the termination in the event that termination is due to Owner or Lessee:
 - i. Allowing its ad valorem taxes owed the County to become delinquent and fails to timely and properly follow the legal procedures for their protest and /or contest; or
 - ii. Failing to Construct the Improvements; or
 - iii. Owner's and or Lessee's cessation of operation of the Real Property in violation of Section 7(a)(3) above, and failure to cure such cessation within the applicable cure periods.
- e. Payment of recaptured taxes will include:

- i. The amount of all taxes abated during the term of this Agreement; and
 - ii. Interest on the abated amount at the rate provided for in the Texas Tax Code for delinquent taxes.
 - iii. Penalties on the amount abated in the year of default, at the rate provided for in the Texas Tax Code for delinquent taxes.
- f. County shall have a lien against the Real Property, Ineligible Property and Eligible Property for the taxes and interest owed because of the recapture of taxes under this paragraph during the time period beginning on the date such payment obligation accrues and continuing until the date is paid.
- g. This paragraph is required by Chapter 2264, Texas Government Code and governs over any conflicting provisions of this Agreement. Owner is prohibited from knowingly employing undocumented workers as that term is defined in Section 2264.001, Texas Government Code. If Owner is convicted of a violation under 8 U.S.C. Section 1324a(f), the conviction shall be considered default of this Agreement, from which no cure provisions shall apply. In such event, County shall provide written notice to Owner of the default and this Agreement shall automatically terminate on the 30th day after the date of the notice of default from County to Owner. In the event of termination under this paragraph (d), Owner shall repay to County the amount of all property taxes abated under this Agreement, plus interest on the abated amount at the rate provided for in the Texas Tax Code for delinquent taxes.
- h. Except as set forth in Section 7(c) above, if this Agreement is terminated by County, as County's sole and exclusive remedy, all future abatement of taxes hereunder shall terminate.

8. Administration and Inspection

- a. This Agreement shall be administered by the Fort Bend County Tax Assessor/Collector or her designee. Owner shall allow employees or other representatives of County who have been designated by the Tax Assessor/Collector to have access to the Real Property (during normal business hours) during the term of the Agreement. All regular inspections shall be made only after two (2) business days prior notice and will be conducted in such a manner as not to unreasonably interfere with the construction or operation of the facility. A representative of Owner may accompany the inspector. County shall cause each of its employees and representatives who conduct such inspections to abide by all of Owner's security, safety and operational rules (as the same may be amended from time to time), copies of which have been made available to County.
- b. Upon completion of the placement and/or installation of the Eligible Property, County shall annually evaluate the Eligible Property to ensure compliance with the terms and provisions of this Agreement and shall report potential defaults to the Owner.
- c. The Chief Appraiser of the FBCAD shall annually determine (1) the taxable value under the terms of this abatement of any Eligible Property located on the Real Property and (2) the full taxable value without

abatement of the Eligible Property located on the Real Property. The Chief Appraiser shall record both abatement taxable value and full taxable value in the appraisal records. The full taxable value figure listed in the appraisal records shall be used to compute the amount of abated taxes that is terminated in a manner that results in recapture of abated taxes.

- d. Owner shall furnish the Chief Appraiser annually such information as provided for under Chapter 22 of the Texas Tax Code as may be necessary for the administration of this Agreement. Such information shall also be provided annually to the County Tax Assessor/Collector in preparation of its annual evaluation for compliance with the terms and provisions of this Agreement.

9. **Assignment**

- a. Owner may not assign this Agreement without the prior written consent of County. No assignment shall be effective or approved if County has declared a default hereunder which has not been cured or the assignee is delinquent in the payment of any ad valorem taxes owed to County. Approval shall not be unreasonably withheld.
- b. Any and all assignments shall contain the same terms and conditions as set out in this Agreement and shall be granted for the remaining term of the original Agreement only.
- c. Owner shall provide notice to County within ninety (90) days after any sale or assignment of the Real Property subject to this Agreement.

10. **Indemnity**

IT IS UNDERSTOOD AND AGREED BETWEEN THE PARTIES THAT OWNER AND LESSEE, IN PERFORMING OBLIGATIONS HEREUNDER, IS ACTING INDEPENDENTLY, AND COUNTY ASSUMES NO RESPONSIBILITIES OR LIABILITIES IN CONNECTION THEREWITH TO THIRD PARTIES. OWNER AND LESSEE EACH AGREES TO DEFEND, INDEMNIFY AND HOLD HARMLESS COUNTY AND THE FBCAD FROM ANY AND ALL NON-OWNER CLAIMS, SUITS, AND CAUSES OF ACTION OF ANY NATURE WHATSOEVER ARISING OUT OF OWNER'S BREACH OF ITS OBLIGATIONS HEREUNDER EXCEPT THAT THE INDEMNITY SHALL NOT APPLY TO THAT PORTION OF RESPONSIBILITIES AND LIABILITIES RESULTING FROM THE FAULT OR NEGLIGENCE OF COUNTY OR TAXING UNITS, THEIR RESPECTIVE OFFICERS, AGENTS OR EMPLOYEES. OWNER'S INDEMNIFICATION OBLIGATIONS INCLUDE THE PAYMENT OF REASONABLE ATTORNEYS FEES AND EXPENSES INCURRED IN THE DEFENSE OF ANY SUCH CLAIMS, SUITS, AND CAUSES OF ACTION WHICH ARE NOT DUE TO COUNTY'S OR THEIR REPRESENTATIVES' INTENTIONAL CONDUCT OR NEGLIGENCE. OWNER SHALL BE RESPONSIBLE FOR ALL FEES INCURRED BY COUNTY IN THE DEFENSE OF ANY SUCH CLAIMS, SUITS, OR CAUSES OF ACTION SO LONG AS DEFENSE COUNSEL AND COURSES OF ACTION ARE DETERMINED

SOLELY BY OWNER. NOTHING IN THIS AGREEMENT SHALL BE INTERPRETED TO PROHIBIT COUNTY FROM INCURRING REPRESENTATION OF ANY SUCH CLAIM, SUIT OR CAUSE OF ACTION; PROVIDED, HOWEVER, NEITHER OWNER NOR LESSEE SHALL NOT BE RESPONSIBLE FOR ANY SUCH COSTS AND OR FEES SO INCURRED.

11. Force Majeure:

If by reason of force majeure, Owner is unable to perform any obligation of this Agreement, it shall give notice of the force majeure to County in writing within thirty (30) calendar days after Owner first becomes aware or should have become aware of the occurrence relied upon. By doing so, the obligation of Owner, to the extent and for the period of time affected by the force majeure, shall be suspended. Owner shall endeavor to remove or overcome the inability with all reasonable effort. For purposes of this provision, "force majeure" shall include, but not be limited to acts of God, landslides, lightning, earthquakes, hurricanes, storms, floods, or other natural occurrences; strikes, lockouts, insurrections, riots, wars or other civil or industrial disturbances; orders of any kind of the federal or state government or of any civil or military authority; explosions, fires, breakage or accidents to machinery, lines, or equipment, or the failure or lack of capacity of the wastewater system or water supply system; governmental delays in granting approvals or issuing permits; or any other cause not reasonably within the control of the Owner.

12. Commissioners Court Approval:

This Agreement is conditioned entirely upon the approval of the Commissioners Court by the affirmative vote of a majority of the members present at a duly scheduled meeting of the Commissioners Court.

13. Compliance with State and Local Regulations:

This Agreement shall not be construed to alter or affect the obligations of Owner to comply with any city ordinance or federal or state law or regulation.

14. Changes in Laws/Vested Rights:

The tax abatement provided in this Agreement is conditioned upon and subject to any changes in the state tax laws during the term of this Agreement, but only the extent required by law to be enforceable and after giving Owner all vesting, non-conforming and/or "grandfather" rights, contained in and applicable to this Agreement and allowed by law.

15. Miscellaneous:

- a. This Agreement and the rights and obligations of each party shall be construed and enforced under and in accordance with the laws of the State of Texas, and all obligations of the parties created hereunder are performable in Fort Bend County, Texas.
- b. In the event of one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any

respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

- c. The waiver by either party of a breach of any provision of this Agreement shall not operate as or be construed as a waiver of any subsequent breach.
- d. Any amendments of this Agreement shall be of no effect unless in writing and signed by both parties hereto.

16. Notices

- a. Any notice required to be given under the provisions of this Agreement shall be in writing and shall be duly served when it shall have been hand delivered, deposited with a nationally recognized overnight courier, or deposited, enclosed in a wrapper with the proper postage prepaid thereon, and certified, return receipt requested, in a United States Post Office, addressed to County and Owner at the mailing address as hereinafter set out. If mailed, any notice of communication shall be deemed to be received three (3) business days after the date of deposit in the United States Mail.
- b. Unless otherwise provided in this Agreement, all notices shall be delivered to Owner or County at the following addresses:

To the Tax Assessor/Collector: The Honorable Carrie Surratt
Fort Bend County Tax Assessor-Collector
1317 Eugene Heimann Circle
Richmond, Texas 77469

To County: Fort Bend County
401 Jackson
Richmond, Texas 77469
Attention: County Judge

Copy to: Fort Bend County Attorney
401 Jackson
Richmond, Texas 77469

To Owner: Trinity Development, LLC
10621 S. Sam Houston Parkway W Suite 100
Houston, Texas 77071
Attn: Mark Powell

With a copy to: Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, Texas 77027
Attn: Stephen M. Robinson

To Lessee:

Wet Sounds, Inc.
10621 S. Sam Houston Parkway W Suite 100
Houston, TX 77071
Attn: Mark Powell

- c. Any party may designate a different address by giving the other parties ten (10) days prior written notice thereof. Failure of Owner to provide County Tax Assessor/Collector thirty (30) days' notice of a change of address may result in termination of this Agreement.

17. Entire Agreement

This Agreement contains the entire Agreement among the parties and supersedes all other negotiations and agreements, whether written or oral. This Agreement shall inure to the benefit of and be binding upon the parties hereto and each of their respective successors and assigns. Attached hereto are (a) Exhibit 1 – City of Rosenberg Ordinance designating Reinvestment Zone No. 24 and legal description of Real Property (land) comprising the Reinvestment Zone (b) Exhibit 2, the Economic Impact Statement, and (c) Exhibit 3, the Annual Compliance Certificate- all of which are made part of this Agreement.

[remainder of page left blank]

[execution page follows]

18. Execution

IN TESTIMONY OF WHICH, THIS AGREEMENT has been executed by County and Owner as of the dates below stated. Owner warrants and represents that the individuals executing this agreement on behalf of Owner have full authority to execute this Agreement and bind Owner to the same.

“COUNTY:”

FORT BEND COUNTY, TEXAS

By: _____
KP George, County Judge

Date: _____

ATTEST:

Laura Richard, County Clerk

“OWNER”

TRINITY DEVELOPMENT, LLC.

a Texas limited liability company

By: Brett Triola

Printed Name: BRETT TRIOLA

Title: member

Date: 10/1/20

“LESSEE”

WET SOUNDS, INC.

By: Brett Triola

Printed Name: BRETT TRIOLA

Title: Secretary

Date: 10/1/20

ATTEST:

Mark Powell
Printed Name: Mark Powell

EXHIBIT 1

**CITY OF ROSENBERG ORDINANCE DESIGNATING
REINVESTMENT ZONE NO. 24 AND
LEGAL DESCRIPTION OF REAL PROPERTY (LAND)
COMPRISING THE REINVESTMENT ZONE**

ORDINANCE NO. 2020-07

AN ORDINANCE CREATING CITY OF ROSENBERG REINVESTMENT ZONE NO. 24, BEING 27.366 ACRES OF LAND LOCATED IN THE B. B. B. & C. R. R., CO. SURVEY, SECTION 13, ABSTRACT NO. 140 AND G.M. STONE SURVEY ABSTRACT NO. 312, CITY OF ROSENBERG, FORT BEND COUNTY, TEXAS, AS RECORDED UNDER FORT BEND COUNTY CLERK'S FILE NUMBER 2019123780; MAKING CERTAIN FINDINGS; REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES INCONSISTENT OR IN CONFLICT HEREWITH; AND, PROVIDING FOR SEVERABILITY.

WHEREAS, City Council has passed and approved Guidelines and Criteria for Granting Tax Abatement in Reinvestment Zones created in the City of Rosenberg, Texas; and,

WHEREAS, pursuant to such Guidelines, the City Council has received an application for creation of a reinvestment zone and the granting of tax abatement; and,

WHEREAS, after the giving of proper notice, as required by law, the City Council held a public hearing where all interested persons were given an opportunity to speak and present evidence for and against the creation of Reinvestment Zone No. 24; and,

WHEREAS, notice of such public hearing was duly given to the presiding officer of the governing body of each taxing unit that includes within its boundaries real property that is to be included in proposed Reinvestment Zone No. 24; and,

WHEREAS, City Council has determined that the improvements sought to be located in proposed Reinvestment Zone No. 24 are feasible and practical and would be a benefit to the land to be included in the Zone and to the City after the expiration of the tax abatement agreement; and,

WHEREAS, the creation of Reinvestment Zone No. 24 will be reasonably likely, as a result of its creation, to contribute to the retention or expansion of primary employment or to attract major investment into the Zone that would benefit property located therein and that will contribute to the economic development of the City of Rosenberg; now, therefore,

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF ROSENBERG:

Section 1. That the facts and matters set forth in the preamble of this Ordinance are hereby found to be true and correct.

Section 2. That Reinvestment Zone No. 24 is hereby created for the purpose of encouraging economic development through tax abatement. A description of the property which comprises said Reinvestment Zone No. 24 is attached hereto as Exhibit "A" and made a part hereof for all purposes. Improvements constructed, erected, or placed within

Reinvestment Zone No. 24 as created hereby shall be eligible for commercial-industrial tax abatement.

Section 3. That the property which comprises Reinvestment Zone No. 24 is located within the corporate limits of the City of Rosenberg.

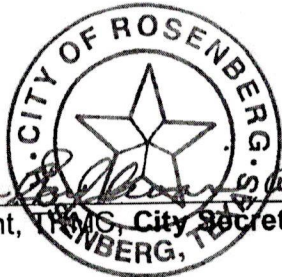
Section 4. This designation of Reinvestment Zone No. 24 shall expire five (5) years after the date of adoption of this Ordinance.

Section 5. All ordinances or parts of ordinances inconsistent or in conflict herewith are, to the extent of such inconsistency or conflict, hereby repealed.

Section 6. In the event any clause, phrase, provision, sentence, or part of this Ordinance or the application of the same to any person or circumstance shall for any reason be adjudged invalid or held unconstitutional by a court of competent jurisdiction, it shall not affect, impair, or invalidate this Ordinance as a whole or any part or provision hereof other than the part declared to be invalid or unconstitutional; and the City Council of the City of Rosenberg, Texas, declares that it would have passed each and every part of the same notwithstanding the omission of any such part thus declared to be invalid or unconstitutional, whether there be one or more parts.

PASSED AND APPROVED by a vote of 6 "ayes" in favor, 0 "noes" against, and 0 abstentions on this first and final reading in full compliance with the provisions of Section 3.10 of the Charter of the City of Rosenberg on the 4th day of February 2020.

ATTEST:



Cynthia Swint, City Secretary
Danyel Swint, TRMG, City Secretary

APPROVED:

William Benton
William Benton, Mayor

APPROVED AS TO FORM:

[Signature]
City Attorney
Randle Law Office, Ltd, L.L.P.

EXHIBIT 2

ECONOMIC IMPACT STATEMENT



GREATER FORT BEND
ECONOMIC DEVELOPMENT
COUNCIL

ECONOMIC IMPACT STATEMENT QUESTIONNAIRE

Trinity Development, LLC City, Fort Bend County

Based on the information you provide below, the Greater Fort Bend Economic Development Council (GFBEDC) will begin prequalification of your project. The information you provide will allow the GFBEDC to begin to develop your application and economic impact statement for presentation to the taxing entities for consideration of economic incentives. The following factors will be considered as a whole to determine the entire economic impact of the company: location of project, type of business, is the company in one of the city's target industries, number of jobs, skill level of each job, average salary, investment in building improvements or new building, value of taxable inventory, value of taxable personal property and equipment, sales tax revenue generated for the city, impact on local infrastructure, and impact (good or bad) on existing businesses in the County.

- 1. Please provide a detailed summary statement about your company (its history, type of business and industry, etc.) and clearly describe its operations at the proposed facility in Fort Bend.** Wet Sounds was started in 2005 by five individuals from Houston (three of which still own the company). Wet Sounds designs and develops marine audio equipment. Wet Sounds quickly gained market share in the marine audio industry with innovative products and superior performance and has since moved into powersport audio (ATV and UTV) and plans to move into outdoor home audio in 2020. Operations include design, development, and distribution of marine and powersport audio equipment to original equipment manufacturers and authorized dealers. Wet Sounds currently outsources all product manufacturing activities but has plans to expand into light manufacturing for some of its products. Trinity Development is owned by the same three individuals that own Wet Sounds. Trinity Development serves as the land and building ownership entity. The owners are Tim White, Brett Triola, and Joe Mandola.

2. Information About Your Company

Company Name: Wet Sounds, Inc	
Contact Person: Mark Powell	Title: Chief Financial Officer
Current Address: 10621 S. Sam Houston Pkwy W. STE 100 Houston, TX 77071	
Office #: 832-554-9068	Mobile #: 832-381-4277
Fax #:	Website: www.wetsounds.com
Email Address: mark@wetsounds.com	
The Company's Primary SIC Code: 5064	

3. **Type of project (check all that apply):**
 Existing business in Fort Bend County
 New business to Fort Bend County
 Expansion of existing facility
 Construction of new facility
 Company will lease facility
 Company will own facility
 Corporate/Regional Headquarters

4. **If the company will lease the facility, who will be the owner:**

5. **Location of proposed site(s) in Fort Bend (street address, name of Business Park or other development, city, or name of area if unincorporated):** 27.38 Acres located along the East side of Louise Street approximately 145 feet South of Mons Avenue, Rosenberg, TX 77471

6. **Scope of project:**

Size of new facility/expansion:	118,386
Size of existing facility (if applicable):	
Size of lease space in existing facility (if applicable):	
Number of acres at facility site:	27.38
Type of Construction (tilt wall, metal, concrete, etc.):	Tilt Wall

7. **Please give detailed breakdown of operations within the proposed facility (i.e., 20% office; 25% distribution; 15% metal fabrication; 40% warehouse, etc.):** 84% distribution, 16% office

8. **Truck traffic to be generated (# daily or weekly):** 10/Week

9. **Targeted start of construction:** Aug 2020

10. **Targeted start of operations:** Dec 2021

11. **Market value (taxable assets) of the firm's property that would be located at the facility in Fort Bend (new property to Fort Bend):**

Land	Construction Costs of Building Improvements	Equipment & Machinery	Inventory	Other Taxable Personal Property	Total
\$ 2,025,000	\$8,938,143	\$500,000	\$8,000,000	\$100,000	\$ 19,563,143

12. **Estimated percent of inventory that would be Freeport qualified, if any:** 10____%
Freeport goods are inventories (raw materials, goods-in-process, and finished products) acquired by a business and held for no more than 175 days before being shipped out of state.

13. **Does the company require a Foreign Trade Zone (FTZ)? If so, what percent of the inventory would be FTZ qualified:** ____0____%

14. **Employment information:**

Number of new jobs to Fort Bend County	Number of existing jobs to be retained (if company currently located in Fort Bend)	Total Number of Jobs
45	0	45

15. **Average salary (before benefits):** \$75,000

16. **Amount of initial, annual local payroll to be created:** \$4,340,000

17. **What are the estimated annual total sales at the new facility? What portion of the total sales will be subject to local (city) sales taxes?** \$33,000,000 w/9% Taxable in locality

18. **Does the company own a corporate airplane that would be housed at a local corporate airport in Fort Bend (i.e., Sugar Land Regional Airport or Houston Southwest Airport)? If so, what is the plane's value:** No

19. **Will the company's local business practices necessitate business travel that will bring clients or employees to the Fort Bend facility, resulting in hotel/motel bookings? If so, what is the estimated number of hotel/motel stays per year that will be booked locally:** 40 to 50

20. **If your company currently has operations elsewhere in the State of Texas, please list the name of the communities:** Houston, TX (Harris County)

21. **Employee benefit burden (percent of employee's salary that is invested by the company into the employee's benefits):** 18%

22. **Current owner of real property (land/building) at the time of application:** Trinity Development, LLC

23. **Have you received or are you currently receiving tax abatement in Fort Bend:**
____ Yes No

24. Is this land currently under Agriculture Exemption: X ___ Yes ___ No
- a. If so, what will be the increase in taxes paid annually to taxing authorities: *To be answered by GFBEDC*
- b. What is the value of roll back taxes to be collected as a result of being taken out of Ag Exemption: *To be answered by GFBEDC*
25. What is the expected increase in value of the land once it is sold? (to be answered by GFBEDC)
26. Productive life of proposed improvements and/or initial term of lease: 39 years
27. Time of day activities will be taking place (i.e, # of shifts): 8AM to 5/6PM Monday to Friday
28. The costs to be incurred by local government to provide facilities or services directly resulting from the new improvements:
Explain any costs for development or depletion of infrastructure the city and/or water district are being asked to absorb, if any. Requesting assistance on an estimated \$140K detention pond access fee and an estimated \$160K impact fee for water meter
29. Please provide wastewater information, including activities, facilities, plant processes, products, services, chemicals, materials, and hazardous substances that may be used or that may result from the activities to be conducted within the proposed improvements: Waste water will be typical for facility with 45 employees containing 8 restrooms. Facility activities are receiving/shipping products, and R&D activity which consists of cutting lumber and metal. Primary waste will be cardboard.
30. Explain any proposed pretreatment of wastewater prior to discharge into the sanitary sewer system: NA
31. Will there be any proposed monitoring of wastewater discharge into the sanitary sewer system: No
32. Public improvements to be made by the Company in which the public may benefit (please list if any):
33. Will this business compete with existing businesses in the county? If so, please list local companies providing the same services: No
34. Are there possibilities for local businesses to become suppliers? Any new retail opportunities? Please explain. Yes. Lumber and other sundry consumable supplies are typically purchased locally. Additional potential for retail store front to provide sales/installation services for Wet Sounds, Inc. Estimated annual revenue of \$500K.

35. **Do you anticipate your relocation to attract other new businesses to the area? Please explain:** Not immediately but eventually there will be lease space developed that will be marketed to prospective tenants by Fuller Realty Partners
36. **Does the business produce any type of emissions or are there any other environmental matters for the city/county to consider:** No
37. **The company agrees to participate in the continuing economic development process in Fort Bend County by becoming a Trustee member (\$6,000/yr) /Regular member (\$2,000/yr) of the GFBEDC for a minimum period coinciding with the term of any County abatement agreement:** X ___ Yes ___ No
The County Commissioners' Court encourages the company's participation in the Council to support the continued economic growth in the County. The Court considers your decision in their evaluation of the project.
38. **By signing and submitting this application you certify that the company, its branches, divisions and departments (company) do not and will not knowingly employ an undocumented worker. An agreement with the company will require the company to repay the total amount of the public benefit received with interest at the rate and according to the terms of the agreement if the company is convicted of a violation under 8 U.S.C. Section 1324a. Repayment will be due no later than the 120th day after the date the City/County notifies the company of the violation as provided in the agreement.**

An undocumented worker is an individual who, at the time of employment, is not:
a. (1) lawfully admitted for permanent residence to the United States; or
b. (2) authorized under law to be employed in that manner in the United States.

In order to prepare the documents creating the Reinvestment Zone, in which all eligible property placed therein would receive any property tax abatement, and the Abatement Agreement itself, a Site Plan and Legal Description, including a metes and bounds description is necessary. Please provide these as soon as possible if they are not available at the time this EIS is submitted.

CERTIFICATION:

I. APPLICANT:

Trinity Development, LLC and Wet Sound § Inc. does hereby certify that all statements and representations made herein are accurate to the best of their knowledge and agree to comply with these terms.

By Authorized Representative:


Signature

Date: 08/11/2020

Printed Name: Mark Powell

Title: Chief Financial Officer

II. GFBEDC

The Greater Fort Bend Economic Development Council certifies that _____
_____ has met the standard
requirements and is qualified for value added tax abatement in Fort Bend County.

W. Jackson Belt
Executive Vice President
Greater Fort Bend Economic
Development Council

Date

EXHIBIT 3

ANNUAL COMPLIANCE CERTIFICATE

FORT BEND COUNTY TAX ABATEMENT
ANNUAL COMPLIANCE CERTIFICATE

Due by September 1 of current tax year

Current Tax Year _____

This certification is being made on behalf of the OWNER / LESSEE (circle one)
Each must prepare a separate report

Per the terms of the tax abatement agreement between Fort Bend County, Fort Bend County Drainage District and

Owner _____ and

Lessee (if applicable) _____

dated _____ we are in compliance with the following terms of the agreement:

1. Construction of the improvements was completed on: _____
2. Certified statement regarding project costs was provided to the Fort Bend County Tax Assessor/Collector on: _____ (date)
3. Certificate of Occupancy was provided to the Fort Bend County Tax Assessor/Collector on: _____ (date)
4. Certified appraised value of the improvements as of January 1 _____ (current tax year) was \$_____ which meets the required minimum value requirement of \$_____.
5. Certified appraised value of the eligible property (if included in abatement agreement) as of January 1 _____ (current tax year) was \$_____ which meets the required minimum value requirement of \$_____.
6. Total number of employees employed at the improvement for current tax year is _____ which meets the required minimum value requirement of _____.
7. Owner / lessee (circle one) applied for/renewed membership in the Greater Fort Bend Economic Development Council as required in the abatement agreement on _____ (date).

8. Owner / lessee (circle one) filed the annual Application(s) for Property Tax Abatement Exemption (Form 50-116) with Fort Bend Central Appraisal District on _____ (date).

9. If there are additional requirements under the specific abatement agreement(s) by and between Fort Bend County, Fort Bend County Drainage District, Owner / Lessee noted above, please list requirement(s) and certify compliance here:

At this time, Owner/Lessee (circle one) wishes to designate a different mailing address for notices under the terms of this abatement agreement.

NEW NOTIFICATION ADDRESS:

To Owner / Lessee :
(circle one)

Please indicate the basis for your authority to represent the property owner in filing this certificate:

_____ Officer of the company _____ General Partner of the company

_____ Attorney for property owner

_____ Agent for tax matters appointed under Tax Code Section 1.111 (copy of completed Form 50-162 filed with Fort Bend Central Appraisal District)

I _____, swear or affirm the following:
(print name)

- To the best of Company's knowledge and belief, each fact contained in this certificate is true and correct, and that Company is in compliance with the terms of the Agreement.
- Company understands that this Certificate is being relied upon by the County in connection with the tax abatement provided for in the Agreement.
- Company understands the consequences for noncompliance with the abatement agreement.
- The undersigned signatory has the legal and express authority to sign this Certificate on behalf of Company.

Signature of Authorized Representative: _____

Title of Authorized Representative: _____

Phone Number: _____

Email Address: _____

Mailing Address: _____

SWORN TO and SUBSCRIBED before me on this the _____ day

of _____ A.D. _____

NOTARY PUBLIC _____

STATE OF _____, COUNTY OF _____

MY COMMISSION EXPIRES _____

