

STATE OF TEXAS §
 §
COUNTY OF FORT BEND §

TAX ABATEMENT AGREEMENT
by and between
FORT BEND COUNTY DRAINAGE DISTRICT
and
BIOTICS BUILDING LLC.
and **BIOTICS RESEARCH CORPORATION**

This Tax Abatement Agreement, hereinafter referred to as “Agreement,” is executed by and between the **FORT BEND COUNTY DRAINAGE DISTRICT** hereinafter referred to as “District,” acting by and through its Board of Directors and **BIOTICS BUILDING LLC**, hereinafter referred to as “Owner,” of the improvements located within the City of Rosenberg Reinvestment Zone No. 14, and **BIOTICS RESEARCH CORPORATION**, hereinafter referred to as “Lessee” of the improvements located within City of Rosenberg Reinvestment Zone No. 14.

1. **Authorization:**

- a. This Agreement is authorized by the Property Redevelopment and Tax Abatement Act, Chapter 312 of the TEXAS TAX CODE as it exists on the effective date of this Agreement, and;
- b. The Amended Guidelines and Criteria for Granting Tax Abatement in Reinvestment Zones created by Fort Bend County, Texas, which was approved by the District’s Board of Directors on February 3, 2009. District has determined that the request for Tax Abatement presented by Owner conforms with the criteria established in the Guidelines for Tax Abatement.
- c. No official of District 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. 14 by the Fort Bend County Central Appraisal District.

- b. **“Improvements”** means the building and structures which are to be erected or expanded by Owner to be used as manufacturing, packaging, shipping and warehouse facility, containing approximately 25,000 square feet of floor space, and any sidewalks, parking lots, outdoor lighting, landscaping and other improvements to serve the building, all as shown in Exhibit A, attached to and incorporated into this Agreement by reference.
- c. **“Real Property”** means the real property as described in Ordinance No. 2009-22, which created Reinvestment Zone No. 14 located within City of Rosenberg, described in Exhibit “A” attached hereto and incorporated by reference herein for all purposes.
- d. **“Abatement”** means the full or partial exemption from ad valorem taxes of certain property in City of Rosenberg Reinvestment Zone No. 14 designated for economic development purposes.
- e. **“Eligible Property”** Abatement may be extended to fixed machinery and equipment, necessary to the operation and administration of the facility. Eligible Property is subject to abatement under the same terms as Improvements only if specifically included in Section 5(c).
- f. **“Ineligible Property”** means real property, existing improvements, tangible personal property that the Fort Bend Central Appraisal District 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 execution 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.
- g. **“Owner”** means **BIOTICS BUILDING L.L.C.**, the Owner of the Real Property and Improvements subject to this Agreement, or other person or entity to which this Agreement is assigned, with prior approval of the District’s Board of Directors.
- h. **“LESSEE”** means **BIOTICS RESEARCH CORPORATION**.
- i. **“District”** means the Fort Bend County Drainage District.
- j. **“CAD”** means Fort Bend County Central Appraisal District.

3. **Subject Property**

City of Rosenberg Reinvestment Zone No. 14 is an area located in Fort Bend County, Texas, being legally described in Exhibit A attached hereto and incorporated herein for all purposes.

The CAD has established the base year values for the subject property as of January 1, 2009.

4. Responsibility of Owner

In consideration of receiving the tax abatement granted herein, Owner represents and agrees:

- (a) That construction of the Improvements will commence on or before April 1, 2010.
- (b) That construction of the Improvements shall be completed on or before December 31, 2010. Owner shall provide Tax Assessor/Collector a certified statement evidencing a minimum of \$1,500,000 project costs with respect to the Improvements within thirty (30) days after completion of the Improvements to be constructed by Owner.
- (c) That the Certified Appraised Value of the Improvements on January 1, 2011, and on each and every January 1 thereafter during the term of this Agreement will not be less than \$1,500,000. Failure to meet the requirements of this section will invalidate the tax abatement for the year this requirement was not satisfied.
- (d) That Owner shall employ approximately one hundred fifteen (115) full-time employees in Fort Bend County on or before December 31, 2011 and throughout the term of this Agreement. Failure of Owner to comply with this provision for any 90 consecutive days during an abatement year shall not be an automatic default of this Agreement, but shall automatically invalidate the tax abatement for the year that this requirement was not satisfied, not subject to cure. If Lessee fails to maintain the minimum number of employees as stated above for two (2) consecutive years, the District may declare the Owner and/or Lessee in Default.
- (e) That Owner has, as of the effective date of this Agreement, the financial resources to implement the above representations.
- (f) That Owner will consider participation in the continuing economic development process in Fort Bend County by becoming a Regular Member of the Greater Fort Bend Economic Development Council for a minimum period coinciding with the term of this Agreement.
- (g) **OWNER SHALL BE RESPONSIBLE FOR NOTIFYING THE CAD OF**

THE ABATEMENT, INCLUDING FILING WITH THE CAD ANY APPLICATION OR OTHER FORMS NECESSARY TO QUALIFY FOR OR RECEIVE THE ABATEMENT GRANTED.

- (h) **OWNER SHALL BE RESPONSIBLE FOR REQUESTING AN ASSIGNMENT OF THIS AGREEMENT IN THE EVENT THE REAL PROPERTY THE SUBJECT OF THIS AGREEMENT IS SOLD, TRANSFERRED OR ASSIGNED. ANY ASSIGNMENT IS NOT EFFECTIVE UNTIL APPROVED IN WRITING BY COUNTY.**

5. Value and Term of Abatement

(a) This Agreement shall be effective on the date executed by District and Owner, whichever is later, and shall terminate (unless earlier terminated in accordance with the terms hereof) on December 31, 2016. In no event shall this Agreement extend beyond December 31, 2016. This Agreement shall terminate on the completion of the abatement, unless earlier terminated as provided elsewhere herein. Owner's obligation upon default to pay to District any taxes abated under this Agreement shall not terminate until the abated taxes are paid.

(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 for the following years and in the following amounts on the Value of the Improvements:

<u>Improvements:</u>	<u>Tax Year</u>	<u>Percentage Abatement</u>
	2011	67%
	2012	67%
	2013	67%
	2014	67%
	2015	67%
	2016	65%
	TOTAL =	400%

- (1) The abatement granted shall not apply to the value of the Real Property, increases in the value of the Real Property, Eligible Property, Ineligible Property, inventory or supplies.
- (2) All Improvements shall be completed in accordance with applicable laws, ordinances, rules or regulations in effect at the time such Improvements are erected.
- (3) The CAD's determination of values shall be used to determine the value of the property subject to this Agreement. If Owner protests the CAD's valuation of the property, the valuation placed on the property after the protest is resolved under state law shall be used.
- (4) On or before September 1 of each year of this Agreement, Owner shall certify in writing to Tax Assessor/Collector Owner's compliance with each term of this Agreement.

6. Taxability

During the period that this tax abatement is effective, taxes shall be payable as follows:

- (a) The value of Real Property, Eligible Property and Ineligible Property shall be fully taxable, including inventory and supplies;
- (b) The value of existing Improvements shall be determined annually by the CAD.

7. Event of Default

- (a) District may declare Owner in default of this Agreement if: (1) Owner fails to comply with any term of this Agreement or (2) Owner allows District ad valorem taxes on the Real Property, or any property located thereon, to become delinquent.
- (b) District shall notify Owner of any default in writing specifying the default. Owner shall have sixty (60) days from the date of the notice to cure any default. If Owner fails to cure the default within sixty (60) days from receipt of notice, District may terminate this Agreement by written notice.
- (c) If this Agreement is terminated by District, Owner agrees that they are liable for and will pay to District within thirty (30) days of the termination of this

Agreement:

- (1) The amount of all property taxes abated under this Agreement for the years in which Owner and/or Lessee were not in compliance with the minimum requirements set forth in 4(b) of this Agreement and the minimum job requirements set forth in 4(d) of this Agreement;
 - (2) Interest on the abated amount at the rate provided for in the TEXAS TAX CODE for delinquent taxes; and
 - (3) Penalties on the amount abated in the year of default, at the rate provided for in the TEXAS TAX CODE for delinquent taxes.
- (d) District shall have a lien against the Real Property and Improvements for the taxes and interest owed because of the recapture of taxes under this paragraph.
- (e) 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, District 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 District to Owner. In the event of termination under this paragraph, Owner shall repay to District 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.

8. Administration and Inspection

(a) This Agreement shall be administered on behalf of the District's Tax Assessor/Collector or her designee. Owner shall allow employees or other representatives of District who have been designated by the Tax Assessor/Collector to have access to the Real Property and Improvements (during normal business hours) during the term of the Agreement. All regular

inspections shall be made only after seventy-two (72) hours prior notice and will be conducted in such a manner as not to unreasonably interfere with the construction and/or operation of the facility. A representative of Owner may accompany the inspector. County agrees it shall only be allowed access to information that pertains to this Agreement and no photographs or drawings may be produced during or after the inspection. Prior to any inspection, the County Tax Assessor/Collector, or her designated agent, will sign a document agreeing to keep any items that she visually observes confidential; however any documents related to this Agreement and any inspection shall be subject to the provisions of the Texas Public Information Act, Chapter 552 of the Texas Government Code.

(b) Upon completion of the Improvements, District shall annually evaluate the Improvements to ensure compliance with the terms and provisions of this Agreement and shall report possible defaults to the Owner.

(c) The Chief Appraiser of the CAD shall annually determine (1) the taxable value under the terms of this abatement of the Improvements subject to this Agreement and (2) the full taxable value without abatement of the Real Property, Eligible Property and Ineligible Property otherwise located at or about the Owner's premises. 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.

(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 the abatement. Such information shall also be provided to District Tax Assessor/Collector in preparation of its annual evaluation for compliance with the terms and provisions of this Agreement.

9. Assignment

This Agreement may not be assigned without prior written consent of District. No

assignment shall be effective or approved if either District 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 District. Approval shall not be unreasonably withheld.

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 tax abatement agreement only.

10. Indemnity

It is understood and agreed between the parties that BIOTICS BUILDING LLC and BIOTICS RESEARCH CORPORATION in performing their obligations hereunder, is acting independently, and District assumes no responsibilities or liabilities in connection therewith to third parties. **BIOTICS BUILDING LLC and BIOTICS RESEARCH CORPORATION AGREE TO DEFEND, INDEMNIFY AND HOLD HARMLESS DISTRICT AND THE CAD FROM ANY AND ALL CLAIMS, SUITS, AND CAUSES OF ACTION OF ANY NATURE WHATSOEVER ARISING OUT OF BIOTICS BUILDING LLC and BIOTICS RESEARCH CORPORATION'S OBLIGATIONS HEREUNDER EXCEPT THAT THE INDEMNITY SHALL NOT APPLY TO THAT PORTION OF RESPONSIBILITIES AND LIABILITIES RESULTING FROM THE FAULT OR NEGLIGENCE OF DISTRICT OR TAXING UNITS, THEIR RESPECTIVE OFFICERS, AGENTS OR EMPLOYEES. BIOTICS BUILDING LLC and BIOTICS RESEARCH CORPORATION'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. BIOTICS BUILDING LLC and BIOTICS RESEARCH CORPORATION SHALL BE RESPONSIBLE FOR ALL FEES INCURRED BY DISTRICT 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 BIOTICS**

BUILDING LLC and BIOTICS RESEARCH CORPORATION. NOTHING IN THIS AGREEMENT SHALL BE INTERPRETED TO PROHIBIT DISTRICT FROM INCURRING REPRESENTATION OF ANY SUCH CLAIM, SUIT OR CAUSE OF ACTION AND BIOTICS BUILDING LLC and BIOTICS RESEARCH CORPORATION SHALL NOT BE RESPONSIBLE FOR ANY SUCH COSTS AND OR FEES SO INCURRED.

11. Force Majeure

If by reason of force majeure, Owner and/or Lessee are unable to perform any obligation of this Agreement, it shall give notice of the force majeure to District in writing within thirty (30) calendar days of the occurrence relied upon. The obligation of Owner and/or Lessee, to the extent and for the period of time affected by the force majeure, shall be suspended. Owner and/or Lessee 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 of the system or water supply system; or any other cause not reasonably within the control of the Owner and/or Lessee.

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 Commissioner’s 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 Tax Laws

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.

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.

(e) Owner may terminate this Agreement only by providing prior written notice to County and payment of all abated taxes for the year of termination with applicable interest and penalty. The termination shall be effective thirty (30) days after County's receipt of notice from Owner. Owner's obligation to pay to County taxes abated pursuant to this paragraph shall not terminate until the abated taxes and penalties/interest are paid and County shall have a lien against the Real Property and Improvements for the taxes and interest owed because of Owner's termination under this paragraph.

16. Notices

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 deposited, enclosed in a wrapper with the proper postage prepaid thereon, and duly registered or certified, return receipt requested, in a United States Post Office, addressed to District and Owner at the mailing address as hereinafter set out. If mailed, any notice of communication shall be deemed to be received three (3) days after the date of deposit in the United States Mail. Unless otherwise provided in this Agreement, all notices shall be delivered to Owner or District at the following addresses:

To the Tax Assessor/Collector: The Honorable Patsy Schultz
Fort Bend District Tax Assessor-Collector
500 Liberty, Suite 101
Richmond, Texas 77469

To Owner: Biotics Building L.L.C.
6801 Biotics Research Drive
Rosenberg, Texas 77471
Attn: Denis DeLuca

To Lessee: Biotics Research Corporation
6801 Biotics Research Drive
Rosenberg, Texas 77471
Attn: Gina Foster and Karen Johnston

To Attorney for Owner: Chuck Turet
808 Travis Street, Suite 2600
Houston, Texas 77002

To District: Fort Bend County Drainage District
301 Jackson, Suite 719
Richmond, Texas 77469
Attention: County Judge

Copy to: Fort Bend County Attorney
301 Jackson, Suite 728
Richmond, Texas 77469

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

17. Entire Agreement; Ordinance and Economic Impact Statement

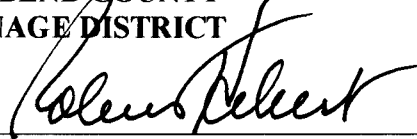
This Agreement contains the entire Agreement among the parties and supercedes all other negotiations and agreements, whether written or oral. This Agreement shall inure to the benefit of and be binding upon the parties hereto and each of their respective successors and assigns. Attached hereto are (a) Exhibit A – City of Rosenberg Ordinance No. 2009-22 designating Reinvestment Zone No. 14, including legal description and (b) Exhibit B – Economic Impact Statement/Application for Value Added Tax Abatement, which are made part of this Agreement.

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18. Execution


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

**FORT BEND COUNTY
DRAINAGE DISTRICT**


By: 
Robert E. Hebert, County Judge

Date: 8-4-09

ATTEST:



Dianne Wilson, County Clerk

**OWNER:
BIOTICS BUILDING L.L.C.**

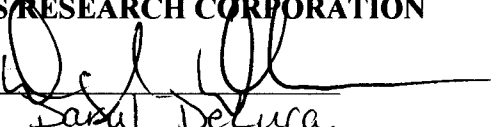
By: 
Name: Daryl DeLuca
Title: Partner
Date: 08/03/2009

Date: 08/03/2009

ATTEST:

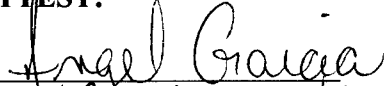

Angel Garcia, Executive Asst.

**LESSEE:
BIOTICS RESEARCH CORPORATION**

By: 
Name: Daryl DeLuca
Title: Vice President
Date: 08/03/2009

Date: 08/03/2009

ATTEST:

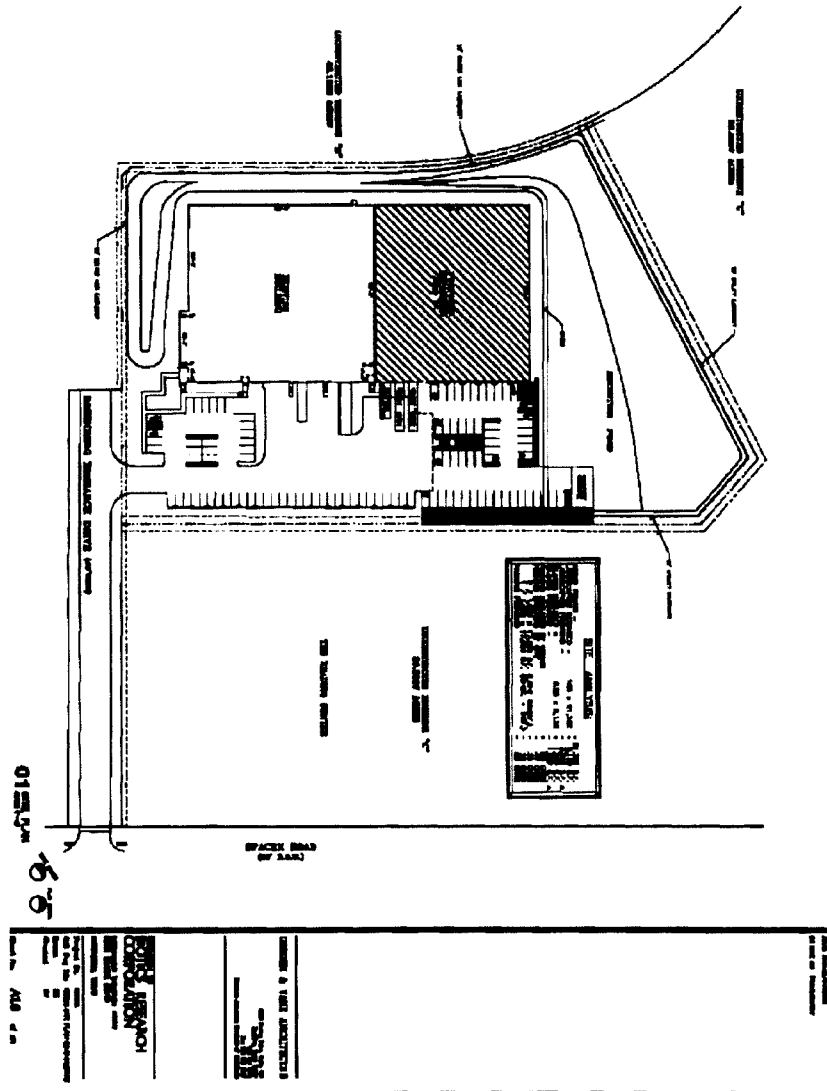

Angel Garcia, Executive Asst.

Attachments: Exhibit A – City of Rosenberg 2009-22 Designating Reinvestment Zone No. 14.
Exhibit B – Economic Impact Statement/Application for Value Added Tax Abatement

MER:Biotics Bldg.3195-129(07202009)

EXHIBIT A

Description of the Proposed Improvements



Legal Description of the Property

EXHIBIT A

Being 5.9908 Acres (260,990.46 square feet) of land in the R. E. Hardy Survey, A-187, Fort Bend County, Texas, being part of that certain 81.8304 Acre tract (called 81.808 Acres) conveyed to Tiley Investment-Rosenberg, in Volume 1077, page 167, of the Deed Records of Fort Bend County, Texas, being out of Lot 7 of the Meyer & Pleak Subdivision, Fort Bend County, Texas. Being more particularly described by metes and bounds as follows. All bearings are based on the east right-of-way of U.S. Hwy 68, 336 feet wide, N 62° 27' 57" E;

Commencing at a ¼ inch G.L.P. found on the South line of the 81.8304 Acres and being in the westerly right-of-way line of Spook Road (80 feet wide);

Thence N 22° 00' 58" E, along the west right-of-way line of Spook Road (80 feet wide) 490.00 feet to a ¼ inch iron rod set for corner being the most northeasterly corner of a proposed (80 feet wide) ingress-egress easement;

Thence N 67° 25' 28" W, along the north line of a proposed (80 feet wide) ingress-egress easement, 300.00 feet to a ¼ inch rod set for the southeasterly corner of the herein described tract and the POINT OF BEGINNING;

Thence N 67° 55' 28" W continuing along said north line of a proposed (80 feet wide) ingress-egress easement and south line of the 5.9908 Acre tract, 390.00 feet to a ¼ inch iron rod set for a cutback corner;

Thence N 22° 50' 28" W, 14.14 feet to a ¼ inch rod set for a cutback corner and being on the west line of the 5.9908 Acre tract and the east right-of-way line of a proposed (80 feet wide) street;

Thence N 22° 04' 32" E, continuing along said west line of the 5.9908 Acre tract and a proposed street right-of-way, 222.42 feet to a ¼ inch iron rod set for the beginning of a curve;

Thence 226.17 feet along the arc of a curve to the left, with said westerly line of the 5.9908 Acre tract and with the easterly right-of-way line of a proposed (80 feet wide) street, having a central angle of 24° 39' 58", a radius of 530.00 feet; and a chord that bears N 09° 44' 32" E, 226.41 feet to a ¼ inch iron rod set for corner;

Thence N 84° 41' 06" E, 421.75 feet to a ¼ inch iron rod set for corner;

Thence S 28° 55' 34" E, 87.00 feet to a ¼ inch rod set for corner, and being an angle point;

Thence S 22° 00' 58" W, 854.00 feet to the POINT OF BEGINNING and containing 5.9908 Acres (260,990.46 square feet) of land.

TAX ABATEMENT AGREEMENT BETWEEN
THE CITY OF ROSENBERG, TEXAS, BIOTICS BUILDING L.L.C.,
AND BIOTICS RESEARCH CORPORATION

ORDINANCE NO. 2009-XX

AN ORDINANCE CREATING CITY OF ROSENBERG REINVESTMENT ZONE NO. 14, SAME BEING A 5.998 CRE TRACT OF LAND OUT OF R.E. HANDY SURVEY, A-187, FORT BEND COUNTY, TEXAS, BEING PART OF THAT CERTAIN 81.6304 ACRE TRACT CONVEYED TO TILLEY INVESTMENT-ROSENBERG, IN VOLUME 1077, PAGE 167 OF THE DEED RECORDS OF FORT BEND COUNTY, TEXAS, BEING OUT OF LOT 7 OF THE MEYER & PLEAK SUBDIVISION, FORT BEND COUNTY, TEXAS.

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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. 14; 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. 14; and

WHEREAS, City Council has determined that the improvements sought to be located in proposed Reinvestment Zone No. 14 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. 14 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 to 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:

TAX ABATEMENT AGREEMENT BETWEEN
THE CITY OF ROSENBERG, TEXAS, BIOTICS BUILDING L.L.C.,
AND BIOTICS RESEARCH CORPORATION

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. 14 is hereby created for the purpose of encouraging economic development through tax abatement. A description of the property which comprises said Reinvestment Zone No. 14 is attached hereto as Exhibit "A" and made a part hereof for all purposes. Improvements constructed, erected, or placed within Reinvestment Zone No. 14 as created hereby shall be eligible for commercial-industrial tax abatement.

Section 3. That the property which comprises Reinvestment Zone No. 14 is located within the corporate limits of the City of Rosenberg and is not now included within the boundaries of any current reinvestment zone.

Section 4. This designation of Reinvestment Zone No. 14 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 _____ "ayes" in favor and _____ "noes" against 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 _____ day of July 2009.

TAX ABATEMENT AGREEMENT BETWEEN
THE CITY OF ROSENBERG, TEXAS, BIOTICS BUILDING L.L.C.,
AND BIOTICS RESEARCH CORPORATION

ATTEST:

APPROVED:

Linda Cernosek, City Secretary

Joe M. Gurecky, Mayor

APPROVED AS TO FORM:

William A. Olson, Jr.
CITY ATTORNEY

Biotics Research Corporation
Abatement Analysis - Rosenberg, Fort Bend County
35,000 sf Expansion

Annual Taxes Collected With 67% Abatement on New Improvements				
Location: 6901 Biotics Research Dr., Rosenberg (35,000 sf)				
	Est. Value	City	County	LCISD
New Improvements (80% of Construction Costs)	\$1,600,000	\$0.82020	\$4,49876	\$1,29768
Personal Property & Equipment	\$0	\$0	\$0	\$0
Inventory	\$0	\$0	\$0	\$0
Land (Not Abatable)	\$0	\$0	\$0	\$0
Total	\$1,600,000	\$2,747	\$2,639	\$20,762

* Calculations based on 2006 tax rates.
* Company Estimates 60% of inventory will be Preport qualified (KISO)
* Assumes no appreciation or depreciation of assets.

Annual Taxes Collected After Abatement Expires:				
Location: 6901 Biotics Research Dr., Rosenberg (35,000 sf)				
	Est. Value	City	County	LCISD
New Improvements	\$1,600,000	\$8,323	\$7,996	\$20,762
Personal Property & Equipment	\$0	\$0	\$0	\$0
Inventory	\$0	\$0	\$0	\$0
Land	\$0	\$0	\$0	\$0
Total	\$1,600,000	\$8,323	\$7,996	\$20,762

* Calculations based on 2006 tax rates.
* Company Estimates 60% of inventory will be Preport qualified (KISO)

Estimated Annual COMPANY Savings from COUNTY During Abatement: \$5,357

Estimated Annual COUNTY Taxes Collected During Abatement: \$2,639



Greater Fort Bend Economic Development Council
Date Created: 6/23/09

EXHIBIT B – ECONOMIC IMPACT QUESTIONNAIRE



GREATER FORT BEND
ECONOMIC DEVELOPMENT
COUNCIL

ECONOMIC IMPACT STATEMENT QUESTIONNAIRE

Biotics Research Corporation

Rosenberg, Fort Bend County

Based on the information you provide below, the Greater Fort Bend Economic Development Corporation (GFBEDC) will begin prequalification of your project. The information you provide will allow the GFBEDC 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 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.

- 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 Rosenberg.**
Biotics Research Corporation has been a leading manufacturer of specially designed nutritional products for over thirty years. Our mission remains constant: to be the benchmark of excellence in nutritional science, technology and service, providing the clinician with reliable, innovative products of superior quality as well as the highest level of customer service. The company is proposing to expand the warehouse/shipping and production area by 35,000 sf, adding 25+ employees.

2. Information About Your Company

Company Name: Biotics Research Corporation Biotics Research Corporation	
Contact Person: Denis DeLuca	Title: President
Current Address: 6801 Biotics Research Corporation	
Office #: 281-344-0909	Mobile #:
Fax #: 281-344-0725	Website: www.bioticsresearch.com
Email Address: drdeluca@bioticsresearch.com	
The Company's Primary SIC Code:	

- Type of project (check all that apply):**
 Existing business in Rosenberg
 New business to Rosenberg
 Expansion of existing facility
 Construction of new facility
 Company will lease facility
 Company will own facility
 Corporate/Regional Headquarters
- If the company will lease the facility, who will be the owner?**
Biotics Building Partnership, LLC -- Same as existing.

5. **Location of proposed site(s) in Rosenberg (street address, name of Business Park or other development, city, or name of area if unincorporated):**

6801 Biotics Research Drive
Rosenberg, Texas 77471

6. **Scope of project:**

Size of new facility/expansion:	35,000 sq. ft.
Size of existing facility (if applicable):	42,000 sq. ft.
Size of lease space in existing facility (if applicable):	N/A
Number of acres at facility site:	5.9908 Acres
Type of Construction (tilt wall, metal, concrete, etc.):	Tilt wall – 24' clear height

7. **Please give detailed breakdown of operations within the proposed facility:**
50% Climate Controlled Warehouse and Shipping; 50% Production/Manufacturing

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

Today: 2-4
After: 2-5

9. **Targeted start of construction:**

Beginning of Q4 2009

10. **Targeted start of operations:**

12 months

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

Please see attached.

Land	Construction Costs of Building Improvements	Furniture & Fixtures	Equipment	Inventory	Total
N/A	\$ 2,000,000	\$ 0	\$ 0	\$ 0	\$ 2,000,000

Market value (taxable assets) of the firm's property that would be located at the facility in Fort Bend, new property will remain the same in regards to the furniture & fixtures, equipment and inventory. With the expansion in warehouse/shipping and production areas, the volume of potential sales growth will increase. The increase in sales volume will be contributed by additional space, creation of jobs and continuing to grow our business in our existing markets as well as new markets and the much anticipated launch of our first prescriptive item.

With our expansion we are more than doubling the size of our finished goods warehouse and shipping department and increasing the raw material warehouse by 100 %. We will not fill the warehouses on day one, but we plan to continue our growth and look forward to further expansion. It is safe to expect us to initially increase our inventory by approximately 10% based on where we are today and to continue to increase our stock levels based on our expected continued growth and sales increases.

12. **Estimated percent of inventory that would be Freeport qualified: 90%**
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. **Employment Information:**

Current Number of Employees	Number of new jobs to Rosenberg	Number of existing jobs to be retained (if company currently located in Rosenberg)	Total Number of Jobs
110 Includes Off Site	25	All	135

14. **Average salary (before benefits):**
 \$40,000 minimum including benefits.
15. **Amount of initial, annual local payroll to be created (before benefits):**
 Payroll including benefits and bonus. We will continue to grow, add jobs, and will not wait for the completion of construction.
16. **The firm's estimated annual amount of taxable sales (that generate sales taxes) if the site will be located within the city limits of Rosenberg:**
 0; Not subject to sales tax, 95% of sales out of state.
17. **Will the company's local business practices necessitate business travel that will bring clients or employees to the Rosenberg facility, resulting in hotel/motel bookings? If so, what is the estimated number of hotel/motel stays per year that will be booked locally:**
 100-225.
18. **If your company currently has operations elsewhere in the State of Texas, please list the name of the communities:**
 Warehouses in Rosenberg, but not operations.
19. **If your company currently has additional locations in Rosenberg, please list the addresses:**
 5,000 sq. ft. Warehouse, Ave. G
 3,000 sq. ft. Warehouse, Hwy. 36
 Multiple Mini Storage facilities and Warehouse A/C storage
20. **Current owner of real property (land/building) at the time of application:**
 Biotics Building Partnership, LLC
21. **Have you received or are you currently receiving tax abatement in Fort Bend County or the City of Rosenberg? If so, please indicate which entity:**
 Yes No
 Fort Bend County and Rosenberg, but expired.
22. **Is this land currently under Agriculture Exemption: Yes No**

23. **What is the expected increase in value of the land once it is sold?**
It will not increase due to this project. The property will be subject to the normal appreciation in value.
24. **Productive life of proposed improvements and/or initial term of lease:**
30 years
25. **Time of day activities will be taking place (i.e., # of shifts and their hours):**
Split shifts: 5:00 a.m. – 11:45 p.m.
26. **The costs to be incurred by local government to provide facilities or services directly resulting from the new improvements:**
The City of Rosenberg will spend approximately \$300,000 in drainage improvements and Biotics will donate approximately \$50,000 towards the drainage improvements.
27. **If located in the city limits, do you (or your construction company) agree to declare "situs" for construction sales taxes at the construction site:** Yes, as long as it doesn't increase the cost of materials or hinder our competitive bid process.
When purchasing construction materials for the new facility from a company that is situated outside the city where the new facility will be located, the builder agrees to declare the situs (point of sale) of the materials as the construction site address so the local city receives the sales tax revenue.
28. **Please state whether the business or proposed business of applicant is related to the storage of transportation of a hazardous material, or may endanger or threaten to endanger individuals, property, or the environment as a result of the spillage, seepage, or other release of a hazardous material or as a result of fire or explosion involving a hazardous material:**
No.
29. **Do business operations require any air-quality permits from TCEQ or the EPA? If so, please explain below:** No.
30. **Does the business produce any type of emissions or are there any other environmental matters for the city/county to consider:** We monitor water discharge.
31. **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:** Biotics Research Corporation is a dietary supplement manufacturer. Operations at this facility include purchasing and testing ingredients (vitamin, minerals, etc.) and then manufacturing the ingredients into capsule, tablet, liquid and powder supplement products. The production rooms, machines and utensils are cleaned and sanitized after each use. The wash water from the cleaning process is the source of Biotics Research's wastewater stream. The discharged waste water is tested biannually and is reported under Standard Industrial Classification Code 2834. Biotics Research Corporation is in full compliance with TCEQ pretreatment standards.
32. **Explain any proposed pretreatment of wastewater prior to discharge into the sanitary sewer system:** N/A
33. **Will there be any proposed monitoring of wastewater discharge into the sanitary sewer system:** Yes, ongoing.

34. **Public improvements to be made by the Company in which the public might benefit (please list if any):** Tax base increased, increased quality employment with superior benefits, outside dollars to the area, sizeable local consumption.
35. **Will this business compete with existing businesses in the city? If so, please list local companies providing the same services:** No.
36. **Are there possibilities for local businesses to become suppliers? Any new retail opportunities? Please explain.** Yes; policy is to buy locally if possible and competitive.
37. **Do you anticipate your relocation to attract other new businesses to the area? Please explain:** Probable home sales.
38. **The company agrees to participate in the continuing economic development process in Fort Bend County by becoming a Trustee member of the GFBEDC for a minimum period coinciding with the term of any abatement granted by the County: Yes No**
The County Commissioners' Court has placed this requirement in their evaluation process to require new companies to join in the continuance of the economic development process. However, the answer to this question in no way affects eligibility for tax abatement consideration by the City of Rosenberg. Already a member.
39. **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.**

Please provide the additional information as an addendum to the EIS Questionnaire:

- A. **Site Plans & Legal Description of the Property:** City Council will **not** place a value-added tax abatement request on their agenda without first having a copy of the project site plan, **including a metes and bounds** description of the site to be designated as the reinvestment zone.
- B. **Proposed Improvements Detail Sheet:** Please specify what improvements are planned and provide a time frame with projected start and completion dates for the Improvements.
 10 Months to complete construction, 3-5 to start.
- C. **Five year projection of additional planned improvements and employment.**
 Continued growth beyond 5 years.


Employment:

Year	Number of New Jobs
1	<u>10</u>
2	<u>8</u>
3	<u>7</u>

CERTIFICATION:

1. **Biotics Research Corporation** 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

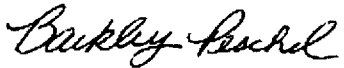
7-8-09
Date

Print Name: Denis DeLuca

Title: President

Company: Biotics Research Corporation

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


Barkley Peschel

7/8/09
Date

Vice President Development & Operations
Greater Fort Bend Economic Development Council