

RICHARD WARREN, PRESIDENT

MIKE CLAUSEN, BOARD MEMBER

SHELLEY FULLER, BOARD MEMBER

RANDY WOODARD, BOARD MEMBER

JAY MARTIN, BOARD MEMBER

NANCY OJEDA, BOARD MEMBER

CHUCK ENGELKEN, BOARD MEMBER



CITY OF LA PORTE DEVELOPMENT CORPORATION MEETING AGENDA

Notice is hereby given of a meeting of the City of La Porte Development Corporation to be held on April 25, 2016, at the City Hall Council Chambers, 604 W. Fairmont Parkway, La Porte, Texas, beginning at 5:00 PM to consider the following items of business:

- 1. CALL TO ORDER**
- 2. CONSENT AGENDA** *(All consent agenda items are considered routine by the La Porte Development Corporation Board and will be enacted by one motion. There will be no separate discussion of these items unless a Board member requests an item be removed and considered separately)*
 - (a) Consider approval or other action regarding minutes of the La Porte Development Corporation Board held on March 31, 2016 - S. Harris
 - (b) Receive Financial Report - S. Livingston
 - (c) Consider approval or other action authorizing Staff to execute payment number 2 of 3 in the amount of \$5,000.00 to Richard Design Services, Inc., at 1200 State Highway 146 La Porte, Texas, in accordance with terms of incentive agreement - S. Livingston
- 3. DISCUSSION AND POSSIBLE ACTION**
 - (a) Discussion and possible action regarding appointment of a Vice-President to the La Porte Development Corporation Board - S. Livingston
 - (b) Consider approval or other action authorizing Staff to publish 60-day notice of a public hearing on June 27, 2016, to consider awarding an economic incentive grant to Northern Safety & Industrial, Inc., for an amount not to exceed \$300,000.00 - S. Livingston
- 4. SET DATE FOR NEXT MEETING - S. Livingston**
- 5. Board member comments regarding matters appearing on agenda; Recognition of community members, city employees, and upcoming events; inquiry of staff regarding specific factual information or existing policies.**
- 6. Executive Session-The La Porte Development Corporation reserves the right to meet in executive session on any agenda item should the need arise and if authorized by the Texas Open Meetings Act, Title 5, Chapter 551, of the Texas Government Code.**

(a) **Texas Government Code, Section 551.087(1) and (2) – Deliberations regarding Economic Development Negotiations:** Meet with the Economic Development Coordinator to discuss commercial/financial information received from a business prospect for a proposed business expansion in La Porte and with whom the La Porte Development Corporation is conducting economic development negotiations, and deliberate possible offer of financial incentive for same.

7. **Reconvene into regular session and consider action, if any, on items discussed in executive session.**

8. **Adjourn**

In compliance with the Americans with Disabilities Act, the City of La Porte will provide for reasonable accommodations for persons attending public meetings. To better serve attendees, requests should be received 24 hours prior to the meetings. Please contact Patrice Fogarty, City Secretary, at 281.470.5019.

CERTIFICATION

I certify that a copy of the April 25, 2016, agenda of items to be considered by the Board of the La Porte Development Corporation was placed on the City Hall Bulletin Board on April 19, 2016.



Patrice Fogarty, City Secretary

RICHARD WARREN, PRESIDENT

VACANT

CHUCK ENGELKEN, BOARD MEMBER

JAY MARTIN, BOARD MEMBER



MIKE CLAUSEN, BOARD MEMBER

RANDY WOODARD, BOARD MEMBER

NANCY OJEDA, BOARD MEMBER

MINUTES OF LA PORTE DEVELOPMENT CORPORATION BOARD MEETING OF MARCH 31, 2016

The City of La Porte Development Corporation Board met on **March 31, 2016**, at the La Porte Police Department Conference Room, 3005 N. 23rd Street, La Porte, Texas 77571, at **5:00 p.m.** to consider the following items of business:

1. CALL TO ORDER

President Richard Warren called the meeting to order at 5:02 p.m. The following members of the La Porte Development Corporation Board were present: Board members Engelken, Woodard, Martin and Ojeda. Absent: Board member Clausen. Staff Present: Corby Alexander, Traci Leach, Sharon Harris, Scott Livingston, and Clark Askins.

2. CONSENT *(All consent agenda items are considered routine by the La Porte Development Corporation Board and will be enacted by one motion. There will be no separate discussion of these items unless a Board member requests an item be removed and considered separately.)*

(a) Consider approval or other action of minutes of the La Porte Development Corporation Board meeting held on February 22, 2016 – P. Fogarty

(b) Receive Financial Report – S. Livingston

Regarding Item B, Finance Director Michael Dolby provided a Financial Report. There were no questions from Board members.

Board member Martin moved to approve the Consent Agenda items pursuant to staff recommendations. Board member Woodard seconded. **MOTION PASSED UNANIMOUSLY 5/0. Board member Clausen was absent.**

3. DISCUSSION AND POSSIBLE ACTION

(a) Discussion and possible action regarding future projects and/or initiatives of the La Porte Development Corporation – S. Livingston

Economic Development Coordinator Scott Livingston presented a summary for future projects and/or initiatives of the La Porte Development Corporation.

Board members discussed and identified the status of each task assigned to the La Porte Development Corporation Board found in the City Council 2013 Strategic Plan; identified if the Board would like to address the initiatives that are included in the 2012 Comprehensive Plan Update and how the Board would like to address the remaining tasks outlined in one or both of the City Council 2013 Strategic Plan and 2012 Strategic Plan for the upcoming year.

Board members questioned and scored the amount of time and money that should be invested to attract new companies that would create new primary jobs and/or attract new capital investment to La Porte; the amount of time and money that should be invested to facilitate the retention and expansion of existing businesses that may ultimately result in creating new primary jobs and/or attracting new capital investment to La Porte; if greater value and/or priority should be placed upon contributing funds to private businesses or public improvements to areas such as the corridors of Main Street, S. Broadway, SH 146, and/or San Jacinto Street; in direct relation to Goal #4c of the City Council's 2013 Strategic Plan, does the Board prefer private development of a breakwater marina with a waterfront restaurant on City-owned property or publicly developed and owned assets and of what value and/or priority should be placed upon increasing the level of wages and employment opportunities with local employers for the citizens of La Porte.

Staff advised an online survey will be created to poll each Board member's interest in proceeding with implementing any ideas introduced and/or discussed during the course of the meeting. Board members were also advised results of the online survey will be presented at a future meeting.

No formal vote or action was taken.

4. SET DATE FOR NEXT MEETING

Board members set the next meeting dates for Monday, April 25, 2016, and Monday, May 23, 2016, at 5:00 p.m.

5. BOARD MEMBER COMMENTS regarding matters appearing on agenda; recognition of community members, city employees, and upcoming events; inquiry of staff regarding specific factual information or existing policies.

There were no comments.

8. ADJOURN

There being no further business, Board member Ojeda moved to adjourn the meeting at 7:10 p.m. Board member Martin seconded. **MOTION PASSED UNANIMOUSLY 6/0.**

Respectfully submitted,

Sharon Harris, Assistant City Secretary

Passed and approved on this 25th day of April 2016.

President Richard Warren

This is an Unaudited Statement.

**City of La Porte
La Porte Development Corporation (038) Fund Summary
(Section 4B Sales Tax)**

	<u>Previous Report</u>	<u>FY 2015-16</u>	<u>FY 2014-15</u>
Unaudited Beginning Fund Balance 9/30	\$ 4,544,417	\$ 4,544,417	\$ 3,213,390
Plus Year to Date Revenues:			
1/2 Cent Sales Tax	-	358,355	407,946
Interest Income	391	3,608	1,683
Total Revenues	<u>391</u>	<u>361,963</u>	<u>409,629</u>
Equals Total Resources	4,544,808	4,906,380	3,623,019
Less Year to Date Expenditures:			
Payroll	6,730	31,119	30,480
Supplies	115	621	160
Services & Charges (Memberships, Training, Advertising, Legal, Utilities)	1,033	56,749	123,339
Incentive Grants	-	100,000	-
Debt Service Transfer *	56,722	226,889	361,272
Total Expenditures	<u>64,600</u>	<u>415,378</u>	<u>515,251</u>
Estimated Year to Date Fund Balance as of 1/31/2016	\$ 4,480,208	\$ 4,491,002	\$ 3,107,768
Commitments			
Pipeline Grill		\$ 200,000	
Fischer's Hardware		120,000	
Richard Industrial Group		10,000	
ACT Independent Turbo Service, Inc.		426,000	
Debt Service Reserve		<u>1,083,817</u>	
		\$ 1,839,817	
Adjusted Year to Date Fund Balance		\$ 2,651,185	
Projection Through Year End			
Adjusted Year to Date Fund Balance		\$ 2,651,185	
Plus: Estimated Sales Tax		2,076,020	
Less: Estimated Operational Costs		(270,317)	
Less: Debt Service Transfers		<u>(453,779)</u>	
Projected Year End Fund Balance		\$ 4,003,109	

Sales tax revenues for Fiscal Year 2016 are estimated to be \$2,434,375.

Previously Funded Projects (Funding in Fund 015 - General CIP Fund)

	<u>Budget</u>	<u>Expenditures</u>	<u>Balance</u>
Façade Grants	407,669	131,697	275,972
Commitment - 4 Ever Clear Pool IChemical Co., LLC		19,193	19,193
Available Balance	<u>407,669</u>	<u>150,890</u>	<u>256,779</u>

**Debt Service Payments for Library, Bay Area Boulevard & Canada Road and Ballfields.*

REQUEST FOR LA PORTE DEVELOPMENT CORPORATION AGENDA ITEM

Agenda Date Requested: <u>April 25, 2016</u> Requested By: <u>Scott D. Livingston</u> Department: <u>Economic Development/Tourism</u> Report: <input checked="" type="radio"/> Resolution: <input type="radio"/> Ordinance: <input type="radio"/>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;"></td> <td style="text-align: center;"><u>Appropriation</u></td> </tr> <tr> <td>Source of Funds:</td> <td style="text-align: center;"><u>N/A</u></td> </tr> <tr> <td>Account Number:</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>Amount Budgeted:</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>Amount Requested:</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>Budgeted Item:</td> <td style="text-align: center;"><input type="radio"/> YES <input type="radio"/> NO</td> </tr> </table>		<u>Appropriation</u>	Source of Funds:	<u>N/A</u>	Account Number:	_____	Amount Budgeted:	_____	Amount Requested:	_____	Budgeted Item:	<input type="radio"/> YES <input type="radio"/> NO
	<u>Appropriation</u>												
Source of Funds:	<u>N/A</u>												
Account Number:	_____												
Amount Budgeted:	_____												
Amount Requested:	_____												
Budgeted Item:	<input type="radio"/> YES <input type="radio"/> NO												

Exhibits:

- 1. RDS Payment Request #2 of 3**
- 2. RDS Incentive Agreement, March 24, 2014**
- 3. RDS Lease Agreement**

SUMMARY & RECOMMENDATIONS

Richard Design Services, Inc. has hired and employed at least forty full time employees since signing a lease and moving into 1200 SH 146, La Porte, Texas. Therefore, based upon the terms of the enclosed incentive agreement, Rusty Sims, General Manager for East Houston Operations of Richard Design Services, Inc., respectively requests payment for the second of three, annual installments in the amount of \$5,000.

On 24 March 2014, the ED Board approved an economic development agreement in the amount of \$5,000 to be paid to Richard Design Services, Inc. in three equal installments of \$5,000 each to promote the development and expansion of its business enterprise in the corporate limits of the City of La Porte. According to the terms of the development agreement, Richard Design Services, Inc. must satisfy two conditions prior to receiving the second payment of \$5,000:

- Maintain a lease for 7,500 sf in La Porte, and
- Employee at least forty employees by 1 October 2015

Staff has evaluated the documentation for each condition and recommends execution of payment in the amount of \$5,000 to Richard Design Services, Inc. per the terms of the enclosed economic development agreement.

A representative from Richard Design Services, Inc. will be available to answer any questions that the Board may have about the project.

Action Required by the La Porte Development Corporation:

Consider approval or other action to authorize staff to execute payment number 2 of 3 in the amount of \$5,000.00 to Richard Design Services, Inc. at 1200 SH 146, La Porte, Texas, in accordance with terms of incentive agreement.

Approved for the La Porte Development Corporation Agenda

Corby D. Alexander, City Manager

Date



March 3, 2016

Employee Roster for Richard Design Services, La Porte, TX – as of October 1, 2015.

- Antley, Donald
- Barton, Daniel
- Belden, Jack
- Bonilla, Vicente
- Carter, Elicia
- Cook, Carol
- Copponex, Audrey
- Farris, John
- Flannery, Timothy
- Fitzwater, Tiffany
- Hannon, Cesar
- Hebert, Greg
- Helms, Cynthia
- Johnston, Loren
- Kraemer, Debra
- Landry, David
- Lange, Donald
- Little, Doyce
- Lundy, Cynthia
- Matthews, Kevin
- Matthieu, Shannon
- McAbee, Jim
- McClanahan, Terry
- Minjares, Michael
- Mock, Victor
- Mora, Genevieve
- Obaugh, Nathan
- Pitchford, Anthony
- Redman, Larry
- Rodriguez, Alberto
- Rybinski, Matthew
- Shoemaker, Kayden
- Sims, Russell
- Spurr, Marsha
- Steger, Herb
- Taylor, Brian E.
- Thompson, Tiffany
- Torres, Sidney
- Utech, Matthew
- Vasquez, Dave
- Winton, Ronald D.
- Wollard, Bob
- Wyatt, Steve

?

Flannery, Timothy

?

42
Confirmed
40
Needed

Employee Wage Details - Filed on October 31, 2015

1-549 of 549

	S.S.N.	Name	Texas Total Gross Wages	Texas Taxable Wages
1		Price, T R	\$63,531.37	\$0.00
2		White, D L	\$46,695.60	\$0.00
3		Zampieri, M L	\$56,403.75	\$0.00
4		Lathrop, D J	\$34,655.25	\$0.00
5		Anderson, R A	\$38,677.80	\$0.00
6		Vaillancourt, A D	\$19,054.75	\$0.00
7		Mitchell, T A	\$42,811.75	\$0.00
8		Pandya, M	\$45,600.00	\$0.00
9		Luce, R N	\$48,620.00	\$0.00
10		Chaudhuri, M	\$39,230.40	\$0.00
11		Rybinski, M J	\$13,860.00	\$0.00
12		Klick, R L	\$71,480.40	\$0.00
13		Sweeney, L W	\$34,409.47	\$0.00
14		Wenner, D A	\$87,940.22	\$0.00
15		Lott, J W	\$32,760.00	\$0.00
16		Evans, T D	\$31,950.20	\$0.00
17		Faulk, D C	\$2,600.00	\$2,600.00
18		Evans, T D	\$17,712.00	\$0.00
19		Ripperger, G L	\$47,304.00	\$0.00
20		Scarborough, M R	\$34,190.10	\$0.00
21		Gudala, V M	\$20,448.00	\$0.00
22		Fuhrman, C G	\$50,931.00	\$0.00
23		Stewart, S J	\$37,341.00	\$0.00
24		Klinkey, J A	\$25,007.50	\$0.00
25		Vanboskirk, K A	\$85,254.00	\$0.00
26		Vasquez, D	\$38,964.00	\$9,000.00
27		Ainsworth, L K	\$30,720.00	\$0.00
28		Allen, M D	\$21,860.72	\$0.00
29		Schmalzigan, M	\$3,283.45	\$3,283.45
30		Holtham, R W	\$35,245.00	\$0.00
31		Long, L G	\$60,405.00	\$0.00
32		Fontenot, D A	\$32,955.00	\$0.00
33		Harris, S C	\$19,847.50	\$0.00
34		Harris, H E	\$38,812.50	\$0.00
35		Vickers, W J	\$39,525.00	\$0.00
36		Pitman, J M	\$21,318.00	\$0.00
37		Sikes, J E	\$42,912.00	\$0.00
38		Whitlock, S N	\$3,604.00	\$3,604.00
39		Sikes, S J	\$10,458.50	\$0.00
40		May, S A	\$19,599.91	\$0.00
41		Forst, R D	\$37,200.00	\$0.00
42		Tarver, M A	\$51,188.31	\$0.00
43		Guillory, L D	\$12,376.00	\$9,000.00
44		Hebert, G J	\$54,245.11	\$0.00
45		Stovall, B C	\$54,769.00	\$0.00
46		Fontenot, B K	\$36,113.00	\$0.00
47		Moravits, L	\$3,312.00	\$3,312.00
48		Boykin, R D	\$32,480.00	\$0.00
49		Bourgeois, S	\$57,330.00	\$376.00
50		Sonnier, Y H	\$19,635.00	\$9,000.00
		Report Totals	\$15,357,990.17	

	S.S.N.	Name	Texas Total Gross Wages	Texas Taxable Wages
51		Guidry, W L	\$27,782.50	\$0.00
52		Fontenot, N K	\$9,600.00	\$0.00
53		Shelton, A D	\$27,513.00	\$0.00
54		Jeter, W M	\$41,710.00	\$0.00
55		Heimbach, M V	\$18,720.00	\$0.00
56		Davenport, T D	\$9,153.25	\$0.00
57		Fontenot, J A	\$18,900.45	\$0.00
58		Breaux, G M	\$35,849.25	\$0.00
4 59		Spurr, M P	\$17,833.00	\$0.00
60		Trauth, L J	\$23,159.00	\$0.00
61		Mistretta, P V	\$45,276.00	\$0.00
5 62		Taylor, B E	\$45,180.00	\$0.00
63		Stevens, C	\$5,995.00	\$0.00
6 64		Copponex, A C	\$17,902.50	\$0.00
65		Broussard, J B	\$23,076.00	\$9,000.00
66		Lagrone, K H	\$40,324.50	\$0.00
67		Gomez, J A	\$32,982.00	\$0.00
68		Richard, A R	\$56,200.00	\$0.00
69		Babel, K L	\$18,675.00	\$0.00
70		Lemoine, J L	\$58,060.83	\$0.00
71		Heintz, C K	\$14,310.00	\$0.00
72		Zeller, J P	\$22,560.00	\$0.00
73		Bringol, R	\$45,000.00	\$0.00
74		Hicks, K E	\$21,227.50	\$0.00
75		Narcisse, J C	\$31,282.50	\$0.00
76		Hebert, M S	\$38,579.21	\$0.00
77		Rogers, P T	\$28,417.50	\$0.00
78		Horbath, J S	\$39,146.25	\$0.00
79		Pryor, W F	\$38,880.00	\$0.00
80		Horbath, M S	\$3,341.25	\$3,341.25
81		Marvin, D W	\$44,490.56	\$0.00
82		Wright, P D	\$50,220.00	\$0.00
83		Garcia, R	\$26,091.15	\$0.00
84		Zoch, C G	\$10,541.13	\$0.00
85		Johnston, K R	\$48,768.01	\$0.00
86		Stahl, C R	\$12,642.39	\$0.00
87		Fenn, M P	\$20,306.00	\$0.00
88		Duncan, B W	\$20,825.00	\$0.00
89		Morrell, J M	\$29,440.25	\$0.00
7 90		Redman, L L	\$40,365.00	\$0.00
8 91		Minjares, M W	\$21,420.00	\$0.00
92		Bost, D L	\$35,870.00	\$0.00
93		Lemoine, T L	\$18,126.00	\$0.00
94		Thompson, S W	\$51,381.01	\$0.00
95		Wolfford, G P	\$42,485.00	\$0.00
96		Johnston, T D	\$40,361.75	\$0.00
97		Denson, M W	\$36,330.37	\$0.00
98		Dalton, R K	\$50,283.79	\$0.00
99		Bloyd, P M	\$35,107.50	\$0.00
100		Carrell, K D	\$38,880.00	\$0.00
101		Askins, P W	\$28,093.35	\$0.00
102		Popp, R D	\$39,578.00	\$0.00
103		Burrell, W T	\$39,216.00	\$0.00
104		Judice, S P	\$32,160.00	\$0.00
		Report Totals	\$15,357,990.17	

	S.S.N.	Name	Texas Total Gross Wages	Texas Taxable Wages
105		Gaona, R	\$28,164.50	\$0.00
106		Wyble, M J	\$46,525.25	\$0.00
107		Larson, D E	\$27,324.00	\$8,541.00
108		Benton, T H	\$23,210.00	\$0.00
109		Holyfield, C B	\$27,648.00	\$0.00
110		Carrell, J C	\$36,144.00	\$0.00
111		Foret, J B	\$29,502.00	\$0.00
112		Korry, B A	\$38,893.50	\$0.00
113		Babino, A M	\$15,694.88	\$0.00
9		Rodriguez, A	\$36,682.50	\$0.00
115		Shaw, C G	\$29,458.50	\$0.00
116		Hart, M	\$48,804.80	\$0.00
117		Shirley, J B	\$40,542.00	\$0.00
118		Miller, R S	\$31,440.00	\$0.00
119		Hiltz, M W	\$13,263.20	\$0.00
120		Adams, R A	\$25,283.25	\$0.00
121		George, A R	\$4,676.00	\$0.00
10		Utecht, M A	\$25,425.00	\$0.00
123		Walters, J T	\$23,706.75	\$0.00
124		Lovelace, R A	\$37,104.35	\$0.00
125		Addison, T D	\$29,542.40	\$0.00
126		Theriot, C	\$22,113.00	\$0.00
127		Stratton, A L	\$19,700.25	\$0.00
128		Brocato, S J	\$52,208.00	\$0.00
129		Woodard, T D	\$11,115.50	\$0.00
11		Antley, D T	\$28,140.00	\$0.00
12		Pitchford, A J	\$73,530.00	\$0.00
13		Mathews, K B	\$33,763.75	\$0.00
133		Jones, B A	\$14,320.00	\$0.00
134		Holbrook, H M	\$41,976.01	\$0.00
135		Crew, G B	\$18,057.00	\$0.00
136		Winey, R L	\$34,587.45	\$0.00
137		Royer, L	\$84,000.00	\$0.00
138		Watson, W R	\$38,170.64	\$0.00
139		Robbins, K G	\$18,403.42	\$0.00
140		Everitt, B M	\$37,920.00	\$0.00
141		Kaspar, L D	\$37,757.52	\$0.00
142		Lackey, R N	\$34,357.50	\$0.00
14		Rogers, A R	\$17,724.39	\$0.00
144		Mora, G D	\$28,072.00	\$0.00
145		Wilden, M K	\$47,866.00	\$0.00
146		Quarles, D F	\$33,966.00	\$0.00
147		Gibson, C L	\$22,483.20	\$0.00
148		Hudson, L N	\$8,086.88	\$0.00
149		Van Dorn, R K	\$29,100.00	\$0.00
150		Darr, J E	\$34,567.50	\$9,000.00
151		Harber, C A	\$25,307.63	\$0.00
152		Gallander, B A	\$20,842.00	\$0.00
153		Foux, L W	\$26,952.01	\$0.00
154		Caillier, K W	\$38,272.00	\$0.00
155		Tryer, G S	\$34,100.00	\$0.00
156		Boutte, T D	\$26,750.55	\$0.00
157		Moore, K M	\$14,289.52	\$0.00
		Report Totals	\$15,357,990.17	

15
16

17

18

8
575
7

S.S.N.	Name	Texas Total Gross Wages	Texas Taxable Wages
158	Franks, C B	\$18,438.00	\$0.00
159	Barton, D G	\$33,796.00	\$0.00
160	Schiwart, J M	\$32,395.50	\$0.00
161	Bourgeois, R S	\$17,907.75	\$0.00
162	Cannatella, J C	\$41,233.50	\$0.00
163	Belden, J E	\$47,510.00	\$0.00
164	Granger, J W	\$34,080.00	\$0.00
165	Farris, J D	\$38,020.00	\$0.00
166	Fleming, S	\$10,123.24	\$0.00
167	Roberts, D A	\$34,148.40	\$0.00
168	Hollyfield, W P	\$22,164.66	\$0.00
169	Morrison, N E	\$46,781.25	\$0.00
170	Grissom, T D	\$36,000.00	\$0.00
171	Kaspar, Z P	\$14,640.00	\$0.00
172	Girolamo, B K	\$11,332.80	\$0.00
173	Eason, K H	\$31,200.00	\$0.00
174	Peveto, B E	\$10,530.00	\$5,500.00
175	Ludwig, K L	\$15,375.50	\$0.00
176	Ludwig, M A	\$21,637.00	\$0.00
177	Becker, L P	\$28,692.50	\$0.00
178	Vincent, L W	\$26,141.40	\$0.00
179	Wimberley, R S	\$30,313.50	\$0.00
180	Rogers, W R	\$23,683.20	\$0.00
181	Messina, S G	\$35,796.00	\$0.00
182	Gutierrez, P L	\$42,415.74	\$0.00
183	Forrest, A K	\$22,981.00	\$0.00
184	Monk, D S	\$28,099.25	\$0.00
185	Sandell, J D	\$36,187.52	\$0.00
186	Hamilton, K J	\$26,196.00	\$0.00
187	Rhodes, G A	\$42,808.50	\$0.00
188	Bourgeois, C B	\$36,378.00	\$0.00
189	Brandin, C N	\$30,433.25	\$0.00
190	Bushnell, H D	\$13,134.00	\$0.00
191	Marino, M J	\$31,743.25	\$0.00
192	Wilson, M A	\$12,761.63	\$0.00
193	Sieve, D B	\$40,090.00	\$0.00
194	Galatoire, J	\$46,837.50	\$0.00
195	Fore, G D	\$42,364.00	\$0.00
196	Burress, P A	\$13,168.30	\$0.00
197	Richard, A R	\$34,080.00	\$0.00
198	Richard, B D	\$34,080.00	\$0.00
199	Cook, C	\$6,945.00	\$6,945.00
200	Phillips, G R	\$15,184.00	\$0.00
201	Bertrand, R J	\$29,926.71	\$0.00
202	Woods, R D	\$8,815.25	\$1,738.75
203	Yong, J	\$37,680.00	\$0.00
204	Culbertson, C L	\$24,844.13	\$0.00
205	Guidry, B A	\$24,993.18	\$0.00
206	Wyatt, S	\$31,998.77	\$0.00
207	Collins, R B	\$28,628.25	\$0.00
208	Hodgkinson, C R	\$29,160.00	\$0.00
209	Saltzman, P	\$11,949.00	\$0.00
210	Doucet, R D	\$28,800.00	\$0.00
211	Britt, K E	\$20,220.00	\$0.00
Report Totals		\$15,357,990.17	

S.S.N.	Name	Texas Total Gross Wages	Texas Taxable Wages
212	Prescott, M W	\$36,465.00	\$0.00
213	Segura, K M	\$34,125.00	\$0.00
214	Mendez, J E	\$13,003.20	\$0.00
215	Marioneaux, R L	\$33,120.00	\$0.00
216	Rose, D G	\$31,325.40	\$0.00
217	Thibodeaux, A L	\$31,512.00	\$0.00
218	Puckitt, R A	\$30,240.00	\$0.00
19 219	Hannon, C A	\$12,410.00	\$0.00
220	Sheffield, M W	\$40,800.00	\$0.00
221	Mayes, S A	\$27,412.00	\$0.00
222	Dahl, S G	\$4,326.75	\$4,326.75
223	Anders, C D	\$31,561.00	\$0.00
224	Hignett, D J	\$32,617.00	\$0.00
225	Nelson, D L	\$33,424.80	\$0.00
226	Brennan, W D	\$23,328.50	\$0.00
227	Roy, C A	\$27,840.00	\$0.00
228	Muse, L	\$63,990.00	\$0.00
229	Christian, B E	\$50,480.00	\$0.00
230	Walker, K W	\$51,800.00	\$0.00
231	Jones, R W	\$44,903.00	\$0.00
20 232	Wollard, B J	\$35,040.00	\$0.00
233	Myers, S V	\$42,720.00	\$5,440.00
234	Chandler, D M	\$24,066.40	\$0.00
235	Broussard, R E	\$39,360.00	\$0.00
236	Durham, J G	\$27,247.50	\$0.00
237	Broussard, M A	\$87,788.00	\$0.00
238	Stansbury, T J	\$27,360.00	\$0.00
239	Crooks, T W	\$33,055.00	\$0.00
240	Hoelzer, R A	\$26,430.00	\$0.00
241	Martin, B E	\$41,002.50	\$0.00
242	Richard, S P	\$31,363.50	\$9,000.00
243	Blanchard, H J	\$40,575.14	\$0.00
244	Enderle, S W	\$19,130.00	\$0.00
245	Burkart, E A	\$23,925.00	\$0.00
246	Lopez, M C	\$63,016.50	\$0.00
247	Hood, J E	\$35,124.80	\$0.00
248	Leblue, M	\$10,548.40	\$0.00
249	Ngo, S P	\$25,920.00	\$0.00
21 250	Obaugh, N	\$29,884.00	\$6,520.00
251	Peveto, R L	\$27,125.00	\$9,000.00
252	Barnes, K A	\$31,088.00	\$0.00
253	Damm, R A	\$39,109.66	\$0.00
254	Lewis, T J	\$10,935.25	\$0.00
255	Westby, L J	\$28,340.00	\$9,000.00
256	Swanson, S K	\$7,976.40	\$0.00
257	Flores, A D	\$10,307.00	\$0.00
258	Waldrop, G W	\$39,155.00	\$0.00
259	Tison, R G	\$22,050.00	\$0.00
260	Moneil, R A	\$22,711.50	\$0.00
261	Norwood, R C	\$63,262.13	\$0.00
262	Alexander, M E	\$34,650.00	\$0.00
263	Delano, R A	\$32,038.88	\$0.00
264	Johnson, M A	\$35,040.00	\$0.00
	Report Totals	\$15,357,990.17	

S.S.N.	Name	Texas Total Gross Wages	Texas Taxable Wages
265	Montgomery, W R	\$7,098.00	\$0.00
266	Riggs, C R	\$37,117.50	\$0.00
267	Ferguson, R G	\$22,979.00	\$0.00
268	Moss, K R	\$22,206.50	\$0.00
269	Krautz, M W	\$50,001.00	\$0.00
270	Guidry, C K	\$10,547.00	\$9,000.00
271	Laurents, J V	\$29,325.00	\$0.00
272	Hebert, J D	\$19,140.00	\$0.00
273	Hebert, A R	\$17,219.18	\$0.00
274	Morton, K A	\$32,053.50	\$0.00
275	Eaves, D L	\$38,321.60	\$0.00
276	Stager, P W	\$23,558.40	\$0.00
277	Moore, F A	\$31,453.50	\$0.00
22 278	Mcclanahan, T V	\$39,600.00	\$0.00
279	Jolly, T R	\$22,433.40	\$0.00
280	Breaux, D A	\$6,702.05	\$0.00
281	Neil, S A	\$35,584.39	\$0.00
282	Hommel, D D	\$35,934.24	\$0.00
283	Menard, G E	\$22,388.52	\$0.00
284	Barrington, P L	\$32,029.50	\$0.00
285	Tatarchuk, J R	\$32,449.00	\$0.00
286	Brister, C Y	\$12,603.50	\$0.00
287	Lawrence, B R	\$18,300.00	\$9,000.00
288	Sciple, J A	\$44,157.98	\$0.00
289	Mangini, S M	\$33,858.00	\$0.00
290	Erb, J M	\$29,184.00	\$0.00
291	Leblanc, P A	\$22,108.91	\$0.00
292	Mouton, T D	\$25,193.50	\$0.00
293	Mouton, D R	\$36,188.65	\$0.00
23 294	Carter, E D	\$20,141.25	\$0.00
295	Bertrand, R K	\$12,185.28	\$0.00
296	Brinson, B	\$14,640.00	\$0.00
297	Guthrie, D W	\$19,509.00	\$0.00
298	Doyle, J R	\$51,793.68	\$0.00
24 299	Mock, V	\$7,848.00	\$7,848.00
300	Brown, D J	\$39,524.50	\$0.00
301	James, D L	\$37,824.00	\$0.00
302	Lafleur, L T	\$33,966.00	\$0.00
303	Cunningham, J L	\$31,401.60	\$0.00
304	Uresti, J P	\$15,745.00	\$0.00
25 305	Winton, R D	\$36,333.00	\$0.00
306	Whitmire, J R	\$6,804.00	\$0.00
307	Chisum, A W	\$26,542.00	\$0.00
308	Gilliam, J R	\$49,133.25	\$0.00
309	Britton, C L	\$68,062.80	\$0.00
310	Mills, M	\$20,316.00	\$0.00
311	Stutes, L	\$15,747.75	\$0.00
312	Culp, R B	\$37,440.00	\$0.00
313	Simpson, B A	\$16,299.15	\$0.00
314	Tatarchuk, W L	\$32,308.80	\$0.00
315	Lanier-reed, K R	\$9,007.00	\$0.00
316	Humphrey, T W	\$39,406.00	\$0.00
317	Allen, T G	\$24,294.30	\$0.00
318	Hailey, J S	\$18,240.00	\$0.00
	Report Totals	\$15,357,990.17	

	S.S.N.	Name	Texas Total Gross Wages	Texas Taxable Wages
319		Clubb, I L	\$46,023.29	\$0.00
320		Tallant, E W	\$33,000.00	\$0.00
321		James, T L	\$6,146.40	\$0.00
322		Walker, M A	\$36,281.25	\$0.00
323		Sonnier, D W	\$23,520.00	\$0.00
324		Logsdon, R L	\$32,400.00	\$0.00
325		Smith, K E	\$20,076.00	\$0.00
326		Wilkinson, J L	\$50,593.25	\$0.00
327		Ross, R D	\$43,689.78	\$0.00
328		Crysel, H E	\$32,715.84	\$0.00
329		Payne, R C	\$34,276.25	\$0.00
330		Alvarez, M	\$8,160.00	\$0.00
331		Vogel, M C	\$61,549.85	\$0.00
332		Graham, D A	\$24,604.88	\$0.00
333		Holton, K R	\$31,570.00	\$0.00
334		Waldrup, K D	\$36,352.50	\$0.00
335		Rodriguez, J	\$11,280.00	\$0.00
26		Kraemer, D L	\$19,952.25	\$0.00
337		Collins, L S	\$9,443.27	\$0.00
338		Roberts, J D	\$18,037.50	\$0.00
339		Abney, R L	\$20,816.25	\$0.00
340		Carlton, J E	\$22,430.10	\$0.00
341		Garza, E L	\$64,554.00	\$0.00
27		Helms, C	\$33,600.00	\$0.00
343		Mcelanduff, G P	\$30,875.00	\$0.00
344		Ratcliff, L D	\$37,888.00	\$0.00
345		Rice, P K	\$8,532.00	\$0.00
346		Coffey, C W	\$28,130.00	\$0.00
28		Landry, D W	\$23,785.00	\$0.00
348		Landry, D L	\$29,580.50	\$9,000.00
349		Durant, J G	\$2,520.00	\$2,520.00
29		Matthieu, S	\$25,329.40	\$0.00
30		Little, D	\$37,130.50	\$0.00
352		Dean, S M	\$28,883.40	\$0.00
353		Derouen, M A	\$17,400.86	\$0.00
354		Kruft, T L	\$19,216.93	\$0.00
355		Wallace, E M	\$32,734.63	\$0.00
356		Babineaux, K J	\$49,181.50	\$0.00
357		Rice, R L	\$38,307.00	\$0.00
358		Addison, E S	\$22,248.04	\$0.00
359		Parish, D D	\$37,200.00	\$0.00
360		Holmes, R S	\$36,288.00	\$0.00
31		Lundy, C D	\$38,560.00	\$0.00
362		Theriot, R P	\$32,783.25	\$0.00
363		Clark, S W	\$44,915.90	\$0.00
364		Mauer, K L	\$35,173.38	\$0.00
365		Keffer, B J	\$20,661.50	\$0.00
366		Duplantis, J R	\$23,925.75	\$0.00
367		Hailey, C D	\$26,880.00	\$0.00
368		Sherman, T L	\$13,938.25	\$0.00
369		Castillo, K R	\$12,795.77	\$0.00
370		Bullion, P W	\$11,551.50	\$0.00
371		Seaux, R L	\$19,170.00	\$0.00
		Report Totals	\$15,357,990.17	

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S.S.N.	Name	Texas Total Gross Wages	Texas Taxable Wages
372	Mayfield, D G	\$38,601.20	\$0.00
373	Nandi, R K	\$60,000.00	\$0.00
374	Luke, K J	\$31,879.80	\$0.00
375	Harrington, J H	\$19,268.00	\$0.00
376	Johnston, L T	\$36,120.00	\$9,000.00
377	Simmons, J G	\$30,000.00	\$0.00
378	Teague, R M	\$27,288.00	\$0.00
379	Hegele, R	\$22,040.00	\$0.00
380	Scott, R L	\$34,320.00	\$0.00
381	Grass, J M	\$36,762.00	\$0.00
382	Placette, R S	\$35,714.25	\$0.00
383	Gallier, G A	\$32,640.00	\$0.00
384	Edwards, S T	\$36,848.30	\$0.00
385	Wilson, J G	\$34,088.00	\$0.00
386	Riu, C C	\$29,800.00	\$0.00
387	Wood, K D	\$19,560.00	\$0.00
388	Judice, R B	\$14,126.50	\$0.00
389	Huckaby, R W	\$41,405.00	\$0.00
390	Woodall, E W	\$23,526.29	\$0.00
391	Allen, S E	\$21,911.45	\$0.00
392	Hamilton, E L	\$11,551.50	\$0.00
393	Leblanc, J D	\$26,078.25	\$0.00
394	Mcabee, M P	\$19,080.00	\$6,140.00
395	Hartwig, R E	\$27,126.00	\$0.00
396	Wilson, M	\$36,000.00	\$0.00
397	Campos, L	\$31,098.30	\$0.00
398	Trahan, E A	\$64,217.50	\$0.00
399	Borel, I G	\$21,476.00	\$0.00
400	Spell, C B	\$67,340.50	\$0.00
401	Barton, D R	\$25,991.00	\$0.00
402	Alvarez, D	\$41,310.00	\$0.00
403	Keffer, M A	\$30,910.25	\$0.00
404	Dodds, B J	\$110,543.86	\$0.00
405	Montalbano, M E	\$41,925.00	\$0.00
406	Ayala, K R	\$29,961.75	\$0.00
407	Bryant, C S	\$43,452.50	\$0.00
408	Eitel, L R	\$28,113.75	\$0.00
409	Staska, J A	\$39,682.97	\$0.00
410	Fisher, R B	\$35,136.00	\$0.00
411	Graham, K L	\$24,661.25	\$0.00
412	Laurents, C R	\$32,044.56	\$0.00
413	Bennett, C J	\$21,994.75	\$0.00
414	Hiltz, S L	\$4,236.63	\$1,875.96
415	Ellison, C T	\$21,604.80	\$0.00
416	Sims, R S	\$71,749.00	\$0.00
417	Iles, G R	\$26,102.50	\$0.00
418	Rascoe, B K	\$36,327.20	\$0.00
419	Daniels, B K	\$31,325.88	\$0.00
420	Stanley, S D	\$113,390.72	\$0.00
421	Domingue, C L	\$20,583.39	\$0.00
422	Schroeder, C W	\$34,878.30	\$0.00
423	Smith, L A	\$12,635.92	\$0.00
424	Lapham, D G	\$22,869.00	\$0.00
425	Graham, A L	\$36,742.40	\$0.00
Report Totals		\$15,357,990.17	

	S.S.N.	Name	Texas Total Gross Wages	Texas Taxable Wages
426		Barnes, M N	\$57,387.00	\$0.00
427		Carrell, L N	\$28,597.50	\$0.00
428		Rodriguez, M J	\$9,917.44	\$0.00
429		Guidry, M J	\$14,446.00	\$0.00
430		Herman, R L	\$28,320.00	\$0.00
431		Homann, W M	\$38,326.80	\$0.00
35 36 432		Lange, D L	\$41,580.00	\$0.00
433		Moelwain, J G	\$43,206.75	\$0.00
434		McCabe, J N	\$39,520.00	\$0.00
435		Maskus, A S	\$8,762.50	\$4,450.00
436		Miles, S S	\$8,801.89	\$0.00
437		Britton, R C	\$38,880.00	\$9,000.00
438		Wolfe, L S	\$39,412.50	\$0.00
439		Zimmerman, L B	\$33,128.79	\$0.00
440		Stewart, K D	\$27,613.50	\$0.00
441		Zollers, M L	\$24,986.00	\$0.00
442		Simonton, J L	\$8,845.80	\$0.00
443		Chumnanvech, M	\$33,280.00	\$0.00
444		Bruza, P S	\$31,876.51	\$0.00
37 445		Torres, S R	\$2,200.00	\$2,200.00
446		Tran, M L	\$36,729.00	\$0.00
447		Abernathy, J M	\$36,112.50	\$0.00
448		Klauss, J M	\$28,560.01	\$0.00
449		Rashall, R J	\$69,060.00	\$0.00
450		Thompson, T D	\$17,053.13	\$0.00
451		Scott, G D	\$36,720.00	\$0.00
452		Mosseri, J	\$8,523.00	\$0.00
453		Tsan, H P	\$6,406.00	\$0.00
454		Robinson, B J	\$51,921.61	\$0.00
455		George, K W	\$24,000.00	\$0.00
456		Phan, Q T	\$39,360.00	\$0.00
457		Runte, J A	\$6,093.75	\$1,102.50
458		Pinder, C C	\$2,688.00	\$2,688.00
459		Petix, M	\$2,600.00	\$2,600.00
460		Sampson, L W	\$18,466.90	\$0.00
461		Messina, P M	\$8,358.00	\$0.00
462		Dauterive, B A	\$18,555.25	\$0.00
463		Volk, C M	\$14,160.00	\$0.00
464		Mitchell, E A	\$12,000.00	\$0.00
465		Sims, T	\$2,243.75	\$2,243.75
466		Bobbitt, C A	\$5,936.00	\$5,936.00
467		Boor, G J	\$14,587.75	\$0.00
468		Laird, L W	\$11,254.52	\$0.00
469		Gould, K	\$5,768.00	\$5,384.00
470		Bond, M J	\$33,500.00	\$0.00
471		Tajonar, A	\$19,889.35	\$0.00
472		Abeyta, Z	\$7,000.00	\$5,225.00
473		Armstrong, P B	\$2,970.00	\$2,970.00
474		Maniar, D K	\$20,907.75	\$0.00
475		Farr, D N	\$10,274.54	\$0.00
476		Rhodes, M E	\$48.00	\$48.00
477		Melofsky, T D	\$17,138.00	\$0.00
478		Moulton, J A	\$29,397.00	\$0.00
		Report Totals	\$15,357,990.17	

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	S.S.N.	Name	Texas Total Gross Wages	Texas Taxable Wages
479		Bonilla, V	\$41,140.00	\$0.00
480		Hebert, A J	\$15,328.00	\$0.00
481		Richard, K M	\$2,861.50	\$2,861.50
482		Zehring, T M	\$18,560.00	\$0.00
483		Hailey, S R	\$13,057.32	\$0.00
484		Galvan, J A	\$36,660.00	\$0.00
485		Wood, J C	\$15,475.50	\$0.00
486		Acevedo, V	\$31,639.54	\$0.00
487		Martin, J D	\$7,065.60	\$0.00
488		Puckett, C	\$2,281.25	\$2,281.25
489		Fischer, C D	\$33,070.00	\$0.00
490		Fitzwater, T N	\$31,139.00	\$0.00
491		Johnson, A R	\$13,020.00	\$0.00
492		Alvarez, J A	\$2,718.75	\$2,718.75
493		Barnett, K M	\$2,030.00	\$2,030.00
494		O'quinn, J C	\$10,015.00	\$0.00
495		Broussard, A L	\$10,059.00	\$0.00
496		Shoemaker, K	\$21,620.00	\$0.00
497		Dean, A	\$6,661.00	\$6,661.00
498		Humphrey, B W	\$5,370.00	\$5,370.00
499		Edwards, J J	\$2,912.00	\$2,912.00
500		Gutierrez, S P	\$1,306.50	\$1,306.50
501		Samford, G H	\$34,748.00	\$0.00
502		Luce, T J	\$18,392.00	\$0.00
503		Brady, M R	\$8,626.41	\$0.00
504		Lafleur, M T	\$3,115.00	\$3,115.00
505		Aguirre, K	\$1,813.00	\$1,813.00
506		Van Dorn, C R	\$2,929.50	\$2,929.50
507		Yentzen, A K	\$6,833.75	\$6,833.75
508		Larson, A N	\$15,402.55	\$0.00
509		Holmes, J S	\$20,100.60	\$0.00
510		Thomas, W B	\$24,354.00	\$0.00
511		Trevino, T G	\$4,346.25	\$4,346.25
512		Brumley, C W	\$17,501.76	\$0.00
513		Mcelduff, S A	\$16,800.00	\$0.00
514		Gilbert, R L	\$2,205.50	\$2,205.50
515		Simmons, M P	\$2,837.50	\$2,837.50
516		Cavalcanti, N	\$3,337.50	\$3,337.50
517		Mangini, C E	\$2,298.00	\$2,298.00
518		Culbertson, M C	\$13,920.00	\$0.00
519		Richard, L D	\$3,377.25	\$1,300.00
520		Nguyen, V	\$10,049.80	\$0.00
521		Doubt, M C	\$26,197.92	\$0.00
522		Biswas, S	\$46,536.60	\$0.00
523		Austin, D B	\$15,528.20	\$0.00
524		Hulet, Z	\$12,750.75	\$0.00
525		Durso, J	\$2,625.00	\$2,625.00
526		Anderson, S	\$6,648.00	\$6,016.00
527		Meaux, C M	\$956.25	\$956.25
528		Whaley, B A	\$1,975.00	\$1,975.00
529		Stephenson, S O	\$13,173.25	\$0.00
530		Lide, B N	\$15,477.90	\$0.00
531		Blondini, J A	\$16,992.00	\$0.00
532		Brahmbhatt, V R	\$26,928.00	\$0.00
		Report Totals	\$15,357,990.17	

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	S.S.N.	Name	Texas Total Gross Wages	Texas Taxable Wages
533		Ceja, S A	\$20,358.53	\$0.00
534		Reese, A L	\$11,913.13	\$0.00
535		Lough, N S	\$10,571.00	\$0.00
536		Arnold, D R	\$23,899.20	\$0.00
537		Agustin, E	\$41,574.00	\$0.00
538		Perez, B M	\$18,000.00	\$0.00
41 42 539		Steger, H	\$31,200.00	\$0.00
540		Tenner, D B	\$16,936.00	\$0.00
541		Thompson, T S	\$16,472.00	\$0.00
542		Richard, J R	\$7,862.25	\$0.00
543		Belaire, K E	\$14,518.00	\$0.00
544		Gothia, H	\$11,650.00	\$0.00
545		Hightower, L L	\$11,275.00	\$1,971.00
546		Smith, R F	\$19,848.00	\$0.00
547		Scheller, A E	\$10,320.40	\$9,000.00
548		Kachmar, M I	\$21,472.50	\$4,415.00
549		Hiltz, K	\$382.50	\$382.50
Report Totals			\$15,357,990.17	

*** EMPLOYER FILE COPY ***

ECONOMIC DEVELOPMENT INCENTIVE AGREEMENT BETWEEN THE LA PORTE DEVELOPMENT CORPORATION, AND RICHARD DESIGN SERVICES, INC. FOR USE OF TYPE B DEVELOPMENT CORPORATION SALES TAX FUNDS

THIS AGREEMENT made by and entered into this 24th day of March, 2014 between the La Porte Development Corporation, a Type B non-profit corporation operating under authority of Texas Local Government Code Chapters 501 and 505, hereinafter "LPDC", and Richard Design Services, Inc., hereinafter referred to as "Recipient".

WITNESSETH:

WHEREAS, the voters of the City of La Porte authorized the levying of additional sales tax within the City for promotion of economic development and the LPDC is authorized to use such tax revenues for certain qualifying projects and other economic development related purposes; and

WHEREAS, Recipient wishes to lease for a minimum three (3) year term a 7500 square foot office complex suite located in that building commonly known as the "1200 Building" and located at 1200 State Highway 146, within the corporate limits of the City of La Porte, Texas, said leased space more particularly described in Exhibit A, attached to this agreement, and incorporated by reference for all purposes; and

WHEREAS, the anticipated business enterprise of Recipient shall consist of a minimum capital investment cost of \$500,000.00 to make utility and building infrastructure improvements at the site of the leased premises, recruit and hire new employees, and purchase computers and software, which after three (3) years the operation of which is anticipated to employ a minimum of seventy-five (75) personnel, no more than fifteen (15) percent of which shall consist of relocated employees; and

WHEREAS, Recipient has requested that LPDC provide financial incentives in an amount not to exceed \$15,000.00 to promote the development and expansion of its business enterprise in the corporate limits of the City of La Porte, Texas, including but not limited to subsidization of certain infrastructure improvement costs for site and related improvements, as well as other purposes authorized by Texas Local Government Code chapters 501 and 505, and it is the desire of LPDC to assist in the funding of same, finding that such expenditures will contribute to promoting economic growth and development in the City; and

WHEREAS, Texas law and the by-laws of the LPDC require that certain expenditures and projects by the LPDC be approved by the governing body of the City; and whereas the LPDC Board has duly approved such project and the expenditures for same have been authorized by the La Porte City Council; and

NOW THEREFORE, in consideration of the covenants and conditions stated herein, and in consideration of the mutual benefits that will accrue to each of the parties hereof, as well as to the citizens of the City of La Porte, Texas, the parties have agreed and do hereby agree as follows:

ARTICLE I

As required by Texas Local Government Code section 501.158, and in consideration of Recipient developing, improving and utilizing for a minimum of three (3) years a 7500 square foot office complex suite to be leased at the building located at 1200 State Highway 146, as specifically described in that certain public hearing authorizing the proposed project and expenditure of LPDC funds for the promotion of said development, held before the LPDC on December 9, 2013, LPDC agrees to provide Recipient an incentive package consisting of cash distributions in a total sum not to exceed \$15,000.00, but subject to satisfaction of the performance standards and schedule outlined as follows:

- 1) Within 30 days of the effective date of this Agreement, Recipient shall provide LPDC with a copy of a properly executed commercial office space rental agreement for Recipient's lease of a 7500 square foot office complex suite at the building located at 1200 State Highway 146, La Porte, Texas. Said lease agreement shall be for a minimum three (3) year primary term, and shall commence no later than October 1, 2013.
- 2) LPDC will remit a \$15,000.00 incentive grant by distributing same in \$5000.00 increments to Recipient each year, for three years. However, the distribution of each annual installment shall be subject to Recipient's attainment of thresholds for hiring of new full time employees in the corporate limits of La Porte beginning on and from September 1, 2013. Proof of Recipient's hiring and retention of the required minimum number of full time employees shall be evidenced by submission to LPDC of 1) copies of Recipient's 941 Report to the IRS and C3 Report to the Texas Workforce Commission and 2) a sworn, notarized letter prepared by Recipient verifying that the employees are employed by Recipient for positions located in the corporate limits of La Porte. Each report shall be made available no later than October 1 each year this agreement is in effect. Based on the foregoing, payment shall be made to Recipient as follows:
 - a) The first installment of \$5000.00 will be paid within 30 days after Recipient provides LPDC with written verification that it has hired and/or relocated twenty (20) new full time employees by October 1, 2014.
 - b) The second installment of \$5000.00 will be paid within 30 days after Recipient provides LPDC with written verification that it has hired and/or relocated twenty (20) additional and new full time employees, for a cumulative total of forty (40) new full time employees, by October 1, 2015.
 - c) The third installment of \$5000.00 will be paid within 30 days after Recipient provides LPDC with written verification that it has hired and/or relocated thirty-five (35) additional new full time employees, for a cumulative total of seventy-five (75) new full time employees by October 1, 2016.

- 3) **As a condition precedent to the receipt and retention of the financial incentive payments provided for herein, Recipient shall be required to maintain the lease agreement described in Paragraph 1 of this section.** However, in the event that Recipient's lease is terminated voluntarily by Recipient, or as a result of Recipient's breach of same, but Recipient maintains operations in La Porte through the lease on another facility in La Porte, or by relocating to a permanent site in La Porte, then the terms of this agreement shall remain in effect. However, in such even Recipient shall be required to meet the same employment thresholds established in Paragraph 2 of this section, and in addition, shall satisfy the minimum capital investment threshold established in Paragraph 4 of this section, either in relation to the leased facilities at 1200 State Highway 146, or its new facilities in La Porte, or combination of both, as the case may be.
- 4) Recipient shall also be required to submit documentation to the LPDC that it has made a minimum capital investment of \$500,000.00 to make utility and building infrastructure improvements at the site of the leased premises, recruit and hire new employees, pay rent, and purchase computers and software. Verification of Recipient's capital expenditure shall be provided to LPDC not later than January 1, 2017. This performance threshold is independent of Recipient's obligation to meet the schedule of additional full time employees provided in this section.

ARTICLE II

Recipient shall be responsible for providing required documentation and take all necessary and proper steps established herein but not before at least 60 days have passed since the publication of notice for public hearing required under Texas Local Government Code section 505.160 for expenditure of Type B funds on a proposed project, without the filing of a petition with the City registering a protest to the proposed grant.

ARTICLE III

The term of this Agreement is for a period of three (3) years, beginning on the date of approval by LPDC as set forth below.

ARTICLE IV

Disbursement and/or retention of the cash incentive identified in Article I of this Agreement shall be made as follows:

- A. Disbursement shall be made to Recipient, subject to the satisfaction of the conditions precedent or conditions subsequent contained within Article I of this Agreement.

- B. LPDC's obligation to Recipient shall not exceed \$15,000.00, nor shall LPDC be obligated to reimburse Recipient for requests delivered to LPDC after the termination of this Agreement.
- C. If Recipient receives and holds funds obtained pursuant to this Agreement in advance of paying the expenses for which reimbursement is made, Recipient shall establish a separate bank account to deposit funds in order to avoid commingling of the funds with Recipient's other funds and accounts.

ARTICLE V

Recipient understands that the funds paid to Recipient by the LPDC are derived from tax revenues collected under Texas Local Government Code 505.252, and that LPDC has estimated the tax revenues to be collected during the term of this Agreement. Recipient further understands, acknowledges, and agrees that if the tax revenue actually collected is less than 90% of the estimated tax revenues to be collected in any fiscal year during the term of this Agreement, LPDC will be under no obligation to provide funding to Recipient for any payment or payments during or after the fiscal year for which there is a revenue shortfall.

ARTICLE VI

If Recipient shall fail to use the funds provided by LPDC pursuant to the specific requirements and conditions of this agreement, or if Recipient shall fail to satisfy the performance criteria established therein for any year, LPDC shall have the right to reclaim and recapture any and all cash incentive funds previously disbursed to Recipient, whether or not such disbursements have been spent by Recipient at the time of the reclamation by the LPDC. For purposes of this Agreement, LPDC's right of recapture shall extend to and include all disbursements previously made to Recipient. In each such case, the previously paid cash payment or payments shall be remitted to the LPDC within sixty (60) days of receipt of written demand for same.

In the event of default by Recipient under any of the terms of this Agreement, including, but not limited to, use of the funds provided herein for purposes other than those stated in Article I of this Agreement, LPDC may terminate this Agreement and shall have the right to reclaim and recapture, and Recipient shall refund, any funds that are not spent in accordance with the terms of this Agreement, including 1) LPDC funds spent by Recipient in contravention of this Agreement and 2) any unspent LPDC funds previously paid to Recipient but not yet paid or pledged by Recipient to third parties. In each such case, the previously paid cash payment or payments shall be remitted to the LPDC within sixty (60) of receipt of written demand for same.

Any breach of this covenant shall be grounds for immediate termination of the distribution of funds.

ARTICLE VII

Recipient also agrees that LPDC may place a lien against the property made the subject of this Agreement and located as described in Exhibit A, to secure repayment, if necessary, and may enforce this Agreement by any and all other remedies available in law and equity.

ARTICLE VIII

This Agreement does not create any joint venture, partnership, or agency relationship between the LPDC and Recipient. Recipient shall have exclusive control of, and the exclusive right to control the details of the work to be performed by Recipient hereunder and all personnel performing same, and shall be solely responsible for the acts and omissions of its officers, members, agents, servants, employees, subcontractors, program participants, volunteers, licensees, and invitees. In no event shall any person participating in or performing any of Recipient's duties or responsibilities hereunder be considered an officer, agent, servant, or employee of the LPDC.

ARTICLE IX

Recipient agrees to assume and does hereby assume all responsibility and liability for damages sustained by persons or property, whether real or asserted, by or from the carrying on of work by Recipient or in the performance of services performed and to be performed by Recipient hereunder. Recipient covenants and agrees to, and does hereby indemnify, defend, and hold harmless LPDC and all their respective officers, agents, and employees from all suits, actions, claims, and expenses of any character, including attorney's fees, brought for or incurred on account of any injuries or damages, whether real or asserted, sustained by any person or property by or in consequence of any intentional or negligent act, omission, or conduct of Recipient, its agents, servants or employees.

ARTICLE X

This Agreement may be amended by the mutual agreement of the Parties hereto in writing to be attached to and incorporated into this Agreement.

ARTICLE XI

Recipient shall adhere to all local, state, and federal laws and regulations that may affect its actions made pursuant to this Agreement, and shall maintain in effect during the term of this Agreement any and all federal, state, and local licenses and permits which may be required of Recipients generally.

ARTICLE XII

Recipient may not assign this Agreement without the written consent of LPDC.

ARTICLE XIII

The waiver by LPDC of any breach of any term, condition, or covenant herein contained shall not be deemed a waiver of any subsequent breach of the same, or any other term, condition, or covenant.

ARTICLE XIV

The obligations of the Parties to this Agreement are performable in Harris County, Texas and if legal action is necessary to enforce same, venue shall lie in Harris County, Texas.

ARTICLE XV

This Agreement shall be governed by and construed in accordance with the laws of the State of Texas.

ARTICLE XVI

This Agreement may be executed in triplicate, each of which shall be deemed an original and constitute one and the same instrument.

ARTICLE XVII

Neither LPDC nor Participant shall be required to perform any term, condition, or covenant in this Agreement so long as such performance is delayed or prevented by force majeure, which shall mean Acts of God, civil riots, floods, and any other cause not reasonably within the control of LPDC or Recipient except as herein provided, and which by the exercise of due diligence LPDC or Recipient is unable, wholly or in part, to prevent or overcome.

ARTICLE XVIII

In submitting this application, the applicant whose signature appears below affirms its intent and commitment to comply in full with Section 2264.052 of the Government Code and certifies that it does not and will not knowingly employ an undocumented worker during any time period associated with the public subsidy for which the application is being submitted. The applicant further certifies its understanding and agreement that if

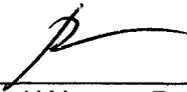
it is convicted of a violation of 8 U.S.C. Section 1324a(f), providing for civil and/or criminal penalties for engaging in a pattern or practice of knowingly hiring or continuing to employ unauthorized aliens, it shall repay the amount of the public subsidy with interest, at the rate and according to the terms of the agreement signed under Section 2264.053 of the Government Code, not later than the 120th day after the date the city notifies the business of the violation.

ARTICLE IXX

The Agreement embodies the complete agreement of the parties hereto, superceding all oral or written pervious and contemporary agreements between the Parties, which relate to matters in this Agreement.

SIGNED AND AGREED to by LPDC and Recipient on the dates indicated below.

LA PORTE DEVELOPMENT CORPORTION



Richard Warren, President

3-24-14
Date

ATTEST



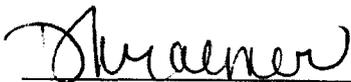
RICHARD DESIGN SERVICE, INC.

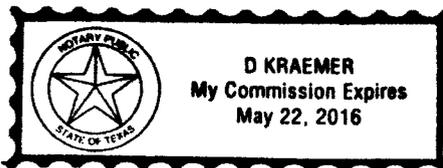


By:

3-14-14
Date

ATTEST





**COMMERCIAL LA PORTE, LTD.
1200 BUILDING
1200 HWY 146 SOUTH
LA PORTE, TEXAS 77571**

RE: Letter of intent to lease Suite #200, #210 & #244, (to be combined into one Suite, using suite #200.) consisting of 7724 sq. ft. in the 1200 Building, Highway 146 South, La Porte, Texas 77571

This letter of Intent is in regard to RICHARD DESIGN SERVICES, INC. the real parties of interest and their intent to Lease Office Space at the above captioned office building. The lease Proposal is based on the following terms and conditions.

Tenant: RICHARD DESIGN SERVICES, INC.
BRENT RICHARD, PRESIDENT, RDS
750 PEARL STREET
BEAUMONT, TEXAS 77701

Lease Guarantor: RICHARD DESIGN SERVICES, INC.

Landlord: Commercial La Porte, Ltd.
% Faye Ray
5606 Cavanaugh
Houston, TX 77021
Phone: 713-643-6577
faye@blackwellplastics.com

Demised Premises: Approximately 7724 net rentable square feet, located in the 1200 Building, Highway 146 South, La Porte, TX 77571

Initial Lease Term: An initial lease term of THIRTY SIX (36) months.

Possession Date: Landlord shall deliver the premises to Tenant upon completion of executed documents and completion of painting, remodeling as indicated in exhibits attached to lease.

Occupancy Date: Estimated to be October 1, 2013.

Rent Commencement Date: Rent shall commence on October 1, 2013.

Minimum Rent: Tenant's Minimum Rent for the "Initial Lease Term" shall be as follows:

Page 2
 Letter of Intent
 RICHARD DESIGN SERVICES, INC.
 10/01/13

	<u>Monthly</u>	<u>Annual</u>
Minimum Base Rent - <u>1ST yr</u> 7724 square ft @1.20 sq ft	\$ 9,268.80	\$ 111,225.60
CAM charges @ 21%	\$ 2,625.20	\$ 31,502.40
Total rental payment: 1st yr	\$ 11,894.00	<u>\$ 142,728.00</u>
Minimum Base Rent - <u>2nd yr</u> 7724 square ft @1.25 sq ft	\$ 9,655.00	\$ 115,860.00
CAM charges @ 21%	\$ 2,625.00	\$ 31,500.00
Total rental payment: 2nd yr	\$ 12,280.00	<u>\$ 147,360.00</u>
Minimum Base Rent - <u>3rd yr</u> 7724 square ft @1.25 sq ft	\$ 9,655.00	\$ 115,860.00
CAM charges @ 21%	\$ 2,625.00	31,500.00
Total rental payment 3rd yr	\$ 12,280.00	<u>\$ 147,360.00</u>
Total of 3 year lease		\$ 437,448.00

Landlord's Maintenance

Responsibilities: Landlord shall be responsible for the entire roof, (including roof membrane), concrete slab & structural repairs.

Use: The demised suite #200 shall be used for a business office.

Prepaid Rent: \$ 11,894.00 – FIRST MONTH'S RENT + CAM.

Security Deposit Tenant will deposit with Landlord upon Lease execution one (1) month's minimum rent + cam
\$ 11,894.00 – Due upon execution of lease

Total Amount Due Upon Lease Execution \$ 23,788.00

Condition of suite: See exhibits with lease

Page 3
Letter of Intent
RICHARD DESIGN SERVICES, INC.
10/01/13

Acceptance: This letter of intent shall become null and void if not accepted by prospective tenant by 5:00 PM Friday, September 27, 2013

This letter of intent is non-binding and is only a mutual understanding between the parties and that the Lease Agreement when executed by the parties shall become the final agreement.

The Landlord reserves the right to continue marketing all vacant space within the 1200 Building and will not take the above captioned space off the market.

Respectfully,
Commercial La Porte, Ltd.

AGREED and ACCEPTED:

This 18th day of September 2013

Landlord: Commercial La Porte, Ltd.

By: 
E. FAYE RAY

Title: Controller/Building Mgr

AGREED and ACCEPTED:

This _____ day of _____ 2013

Tenant: RICHARD DESIGN SERVICES, INC.
BRENT RICHARD,
PRESIDENT, RDS

By: 
BRENT RICHARD

Title: PRESIDENT

**COMMERCIAL LA PORTE, LTD.
BPM INVESTMENTS, INC. (GENERAL PARTNER)
5606 CAVANAUGH
HOUSTON, TEXAS 77021**

GUARANTY OF LEASE

This Guaranty of Lease (the "Guaranty") is attached to and made a part of that certain real estate "Lease" (the "Lease:") dated October 1, 2013 between, Commercial La Porte, Ltd., as "landlord" and RICHARD DESIGN SERVICES, INC., as "tenant", covering the Property commonly known as The Twelve Hundred Building, located At 1200 Hwy #146 South, La Porte, Texas. The terms used in this "Guaranty" shall have the same definitions as set for the in the "Lease". In order to induce "Landlord" to enter into the "Lease" with "Tenant" **THE RICHARD GROUP (RICHARD DESIGN SERVICES, INC.**, "Guarantor" acknowledges that "Landlord" would not enter into the "Lease" if each "Guarantor" did not execute and deliver this "Guaranty" to "Landlord".

1. **Guaranty:** In consideration of the execution of the "Lease" by "Landlord" and as a material inducement to "Landlord" to execute the "Lease", each "Guarantor" hereby irrevocably, unconditionally, jointly and severally guarantee the full, timely and complete (a) payment of all rent and other sums payable by "Tenant" to "Landlord" under the "Lease", and any amendments or modifications thereto by agreement or course of conduct, and (b) performance of all covenants, representations and warranties made by "Tenant" and all obligations to be performed by "Tenant" pursuant to the "Lease", and any amendments or modifications thereto by agreement or course of conduct. The payment of those amounts and performance of those obligations shall be conducted in accordance with all terms, covenants and conditions set forth in the "Lease", without deduction, offset or excuse of any nature.
2. **Landlord's Rights:** "Landlord" may perform any other following acts at any time during the "Lease Term", without notice to or assent of any "Guarantor" and without in any way releasing, affecting or impairing any of "Guarantor's" obligations or liabilities under this "Guaranty": (a) alter, modify or amend the "Lease" by agreement or course of conduct, (b) grant extensions or renewals of the "Lease", (c) assign or otherwise transfer its interest in the "Lease", the Property, or this "Guaranty", (d) consent to any transfer or assignment of "Tenant's" or any future "Tenant's" interest under the "Lease", (e) release one or more "Guarantor", or amend or modify this "Guaranty" with respect to any "Guarantor", without releasing or discharging any other "Guarantor" from any of such "Guarantor's" obligations or liabilities under this "Guaranty", (f) take and hold security for the payment of this "Guaranty" and exchange, enforce, waive and release any such security (g) apply such security and direct the order or manner of sale thereof as "Landlord", in its sole discretion, deems appropriate, and (h) foreclose upon any such security by judicial or non-judicial sale, without affecting or impairing in any way the liability of "Guarantor" under this "Guaranty", except to the extent the indebtedness has been paid.
3. **Tenant's Default:** This "Guaranty" is a guaranty of payment and performance, and not of collection, upon any breach or default by "Tenant" under the "Lease", "Landlord" may proceed immediately against "Tenant" and/or any "Guarantor" to enforce any of "Landlord's" rights or remedies against "Tenant" or any "Guaranty" or pursuant to this "Guaranty", the "Lease", or at law or in equity without notice to or demand upon either "Tenant" or any "Guarantor". This "Guaranty" shall not be released, modified or affected by any failure or delay by "Landlord" to enforce any of its rights or remedies under the "Lease" or this "Guaranty", or at law or in equity.

4. **Guarantor's Waivers:** Each "Guarantor" hereby waives (a) presentment, demand for payment and protest of non-performance under the "Leas", (b) notice of any kind including, without limitation, notice of acceptance of this "Guaranty", protest, presentment, demand for payment, default, non payment, or the creation or incurring of new or additional obligations of "Tenant" to "Landlord", (c) any right to require "Landlord" to enforce its rights or remedies against "Tenant" under the "Lease", or otherwise, or against any other "Guarantor", (d) any right to require "Landlord" to proceed against any security held from "Tenant" or any other party, (e) any right of subrogation and (f) any defense arising out of the absence, impairment or loss of any right of reimbursement or subrogation or other right or remedy of "Guarantors" against "Landlord" or any such security, whether resulting from an election by "Landlord", or otherwise. Any part payment by "Tenan" or other circumstances which operates to toll any statute of limitations as to "Tenant" shall be operated to toll the statute of limitations as to "Guarantor".

5. **Separate and Distinct Obligations:** Each "Guarantor" acknowledges and agrees that such "Guarantor's" obligations to "Landlord" under this "Guaranty" are separate and distinct from "Tenant's" obligations to "Landlord" under the "Lease". The occurrence of any of the following events shall not have any effect whatsoever on any "Guarantor's" obligations to "Landlord" hereunder, each of which obligations shall continue in full force or effect as though such event had not occurred: (a) the commencement by "Tenant" of a voluntary case under the federal bankruptcy laws, as now constituted or hereafter amended or replaced, or any other applicable federal or state bankruptcy, insolvency or other similar law (collectively, the "Bankruptcy Laws"), (b) the consent by "Tenant" to the appointment of or taking possession by receiver, liquidator, assignee, trustee, custodian, sequestrator or similar official of "Tenant" or for any substantial part of its property, (c) any assignment by "Tenant" for the benefit of creditors, (d) the failure of "Tenant" generally to pay its debts as such debts become due, (e) the taking of corporate action by "Tenant" in the furtherance of any of the foregoing; or (f) the entry of a decree or order for relief by a court having jurisdiction in respect of "Tenant" in any involuntary case under the "Bankruptcy Laws", or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of "Tenant" or for any substantial part of its property, or ordering the winding-up or liquidation of any of its affairs and the continuance of any such decree or order unstayed and in effect for a period of sixty (60) consecutive days. The liability of "Guarantors" under this "Guaranty" is not and shall not be affected or impaired by any payment made to "Landlord" under or related to the "Lease" for which "Landlord" is required to reimburse "Tenant" pursuant to any court order or in settlement of any dispute, controversy or litigation in any bankruptcy, reorganization, arrangement, moratorium or other federal or state debtor relief proceeding. If during any such proceeding, the "Lease" is assumed by "Tenan" or any trustee, or thereafter assigned by "Tenant" or any trustee to a third party, this "Guaranty" shall remain in full force and effect with respect to the full performance of "Tenant", any such trustee or any such third party's obligations under the "Lease". If the "Lease" is terminated or rejected during any such proceedings, or if any of the events described in Subparagraphs (a) through (f) of this Paragraph 5 occur, as between "Landlord" and each "Guarantor's" obligations under this "Guaranty". In such event, all such obligations shall become immediately due and payable by "Guarantors" to "Landlord". "Guarantor" waive any defense arising by reason of any disability or other defense of "Tenant" or by reason of the cessation from any cause whatsoever of the liability of "Tenant".

6. **Subordination:** All existing and future advances by "Guarantor" to "Tenant", and all existing and future debts of "Tenant" to any "Guarantor", shall be subordinated to all obligations owed to "Landlord" under the "Lease" and this "Guaranty".

7. **Successors and Assigns:** This "Guaranty" binds each "Guarantor's" personal representatives, successors and assigns.

8. **Encumbrances:** If Landlord's interest in the "Property" or the "Lease", or the rents, issues or profits there from are subject to any deed of trust, mortgage or assignment for security, any "Guarantor's" acquisition of Landlord's interest in the Property or Lease shall not affect any of Guarantor's obligations under this "Guaranty". In such event, this "Guaranty" shall nevertheless continue in full force and effect for the benefit of any mortgagee, beneficiary, trustee or assignee or any purchaser at any sale by judicial foreclosure or under any private power of sale, and their successors and assigns. Any married "Guarantor" expressly agrees that "Landlord" has recourse against any "Guarantor's" separate property for all of such "Guarantor's" obligations hereunder.

9. **Guarantor's Duty:** "Guarantors" assume the responsibility to remain informed of the financial condition of "Tenant" and of all other circumstances bearing upon the risk of "Tenant's" default, which reasonable inquiry would reveal, and agree that "Landlord" shall have no duty to advise "Guarantors" of information known to it regarding such condition or any such circumstance.

10. **Landlord's Reliance:** "Landlord" shall not be required to inquire into the powers of tenant or the officers, employees, partners or agents acting or purporting to act on its behalf, and any indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed under this "Guaranty".

11. **Incorporation of Certain Lease Provisions:** Each "Guarantor" hereby represents and warrants to "Landlord" that such "Guarantor" has received a copy of the "Lease", has read or had the opportunity to read the "Lease"; and understands the terms of the "Lease". The provisions in the "Lease" relating to the execution of additional documents, legal proceedings by "Landlord" against "Tenant", severability of the provisions of the "Lease", interpretation of the "Lease", notices, waivers, the applicable laws which govern the interpretation of the "Lease" and the authority of the "Tenant" to execute the "Lease" are incorporated herein in their entirety by his reference and made a part hereof. Any reference in those provisions to "Tenant" shall mean each "Guarantor" and any reference in those provisions to the "Lease" shall mean this "Guaranty", except that (a) any notice which any "Guarantor" desires or is required to provide to "Landlord" shall be effective only if signed by all "Guarantors" and (b) any notice which "Landlord" desires or is required to provide to any "Guarantor" shall be sent to such "Guarantor" at such "Guarantor's" address indicated below, or if no address is indicated below, at the address for notices to be sent to "Tenant" under the "Lease".

Signed on September 18, 2013

Signed on [Signature]

Landlord: Commercial La Porte, Ltd.
A partner of BPM Investments, Inc.

Tenant: RICHARD DESIGN SERVICES, INC.
BRENT RICHARD, PRESIDENT

By: [Signature]

By: _____

CONSULT YOUR ATTORNEY: This document has been prepared for approval by your attorney. No representation or recommendation is made by BPM INVESTMENTS, INC, general partner of Commercial La Porte, Ltd., or its agents or employees as to the legal sufficiency, legal effect, or tax consequences of this document or the transaction to which it relates. These are questions for your attorney.

COMMERCIAL LA PORTE, LTD.
THE TWELVE-HUNDRED BUILDING
LEASE AGREEMENT

THIS LEASE AGREEMENT (this "Lease") is made and entered into on this the 1st day of OCTOBER, 2013 (the "Effective Date"), by and between COMMERCIAL LA PORTE, LTD. (hereinafter called "Lessor"), whose address for purposes here of is 5606 CAVANAUGH, HOUSTON, TEXAS 77021, and - RICHARD DESIGN SERVICES, INC. (hereinafter called "Lessee"). Lessee's address for purposes hereof until the Commencement Date (hereinafter defined) shall be, 750 PEARL STREET - BEAUMONT, TEXAS 77701, attention: BRENT RICHARD, PRESIDENT, and thereafter shall be at the "Leased Premises" (hereinafter defined) with a copy to the foregoing address.

WITNESSED:

Article I:

1. **Leased Premises:** Subject to and upon the terms, provisions and conditions hereinafter set forth, and each in consideration of the duties, covenants and obligations of the other hereunder, "Lessor" does hereby lease, demise and let to "Lessee" and "Lessee" does hereby lease and take from "Lessor" those certain premises (hereinafter called the "Leased Premises") in the building known as the Twelve Hundred Building, (herein called the "Building") located at 1200 Highway 146 South, La Porte, TX 77571, said "Leased Premises" being more particularly described as the following location in the Building to wit:

Suite #200, #210, & #240, to be changed to suite #200, consisting of approximately 7,636 square feet of net rentable area, with add on factor of 1.15%, (explained below) for a total of 7,724 square feet, on the second floor of the "Building" as more fully diagrammed on "Exhibit B" attached hereto and is determined to be approx. 21% of the total net rentable square feet of the "Building".

The term "Net Rentable Area", as used herein shall refer to an area which is 1.15 times greater than Lessee's "Net Rentable Area", which is defined to be (i) in the case of a single tenancy floor, the area measured from the inside surface of the outer glass walls and the midpoint of the outer finished column walls, excluding only the areas (the "Service Areas") within the outside walls used for building stairs, fire towers, elevator shafts, flues, vents, stacks, pipe shafts and vertical ducts, but including any such service areas which are for the specific use of the particular tenant such as special stairs or elevators, and (ii) in the case of a floor to be occupied by more than one tenant, the area calculated within boundaries of the "Leased Premises" defined by any exterior building walls bounding the "Leased Premises" (measured to the inside surface of the outer glass walls and the mid-point of outer finished column walls or the center line of any common walls separating the "Leased Premises" from any public corridors or other public common areas). No deductions from "Net Usable Area" shall be made for columns or projections necessary to the "Building". "Lessor" and "Lessee" hereby agree that prior to the Commencement Date; the "Leased Premises" shall be measured to determine the approximate square footage of "Net Usable Area" contained therein.

Article II:

1. **Term:** Subject to and upon the terms and conditions set forth herein, or in any exhibit or addendum hereto, this "Lease" shall continue in force for a term of (36) thirty-six months (3 Yrs) commencing on the later to occur of (i) the date that the "Initial Leasehold Improvements" (as defined herein) have been completed by "Lessor" and "Lessor" has obtained a Certificate of Occupancy with respect to the "Leased Premises" and/or (ii) the (1st) first day of October, 2013, (the "Commencement Date"), and expiring at 11:59 PM on the 30th day of the 36th month anniversary of the "Commencement date" (the "Initial Term"), or September 30, 2016.

Article II cont.

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In the event the "Leased Premises" should not be ready for occupancy by October 1, 2013, for any reason, "Lessee" may terminate this Lease by providing "Lessor" with written notice of its desire to terminate prior to the "Commencement Date", provided that "Lessor" shall not be liable or responsible for any claims, damages or liabilities in connection therewith or by reason thereof. "Lessor" and "Lessee" will, at the request of either, execute a declaration specifying the "Commencement Date" of the "Initial Term" of this "Lease".

2. **Use:** The Leased premises are to be used and occupied by Lessee solely for the purpose of Engineering Office use and related activities.
3. **Base Rental:** "Lessee" hereby agrees to pay without demand a base rental (herein called ("Base Rental") a total sum of \$ 437,448.00, payable in 36 equal monthly installments of \$ 11,894.00 Monthly for 1st yr of lease, and \$ 12,280.00 for 2nd & 3rd years of lease. The lease payment broken down is \$1.20 per sq ft. (1st yr) & \$ 1.25 (2nd & 3rd yrs) and approx .35 per sq ft CAM (common area maintenance) charges. The "Lessee" shall also pay, as "Additional Rent", all such other sums of money as shall become due from and payable by "Lessee" to "Lessor" under this "Lease". The "Lessor" shall have the same remedies for default for the payment of "Additional Rent" as are available to "Lessor" in the case of a default in the payment of "Base Rental". Such "Base Rental", together with any adjustment of rent provided for herein then in effect shall be due and payable in (12) twelve monthly installments per year on the 1st day of each calendar month during the "Initial Term" of this "Lease" and any extensions or renewals thereof, and "Lessee" hereby agrees to so pay such rent to "Lessor" at "Lessor's" address provided herein (or such other address as may be designated by "Lessor" from time to time) monthly in advance without demand. If the "Initial Term" of this Lease as heretofore established commences on a day other than the first day of a month or terminates on a day other than the last day of a month, then the installments of "Base Rental" for such month or months shall be prorated and the installment or installments so prorated shall be paid in advance. All past due installments of rent paid after "Lessee" has received (5) five days notice of same being five percent per day.
4. **Base Rental Escalation:** There is established under this "Lease" a "Base Year", which for these purposes is the calendar year 2013. In the event that the "Base Cost" (as hereinafter defined) of "Lessor's" operation of the "Building" during the first calendar year after the "Base Year" shall exceed the "Base Cost" of "Lessor's" operation of the "Building" during the "Base Year", "Lessee" shall pay to "Lessor", as "Additional Rent", its proportionate share of the increase in such "Base Cost". The proportionate share to be paid by "Lessee" shall be the percentage of "Base Cost" which the "Net Rentable Area" contained in the "Leased Premises" then leased by "Lessee" in the Building bears to the total "Net Rentable Area" contained in the "Building".

If "Lessee" desires to renew this "Lease", "Lessee" will notify "Lessor" of its intention to Renew no later than one hundred twenty (120) days prior to the expiration date of This "Lease"; "Lessor" shall, within the next fifteen (15) days after receipt of "Lessee's" desire to renew this "Lease", notify "Lessee" in writing of proposed renewal rate and "Lessee", shall within thirty (30) days following receipt of proposed rental rate, notify "Lessor" in writing its acceptance or rejection of the proposed rental rate. In the event "Lessee" rejects the proposed rental rate or in the event "Lessee" does not respond in writing within such thirty (30) day period, this option to renew shall be rescinded and this "Lease" shall terminate on the Expiration date of the "Initial Term" as herein set forth.

Said Additional Rent shall be paid in the manner and at the times set forth in Paragraph 5 below. Lessor and Lessee hereby stipulate that Lessee's proportionate share is equal to 21% of Lessee's proportionate share of any increase in Base Cost is payable by Lessee for any partial calendar year, then such amount shall be prorated for such partial calendar year of commencement, expiration or termination so that Lessee pays an amount equal to Lessee's proportionate share of the amount by which the Base Cost exceeds the Base Year's Base Cost, multiplied by a fraction, the numerator of which is the number of days in such calendar year for which Lessee is obligated to pay Lessee's proportionate share of any increase in Base Cost in such calendar year and the denominator is 365.

Operating Costs shall not include costs for (i) capital improvements made to the Building other than the items in 4(i); (ii) interest, amortization or other payments on loans to Lessor; (iii) depreciation or amortization other than the items in 4(i); (iv) costs incurred by Lessor in connection with the negotiation of any tenant lease in the Building, including leasing commissions, legal fees and leasehold improvements expenses (and/or allowances therefore); (v) legal and accounting expenses for services, other than those that benefit the Building lessees generally (e.g., tax disputes); (vi) renovating or otherwise improving space for occupants of the Building or vacant space in the Building; (vii) Income Taxes; (viii) the costs incurred by Lessor to bring the Building, the Land or any equipment maintained therein in compliance with laws, ordinances, rules, regulations, requirements, directives, guidelines and orders in effect and applicable to the Building as of the Effective Date; (ix) any cost for which Lessor receives or is entitled to reimbursement from other sources; (x) federal income taxes imposed on or measured by the income of Lessor from the operation of the Building; (xi) damages and repairs attributable to a fire or other casualty; (xii) Lessor's general overhead expenses not related to the Building; (xiii) any damage award in excess of Lessor's insurance coverage; (xiv) overhead and profit increments paid to subsidiaries or other affiliates of Lessor for services on or to the Building, to the extent only that the costs of such services exceed competitive costs of such services were they rendered by a third party unaffiliated with Lessor; (xv) rents under any ground leases; and (xvi) interest or penalties for late payment by Lessor of any expenses. Lessor shall not collect in excess of one hundred percent (100%) of Operating Costs and shall not recover any item of cost more than once.

"Base Cost," as said term is used herein, shall be defined as the Operating Expenses of the Building which shall be computed on the accrual basis and shall consist of all expenditures by Lessor to maintain all facilities in operation of the Building during the Base Year and each subsequent year and such additional facilities in subsequent years as may be determined by Landlord to be necessary. All operating expenses shall be determined in accordance with generally accepted accounting principals, which shall be consistently applied. The term "Operating Expenses" as used herein, shall mean all expenses, costs, and disbursements (but not replacement of capital investment items nor Lessor's home office expense nor specific costs specially billed to or otherwise incurred for the particular benefit of specific tenants nor rental commissions) of every kind and nature which Lessor shall pay or become obligated to pay because of or in connection with the ownership and operation of the Building, including but not limited to, the following:

- a) Wages and salaries of all employees engaged in operation and maintenance of the Building, including taxes, insurance and benefits relating thereto. All supplies and material used in operation and maintenance of the Building.
- b) Cost of all utilities including electric, gas, water, heating, lighting, air conditioning and ventilating the Building.
- c) Cost of all maintenance and service agreements for the Building, and the equipment therein, including security, window cleaning, elevator maintenance, janitorial, music, landscaping, pest control, alarm services, and maintenance of all parking facilities.
- d) Cost of all insurance relating to the Building, including, but not limited to, the cost of casualty, rental abatement and liability insurance applicable to the Building and Lessor's personal property used in connection therewith.
- e) All taxes and assessments and governmental charges whether federal, state, county, or municipal, and whether they be by taxing districts or authorities presently taxing the Leased Premises or by others, subsequently created or otherwise, and any other taxes and assessments attributed to the Building or their operation excluding, however, federal and state taxes on income, death taxes, excess profit taxes, franchise taxes, or any taxes imposed or measured on or by the income of Lessor from the operation of the Building or imposed in connection with any change of ownership of the Building or the Land. It is agreed that Lessee will be responsible for ad valorem taxes on its personal property and on the value of leasehold improvements to the extent that the same exceed building standard building allowances equal to \$2.00 per square foot of Net Rentable Area. If any such taxes on leasehold improvements are paid by Lessor, Lessee will reimburse Lessor therefore upon receipt of a bill from Lessor, together with a reasonable supporting statement setting forth Lessor's calculation of the amount of such taxes chargeable to Lessee's leasehold improvements.
- f) Cost of repairs and general maintenance undertaken by Lessor in its sole discretion on or of the Building (excluding only repairs and general structural maintenance, foundation and exterior walls of the Building, repairs and general maintenance paid by proceeds of insurance or by Lessee or other third parties, and alterations attributable solely to tenants of the Building other than Lessee.)
- g) The management fee incurred by Lessor for the Manager of the Building calculated as a percent of Base Rental plus Additional Rent provided same do not exceed three percent (3%) of the sum of annual Base Rental and Additional Rent (exclusive of the management fee component).
- h) A reasonable amortization charge on account of any capital expenditure incurred to effect a reduction in the Operating Expenses of the Building. All such charges shall be amortized over the reasonable life of the capital expenditure items and added to Base Cost, with the reasonable life and amortization schedule being

determined in accordance with generally accepted accounting principles and in no event to extend beyond the reasonable life of the Building. Notwithstanding the foregoing, the annual amount amortized may not exceed the savings generated by such improvement during the same period. Lessor shall provide upon Lessee's request reasonable detail supporting the cost savings realized by any such improvement.

If Lessor shall eliminate the payment of any wages or other labor costs or other operating costs as a result of the installation of labor-saving devices or by any other means, then in computing the Additional Rent payable under Paragraph 5 of Article II the corresponding item or items of such wages or other labor costs or other operating costs shall be deducted from the Base Cost; for example, if any manually operated machine is converted to automatic operation, as the employment of each machine operator is terminated, the wages and other labor costs applicable to such operation shall be deducted from the Base Cost. If any of the factors included in "Base Cost" are not payable, billed or otherwise due so as to allow an accurate calculation of said factors annually (e.g., ad valorem taxes and long-term contracts), then Lessor in its reasonable discretion but on a consistent basis, may estimate and prorate said factors on an annual basis, and said factors shall be properly adjusted by Lessor when they actually become due and payable.

5. Monthly Payments of Escalations: Lessor shall have the right to estimate and collect monthly in advance from Lessee the escalations of the Base Cost owed or to be owed by Lessee under Paragraph 4 of Article II. Said monthly payments (the "Monthly Escalation Payments") to be in such amounts as are estimated in good faith by Lessor in its sole discretion. The Monthly Escalation Payments shall be due and payable at the same time as the Base Rental is due and payable under Paragraph 3 of Article II. Lessor shall, within the period of one hundred twenty (120) days after the close of the first calendar year after the Base Year for which Additional Rent may be due under the provisions of Paragraph 4 of Article II, and each subsequent year, give written notice thereof to Lessee, which notice shall also contain or be accompanied by a statement prepared in accordance with generally accepted accounting principles of the actual Base Cost of Lessor's operation of the Building during such year and a comparison with the Base Year's Base Cost. Failure of Lessor to give Lessee said notice within two (2) years shall be deemed a waiver of Lessor's right to collect said Additional Rent. When the Lessor presents Lessee with the statements of amount due by Lessee for any escalation set out in Paragraph 4 of Article II, Lessee shall pay Lessor the difference between its proportionate share of said escalation and the amount of Monthly Escalation Payments actually made by Lessee during the preceding lease year, attributable to said escalation, or Lessee shall receive a credit therefore if Lessee's proportionate share is less than the amount of Monthly Escalation Payment actually collected by Lessor during the preceding lease year; said credit to be applied to future Monthly Escalation Payments or, if the Lease has terminated, Lessor shall promptly reimburse Lessee such amount. Notwithstanding any other provision herein to the contrary, it is agreed that in the event the Building is not fully occupied during the Base Year or any subsequent year, an adjustment shall be made in computing the Operating Expenses for the Base Cost for such period so that the cost of all utilities including electricity, gas, water, heating, lighting, air conditioning and ventilating the Building and the cost of furnishing the

janitorial service to the Building shall be computed for such year as though the Building had been fully occupied and had been provided with Building standard services during such year. Lessee at its expense shall have the right at all reasonable times to audit Lessor's books and records relating to this Lease for which Additional Rent payments described in this Paragraph 5 become due; or at Lessor's sole discretion Lessor will provide such audit prepared by a certified public accountant of recognized standing in Houston, Texas. Notwithstanding anything in this Paragraph 5 to the contrary, if it is finally determined as a result of such audit that Lessee's proportionate share of Base Cost was overstated by three percent (3%) or more as calculated pursuant to the statement for any calendar year, in addition to a refund of the overpayment Lessor shall also reimburse Lessee the reasonable costs of Lessee's examination of Lessor's records for such calendar year. In the event a refund is due, Lessor shall make appropriate adjustments to its Base Cost practices to prevent a recurrence of the error.

Article III:

Services to be Furnished by Lessor: Lessor covenants and agrees with Lessee:

1. Utilities: To cause public utilities to furnish the electricity, gas and water utilized in operating any and all facilities serving the Leased Premises.
2. Services: To furnish Lessee, while occupying the Leased Premises:
 - a) Hot and cold water at those points of supply provided for general use of other tenants in the Building; central heat and air conditioning in season at such times as Lessor normally furnishes these services to other tenants in the Building, and at such temperatures and in such amounts as are considered by Lessor to be standard, but such service on Saturday afternoons, Sundays and holidays [Building hours are Monday thru Friday 6:00AM till 6:00PM and Saturdays 6:00AM till 2:00PM] to be furnished only upon request of Lessee, who shall pay and electric lighting service for an common area and special service areas of the Building in the manner and to the extent deemed by Lessor to be standard. Lessor will furnish janitor service on a five (5) day-week basis at no extra charge; provided, however, if Lessee's floor covering is other than building standard Lessee shall pay the additional cleaning cost attributable thereto as Additional Rent. Lessee shall pay said Additional Rent upon presentation of a statement therefor by Lessor, and Lessee's failure to pay within thirty (30) days after receipt of written request therefor shall constitute a default hereunder and shall entitle Lessee to exercise any and all of it's remedies set out in Paragraph 8 of Article V below.
 - b) Proper electrical facilities to furnish sufficient power for typewriters, calculating machines, computers, laser printers, photocopying machines and other machines of similar low electrical consumption; which (singly) do not consume more than .5 kilowatts per hour at rated capacity of required voltage of more than 120 volts single phase. [Tenant to confirm] Lessor, at its expense, shall furnish and pay

for all Building standard fluorescent bulb and ballast replacement and all incandescent bulb replacement in public areas, toilet and rest room areas and stairwells.

- c) Access control to the Building during weekends and after normal working hours during the week.
- d) Access control into an individual tenant space is optional. If Lessee elects to have this service, the installation and monthly cost will be paid by Lessor and billed back to Lessee or at Lessee's option, installed by Lessee and paid by Lessee.
- e) Exterior window cleaning comparable to other buildings similarly situated to the Building, but at least twice per year.
- f) Periodic pest control service for the common areas and Building mechanical rooms (at least twice per year).
- g) Management of the Building.
- h) Elevator service to the Leased Premises twenty-four (24) hours per day, seven (7) days per week.

Failure by Lessor to any extent to furnish the services defined in Paragraphs 1, 2 (a), (b), (c), (d), (e), (f), (g) or (h) of Article III, or any cessation thereof, resulting from causes beyond the control Lessor, shall not render Lessor liable in any respect for damages to either person or property, nor be construed as an eviction of Lessee or relieve Lessee from fulfillment of any covenant or agreement hereof. Should any of the equipment or machinery break down, or for any cause cease to function properly, Lessor shall use reasonable diligence to repair the same promptly, but Lessee shall have no claim for damages on account of any interruptions in service occasioned thereby or resulting therefrom. Notwithstanding the foregoing to the contrary, except with respect to a condemnation or casualty (which condemnation or casualty shall be governed by Article V below and not by this Article III, Section 2), if (i) there occurs an interruption in any Required Service (as defined below) to the Building or Leased Premises, (ii) such interruption renders all or a portion of the Leased Premises Untenantable (hereinafter defined), and (iii) such interruption continues to render all or a portion of the Leased Premises Untenantable for five (5) consecutive business days (or for more than six (6) non-consecutive business days in any ten (10) consecutive business day period) after Lessor has received written notice from Lessee describing the interruption, then, as to the Untenantable space that is directly affected by such interruption, Base Rental and Additional Rent shall abate as a result of such interruption. The abatement shall be retroactive effective as of the first day of such interruption for consecutive days of interruption and continue for so long as the interruption continues; provided, however, if the interruption of such Required Services continues to render all or a portion of the Leased Premises Untenantable for thirty (30) consecutive days, Lessee shall have the right thereafter to terminate this Lease with respect to the entire Leased Premises upon written notice to Lessor, in which event Lessee will be relieved of all obligations

hereunder following the date of termination specified by Lessee in such termination notice. As used in this Lease, the term "Untenantable" shall mean the condition whereby Lessee is not reasonably able to use the Leased Premises or a portion thereof for the conduct of his business as reasonably determined by Lessor and Lessee at their discretion. As used herein, a "Required Service" shall mean HVAC, electricity, water and elevator service to the Leased Premises.

3. **Security:** Lessor may provide a security service to patrol the Building during the weekends and after normal working hours during the week; provided, however, Lessor shall have no responsibility to prevent and shall be indemnified by Lessee against liability to Lessee for losses due to theft or burglary, or damage done by persons gaining the access to the Leased Premises or the Building except to the extent caused by the gross negligence or willful misconduct of Lessor.
4. **Keys and Locks:** To furnish Lessee, free of charge, with ⁽⁸⁾ ~~four~~ keys for each corridor door entering the Leased Premises, and additional keys will be furnished at a charge by Lessor equal to its cost plus 15% on an order signed by Lessee or Lessee's authorized representative. All such keys shall remain the property of Lessor. No additional locks shall be allowed on any door of the Leased Premises, and Lessee shall not make, or permit to be made any duplicate keys, except those furnished by Lessor. Upon termination of this Lease, Lessee shall surrender to Lessor all keys of the Leased Premises, and give to Lessor the explanation of the combination of all locks for safes, safe cabinets and vault doors, if any in the Leased Premises.
5. **Graphics:** To provide and install, at Lessee's cost, all letters or numerals on the entry door to the Leased Premises. All such letters and numerals shall be in the Building's standard graphics. Only Building standard graphics may be used in any public openings onto public areas.
6. **Improvements:** Landlord agrees to ~~repair~~ ^{Repair or replace} and paint the Leased Premises with Building standard carpet and paint, respectively, (the "Initial Leasehold Improvements") prior to the Commencement Date, ^{Repair base coat, as necessary}
7. **Peaceful Enjoyment:** That Lessee shall, and may peacefully have, hold and enjoy the Leased Premises, subject to the other terms hereof, provided that Lessee pays the rental herein recited and performs all the Lessee's covenants and agreements herein contained. It is understood and agreed that this covenant and any and all other covenants of Lessor contained in this Lease shall be binding upon Lessor and its successors only with respect to breaches occurring during its and their respective ownerships of the Lessor's interest hereunder. In addition, Lessee specifically agrees to look solely to Lessor's interest in the Building for the recovery of any judgment from Lessor; it being agreed that Lessor shall never be personally liable for any such judgment. The provision contained in the foregoing sentence is not intended to, and shall not limit any right that Lessee might otherwise have to obtain injunction relief against Lessor or Lessor's successors in interest, or any suit or action in connection with enforcement or collection of amounts which may become owing or payable under or on account of insurance maintained by Lessor.

8. Signs: No signs of any kind or nature, symbol or identifying mark shall be put on the building, in the halls, elevators, staircase, entrances, parking areas or upon the door or walls, whether plate glass or otherwise, of the Leased Premises not within the Leased Premises so as to be visible from the public areas or exterior of the building, without prior written approval of Lessor. All signs or lettering shall conform all respects to the sign and/or lettering criteria established by Lessor. Lessor shall, at Lessee's cost and expense, add Lessee's name in size and style provided by Lessee, to the top location on the Building's monument sign within fifteen (15) days after Lessee provides the size and style of its name to Lessor. Lessor shall, at its sole cost and expense, maintain the Building's monument sign throughout the term of this Lease. *SEE EXHIBIT "C" & "D"*
9. Parking: Lessor hereby agrees to make available to Lessee during the term of this Lease parking spaces in the surface lot adjacent to the Building at no charge to Lessee.
10. Payments by Lessee: Lessee covenants and agrees with Lessor to pay all rent and sums provided to be paid to Lessor hereunder at the times and in the manner herein provided.
11. Repairs by Lessor: Unless otherwise expressly stipulated herein, Lessor shall not be required to make any improvements to or repairs of any kind or character on the Leased Premises during the term of this Lease, except such repairs as may be for normal maintenance operations, which shall include the painting of and repairs to walls, floor (excluding carpets), corridors, windows and other structures and equipment within and serving the Leased Premises which are necessary because of normal wear and tear, and such additional maintenance as may be necessary because of damages by persons other than Lessee, its agents, employees, invitees or visitors. The obligation of Lessor to maintain and repair the Leased Premises shall be limited to those portions of the Leased Premises expressly stated herein to be furnished by Lessor (to the extent Lessor agrees so to maintain hereunder). Special leasehold improvements (non-Building, Standard Items) will at Lessee's written request, be maintained by Lessor at Lessee's cost. Lessor shall operate, maintain and make all necessary repairs (both structural and nonstructural) to (i) the Building and Building systems, (ii) the parking areas, and (iii) the common areas, in conformance with standards applicable to buildings comparable to the Building.

All repairs, alterations or additions that affect the Building's structural components, which shall include repairs to the exterior walls, common corridors, windows, roof, foundation, structural steel, load-bearing nonbearing walls, floors below the level of Lessee's floor covering and other structural elements and all equipment of the Building reasonably necessary to provide the services described in Article III above and the Building's mechanical, electrical and plumbing systems, excluding Lessee's personal property, fixtures and appliances, shall be the responsibility of Lessor and shall be made solely by Lessor or its contractor.

Lessor agrees that the foundation and structural components of the Leased Premises and Building, the HVAC system, the elevators, the electrical system, the plumbing system, the fire prevention system, the roof and all structural components of the Building are and shall be maintained by Lessor in good working order and condition throughout the term of this Lease.

12. Repairs by Lessee: Subject to Article V, Paragraph 12 hereof, at its own cost and expense, Lessee will repair or replace any damage or injury done to the Building, or any part thereof, caused by Lessee or Lessee's agents, employees, invitees or visitors; provided, however, if Lessee fails to make such repairs or replacements promptly Lessor may make such repairs or replacements, and Lessee shall repay the cost thereof to the Lessor within thirty (30) days after receipt of written request for same as Additional Rent. If Lessee so fails to pay within such thirty (30) day period, said failure shall be considered an event of default hereunder, and Lessor may exercise any and all of its remedies set forth herein.

13. Care of the Leased Premises: Lessee covenants and agrees with Lessor not to commit or allow any waste or damage to be committed on any portion of the Leased Premises, and at the termination of this Lease, by lapse of time or otherwise, to deliver up said Leased Premises to Lessor in as good condition as at date of possession by Lessee, casualty, condemnation and ordinary wear and tear excepted, and upon such termination of this Lease, Lessor shall have the right to re-enter and resume possession of the Leased Premises.

14. Assignment or Sublease: a) Lessee covenants and agrees with Lessor not to assign (including assignment by operation of law) or sublet the Leased Premises or any part thereof without the prior written consent of Lessor (which consent shall not be unreasonably withheld or delayed by Lessor). The consent of Lessor to an assignment of this Lease or the subletting of the Leased Premises shall not release Lessee of its obligations hereunder and shall not alter, amend or modify any provision of this Lease. Any attempted assignment or subletting in violation hereof shall be null and void, and such shall, at Lessor's option, be considered a default hereunder entitling Lessor's to exercise any and all of its remedies set out in Paragraph 8 of Article V below.

b) Notwithstanding anything to the contrary contained herein, Lessee may assign this Lease or sublet the Leased Premises or any part thereof without Lessor's prior written consent to (i) an Affiliate (as defined below) of Lessee, (ii) any corporation in which or with which Lessee, or its corporate successors or assigns, is merged or consolidated, or (iii) any corporation acquiring all or substantially all of Lessee's assets provided, however, (y) in the event of an assignment of this Lease, Lessee shall remain liable for all obligations of Lessee hereunder following said assignment, and (z) Lessee shall give Lessor written notice (which shall specify the assignee or subtenant, the duration of said assignment or sublease, the effective date of such assignment or subletting and the exact location of the space affected thereby and the rentals on a square foot basis to be charged thereunder) of such assignment or sublease within thirty (30) days after such assignment or sublease. As used herein, (a) the term "Affiliate" means any person or entity controlled by, under common control with, or which controls, the affiliated entity or any entity in which the affiliated entity owns at least a twenty-five percent (25%) beneficial ownership interest, and (b) the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of the entity referred to, whether through ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controls" have meanings correlative to the foregoing.

15. Alterations, Additions, Improvements: Lessee covenants and agrees with Lessor not to permit the Leased Premises to be used for any purpose other than that stated in use clause hereof, or make or allow to be made, any alterations or physical additions in or to the Leased Premises, if (i) the structural integrity of the Building or the base Building systems would be affected or (ii) any alteration or physical additions (including fixtures) costs in excess of \$25,000.00, or place any signs on the Leased Premises which are visible from outside the Leased Premises or place any safes or vaults (whether movable or not) upon or in the Leased Premises, without first obtaining the written consent of Lessor, such consent not to be unreasonably withheld, conditioned or delayed. Any and all such alterations, physical additions or improvements when made to the Leased Premises by Lessee, shall at once become the property of Lessor and shall be surrendered to Lessor upon the termination of this Lease by lapse of time or otherwise; provided, however, this clause shall not apply to movable equipment or furniture owned by Lessee.

16. Legal Use and Violations of Insurance Coverage: Lessee covenants and agrees with Lessor not to occupy or use, or permit any portion of the Leased Premises to be occupied or used for business or purpose which is unlawful, disreputable or deemed to be extra-hazardous on account of fire, or permit anything to be done which would in anyway increase the rate of fire or liability insurance coverage on said Building and/or its contents.

17. Laws, Rules, Regulations of Building: Lessee covenants and agrees with Lessor to comply with all laws, ordinances, orders, rules and regulations (state, federal, municipal and other agencies or bodies having any jurisdiction thereof) relating to the use, condition or occupancy of the Leased Premises. Lessee will comply with the rules of the Building adopted by Lessor from time to time for the safety, care and cleanliness of the Leased Premises and for preservation of good order therein, all of which will be sent by Lessor to Lessee in writing and shall be thereafter carried out and observed by Lessee. Without limiting the generality of the foregoing provisions of this Paragraph 8, Lessee specifically agrees to comply with all rules regarding use of service elevators during intervals approved by Lessor. Lessor shall comply with all laws, ordinances, orders, rules and regulations (state, federal, municipal and other agencies or bodies having any jurisdiction thereof) relating to the use, condition or occupancy of the Building.

Notwithstanding anything else in this Lease to the contrary, Lessor shall be responsible for ensuring that the Leased Premises as of the Commencement Date comply with the Americans with Disabilities Act (42 U.S.C. §§ 12101 et seq.), the Texas Architectural Barriers Act (Tex.Rev.Civ.Stat. Art 9201) and the City of Houston Building and Life Safety Codes (collectively, the "Accommodation Laws"). Furthermore, Lessor shall be responsible during the term of this Lease for making all accommodations and alterations to the base Building, including the common areas of the Building, which include, but shall not be limited to, the restrooms and elevator lobbies and corridors and stairwells) necessary to comply with the Accommodation Laws at Lessor's sole cost and expense and not as a part of Base Cost.

18. Entry for Repairs and Inspection: Lessee covenants and agrees with Lessor to permit Lessor and its agents or representatives to enter into and upon any part of the Leased

Premises at all reasonable hours upon receiving one (1) Business Day notice to inspect same, clean or make repairs, alterations or additions thereto, as Lessor may deem necessary or desirable, and Lessee shall not be entitled to any abatement or reduction of rent by reason thereof, provided that Lessor does not unreasonably interfere with the operation of Lessee's business. Any disruptive entries shall be scheduled after-hours if reasonably feasible.

19. Nuisance: Lessee covenants and agrees with Lessor to conduct its business and control its agents, employees, invites and visitors in such manner as not to create any nuisance, or unreasonably interfere with, annoy or disturb any other tenant or Lessor in its operation of the Building.

20. Subordination to Mortgage: Notwithstanding the covenant of quiet enjoyment provided for in Paragraph 7 of Article III hereof, this Lease is subject and subordinate to any first lien mortgage or deed of trust which may now encumber the Building of which the Leased Premises form a part and to all renewals, modifications, consolidations, replacements, and extensions thereof. This clause shall be self-operative and no further instrument of subordination need be required by any mortgagee. In confirmation of such subordination, however, Lessee shall, at the request of Lessor or the holder of any such first lien mortgage or deed of trust, execute promptly any appropriate certificate or instrument evidencing such subordination. Lessor agrees to use its good faith efforts to obtain from the existing mortgagee within fifteen (15) days following the Effective Date a subordination, non-disturbance and attornment agreement in form and content reasonably acceptable to Lessee. In the event of the enforcement by the trustee or the beneficiary under any such mortgage or deed of trust of the remedies provided for by law or by such mortgage or deed of trust, Lessee will, upon written request of any person or party succeeding to the interest of Lessor as a result of such enforcement, automatically become the Lessee if such successor in interest without any change in the terms or any provision of this Lease; provided, however, that such successor in interest shall not be bound by (i) any payment of rent or additional rent for more than one month in advance or (ii) any amendment or modification of this Lease made without the written consent of such trustee or such beneficiary or such successor in interest. Upon request by such successor in interest, Lessee shall execute and deliver an instrument or instruments confirming the attornment herein provided for. Lessee agrees with Lessor that this Lease is subject and subordinate to any mortgage, deed of trust, ground lease and/or security agreement which may hereafter encumber the Building, and to any advances made on the security thereof and to any and all increases, renewals, modifications, consolidations, replacements and extensions thereof provided Tenant shall have received a subordination, non-disturbance and attornment agreement executed by any such future mortgagee in form and content reasonably acceptable to Lessee and any such future mortgagee.

Article IV:

1. Condemnation and Loss or Damage: If the Leased Premises or any part thereof shall be taken or condemned for any public purpose to such an extent as to render the remainder of the Leased Premises not reasonably suitable for Lessee's occupancy, this Lease shall, at the option of either party, forthwith cease and terminate. If this Lease is

terminated as provided above, this Lease shall cease and expire as if the date of transfer of possession of the Leased Premises, or any portion thereof, was the expiration date of this Lease. In the event that this Lease is not terminated by Lessor as aforesaid, Lessee shall pay the Base Rental and all other rentals up to the date of transfer of possession of such portion of the Leased Premises so taken or condemned and this Lease shall thereupon cease and terminate with respect to such portion of the Leased Premises so taken or condemned as if the date of transfer of possession of the Leased Premises was the expiration date of the term of this Lease relating to such portion of the Leased Premises. Thereafter the Base Rental and Additional Rent shall be adjusted on a pro rata, Net Rentable Area basis. In the event of any such condemnation or taking and this Lease is not so terminated, Lessor shall promptly repair the Leased Premises to a condition such that the remaining portion of the Leased Premises shall constitute an architectural unit, fit for Lessee's occupancy and business. In the event of any temporary taking or condemnation for any public purpose of the Leased Premises or any portion thereof, then this Lease shall continue in full force and effect except that Base Rental and Additional Rent shall be adjusted on a pro rata Net Rentable Area basis for the period of time that the Leased Premises are so taken as of the date of transfer of possession of the Leased Premises. All proceeds from any taking or condemnation of the Leased Premises shall belong to and be paid to Lessor; provided, however, Lessee may pursue a separate attempt to recover an award or compensation against or from the condemning authority for (i) the value of any fixtures, furniture, furnishings, and other personal property which were condemned but which under the terms of this Lease, Lessee is permitted to remove at the end of the term of this Lease, and (ii) relocation and moving expenses, and (iii) compensation for loss to Lessee's business; provided that Lessee's pursuit of such claim or award given as a result thereof, does not delay the delivery of or amount of award to Lessor. In addition, Lessor shall not be liable or responsible to Lessee for any loss or damage to any property or person occasioned by theft, fire, act of God, public enemy, injunction, riot, strike, insurrection, war, court order, requisition or order of government body or authority, or any other cause beyond the control of Lessor, or for any damage or inconvenience which may arise through repair or alteration of any part of the Building, or failure to make any such repairs except to the extent caused by the gross negligence or willful misconduct of Lessor.

2. Waiver of Lessor's Lien: Lessor waives and relinquishes any and all Lessor's liens that it may have under this Lease, by statute or the Texas constitution, and Lessor acknowledges and agrees that no landlord's lien or security interest is granted by Lessee under this Lease with respect to Lessee's property.
3. Holding Over: In the event of holding over by Lessee after expiration or termination of this Lease without the written consent of Lessor, Lessee shall pay as liquidated damages one and one-half of the rent for the entire hold over period. No holding over by Lessee after the term of this Lease shall operate to extend the Lease; in the event of any unauthorized holding over in excess of thirty (30) days, Lessee shall indemnify Lessor against all claims for damages by any other Lessee to whom Lessor may have leased all or any part of the Leased Premises covered hereby effective upon the termination of this Lease. Any holding over with the consent of Lessor in writing shall thereafter constitute this Lease a lease from month to month.

4. Fire Clause: In the event of a fire or other casualty in the Leased Premises, Lessee shall immediately give notice thereof to Lessor. If the Leased Premises, through no fault or neglect of Lessee, its agents, employees, invitees or visitors, shall be partially destroyed by fire or other casualty so as to render the Leased Premises untenable, the Base Rental and Additional Rent herein shall abate thereafter until such time as the Leased Premises are made tenable by Lessor. In the event of the total destruction of the Leased Premises without fault or neglect of Lessee, its agents, employees, invitees, visitors, or if from such cause the same shall be only partially damaged and the Lessor shall decide not to rebuild (which decision Lessor may make in its sole discretion within thirty (30) days after such damage occurs), then all Base Rental and Additional Rent owed up to the time of such destruction or termination shall be paid by Lessee and thenceforth this Lease shall cease and come to an end. In the event such destruction results in the Leased Premises being untenable in whole or in substantial part for a period reasonably estimated by a responsible contractor selected by Lessor to be one hundred eighty (180) days or longer after the casualty, or in the event of total or substantial damage or destruction of the Building from any cause (for which the period to restore is reasonably estimated by the aforesaid contractor to be one hundred eighty (180) days or longer after the casualty), then Lessee shall have the right to terminate this Lease and all rent owed up to the time of such destruction or termination shall be paid by Lessee (it being understood that Lessee shall pay rent on all tenable space until termination of this Lease).
5. Attorney's Fees: In the event either party defaults in the performance of any of the terms, agreements or conditions contained in this Lease and the other party places the enforcement of this Lease, or any part thereof, or the collection of any rent due or to become due hereunder, or recovery of the possession of the Leased Premises, in the hands of an attorney who files suit upon the same, and should such non-defaulting party prevail in such suit, the defaulting party agrees to pay the other party's reasonable attorneys' fees.
6. Alteration: This Lease may not be altered, changed or amended unless noted by an instrument in writing signed by both parties thereto.
7. Assignment: Lessor shall have the right to transfer and assign, in whole or in part, all its rights and obligations hereunder and in the Building and property referred to herein, and in such event and upon its transferee's assuming Lessor's obligation hereunder (any such transferee to have the benefit of, and be subject to, the provisions of Paragraph 7 of Article III hereof) no further liability or obligation shall thereafter accrue against Lessor hereunder.
8. Default by Lessee: If default shall be made in the payment of any sum to be paid by Lessee under this Lease and such monetary default shall continue for ten (10) days (unless a longer cure period is specified herein) after written notice to Lessee, or default shall be made in the performance or any of the other covenants or conditions which Lessee is required to observe and to perform, and such non monetary default shall continue for thirty (30) days after written notice to Lessee (said notice to be given pursuant to Article VI below), or if such default cannot reasonably be cured within said thirty (30) day period and Lessee fails promptly to commence with due diligence and

dispatch the curing of such default or, having so commenced, thereafter fails to prosecute or complete with due diligence and dispatch the curing of such default, or if the interest of Lessee under this Lease shall be levied on under execution or other legal process, or if any petition shall be filed by or against Lessee to declare Lessee a bankrupt or to delay, reduce or modify Lessee's debts or obligations, or if any petition shall be filed or other action taken to reorganize or modify Lessee's capital structure if Lessee be a corporation or other entity, or if Lessee is declared insolvent according to law, or if any assignment of Lessee's property shall be made for the benefit of creditors, or if a receiver or trustee is appointed for Lessee or its property, or if Lessee shall abandon (which shall mean that Lessee is absent from the Leased Premises for ten (10) consecutive days while Lessee is in default in the payment of any sum to be paid by Lessee hereunder) the Leased Premises during the term of this Lease or any renewals or extensions thereof, then Lessor may treat the occurrence of any one or more of the foregoing events as a breach of this Lease (provided that no such levy, execution, legal process or petition filed against Lessee shall remove or vacate the same within thirty (30) days from the date of its creation, service or filing) and thereupon, at its option, may have any one or more of the following described remedies in addition to all other right and remedies provided by law or in equity:

- a.) Lessor may terminate this Lease and forthwith repossess the Leased Premises and be entitled to recover forthwith as damages a sum of money equal to the total of (i) the cost of recovering the Leased Premises; (ii) the unpaid rent earned at the time of termination, plus interest thereupon at the maximum lawful rate; (iii) the balance of the rent for the remainder of the term less the present value (discounted at 10% per annum) of the fair market value of the Leased Premises for said period; and (iv) any other sum of money and damages owed by Lessee to Lessor.
- b.) Lessor may terminate Lessee's right of possession (but not the Lease) and may repossess the Leased Premises by forcible entry or detainer suit or otherwise, without demand or notice of any kind to Lessee and without terminating this Lease, in which event Lessor may, but shall be under no obligation to do so, relet the same for the account of Lessee for such rent and upon such terms as shall be satisfactory to Lessor. For the purpose of such reletting Lessor is authorized to decorate or to make any repairs, changes, alterations or additions in or to the Leased Premises that may be reasonably necessary, and if Lessor shall fail or refuse to relet the Leased Premises, or if the same are relet and a sufficient sum shall not be realized from such reletting after paying the unpaid Base and Additional Rent due hereunder earned but unpaid at the time of reletting plus interest thereupon at the maximum lawful rate, the cost of recovering possession, and all of the costs and expenses of such decorations, repairs, changes, alterations and additions and the expense of such reletting and of the collection of the rent accruing therefrom to satisfy the rent provided for in this Lease to be paid, then Lessee shall pay to Lessor as damages a sum equal to the amount of the rental reserved in this Lease for such period or periods, or if the Leased Premises have been relet, the Lessee shall satisfy and pay any such deficiency upon demand therefore from the time to time and Lessee agrees that Lessor may file suit to recover any sums falling due under the terms of this Article V, Paragraph 8(b)

from time to time, and that no delivery or recovery of any portion due Lessor hereunder shall be any defense to any subsequent action brought for any amount not theretofore reduced to judgment in favor of Lessor, nor shall such reletting be construed as an election on the part of Lessor to terminate this Lease unless a written notice of such intention be given to Lessee by Lessor. Notwithstanding any such reletting without termination, Lessor may at any time thereafter elect to terminate this Lease for such previous breach. Lessor shall use objectively reasonable efforts to relet the Leased Premises.

9. Waiver: Failure of Lessor to declare any default immediately upon occurrence thereof or delay in taking any action in connection therewith, shall not waive such default, but Lessor shall have the right to declare any such default at any time and take such action as might be lawful or authorized hereunder, either by law or in equity.

10. Insurance by Lessor:

- a) Lessor shall maintain all-risk property insurance on (i) the portion of the Building constructed by Lessor; and (ii) additions and improvements by Lessee which are required to be made by Lessee by this Lease and which are to become the property of Lessor upon vacating of the Leased Premises by Lessee. Said insurance shall be maintained in an insurance company authorized to do business in the State of Texas, in amounts desired by Lessor and at the expense of Lessor and payment for losses thereunder shall be made solely to Lessor, subject, however, to the rights of the holder of any first lien mortgage or deed of trust which may now or hereafter encumber the Building of which the Leased Premises form a part. If the annual premiums to be paid by Lessor shall exceed the standard rates because Lessee's operations result in extra-hazardous exposure, Lessee shall promptly pay the excess amount of the premium upon the request by Lessor.
- b) Lessee may, at its sole option during the term of this Lease, at its own expense, maintain a policy or policies of insurance, issued by and binding upon a best authorized insurance company, insuring all of Lessee's personal property located in the Leased Premises and the improvements placed upon the Leased Premises by Lessee against loss or damage by fire, explosion or other hazards and contingencies for the full insurable value thereof.
- c) Lessor and Lessee, each at their respective expense, shall maintain a policy or policies of commercial general liability insurance, issued by and binding upon some solvent insurance company (Lessee's insurance company to be reasonably approved in writing by Lessor), such insurance to afford minimum protection of not less than \$500,000 in respect of personal injury or death to any one person and not less than \$500,000 in the event of bodily injury or death to any number of persons in any one occurrence, and with limits of not less than \$500,000 for property damage in any one occurrence.

- d) The policy or policies of insurance to be maintained by Lessee shall name Lessee and Lessor as co-insurers and shall contain an endorsement that such policies cannot be amended or modified as to Lessor without fifteen (15) days prior written notice. Upon request from Lessor, Lessee shall deliver duplicate original policies or certificates of insurance in form reasonably satisfactory to Lessor not less than twenty (20) days prior to the expiration of old policies.
11. Hold Harmless: Lessor shall not be liable to Lessee, or to Lessee's agents, servants, employees, customers, or invitees for any damage to person or property caused by any act, omission or neglect of Lessee, and Lessee agrees to indemnify and hold Lessor harmless from all claims for any such damage except to the extent caused by the negligence, gross negligence or willful misconduct of Lessor. Lessee shall not be liable to Lessor, or to Lessor's agents, servants, employees, customers or invitees for any damage to person or property caused by any act, omission or neglect of Lessee, and Lessor agrees to indemnify and hold harmless from all claims for such damage except to the extent caused by the negligence, gross negligence or willful misconduct of Lessee.
12. Waive of Subrogation Rights: Anything in this Lease to the contrary notwithstanding, Lessor and Lessee each hereby waives any and all rights of recovery, claim, action, or cause of action, against the other, its agents, officers or employees, for any loss or damage that may occur to the Leased Premises, or any improvements thereto, or said Building of which the Leased Premises are a part, or any improvements thereto, or any personal property of such party therein, by reason of fire, the elements, or any other cause which is required to be insured against under the terms of standard fire and extended coverage insurance policies, **REGARDLESS OF CAUSE OR ORIGIN OF SUCH LOSS OR DAMAGE, INCLUDING, WITHOUT LIMITATION, SOLE, JOINT OR CONCURRENT NEGLIGENCE OF THE OTHER PARTY HERETO, ITS AGENTS, OFFICERS, EMPLOYEES, PARTNERS, SERVANTS OR SHAREHOLDERS** and each party shall cause such insurance policies to contain provisions or endorsements wherein each insurer waives its rights of recovery against such parties.
13. Estoppel Certificate: Within ten (10) business days after request therefore by Lessor (but not more than once per calendar year), Lessee shall execute either an estoppel certificate addressed to Lessor's mortgagee or enter into a three-party agreement among Lessor, Lessee and said mortgagee stating (a) whether or not this Lease is in full force and effect; (b) whether or not this Lease has been amended and certifying as to copies of such amendments, if any; (c) whether or not there are any existing defaults under this Lease to the knowledge of Lessee and specifying the nature of such default, if any; (d) that Lessee will not amend, terminate or make prepayment of more than one month's rent under this Lease or subordinate this Lease to any lien subordinate to such mortgage; (e) that any notice required hereunder which is dependent on such notice shall take effect only after notice is given; and (f) Lessee is in occupancy paying rent.
14. No Consequential Damages: Neither party hereunder shall be liable to the other for special, indirect or consequential damages resulting from or arising out of this Lease and each party hereby expressly waives the right to pursue such damages.

Article V:

1. **Notice:** Any notice, communication, request, reply, or advice (hereinafter severally and collectively, for convenience, called "Notice") in this Lease provided or permitted to be given, made or accepted by either party to the other must be in writing, and may, unless otherwise in this Lease expressly provided, be given or be served by depositing the same in the United States mail, postage prepaid and certified and addressed to the party to be notified with return receipt requested, or by delivering the same in person to such party, or, if the party or parties to be notified be incorporated, to an officer of such party, notify by prepaid telegram, when appropriate, addressed to the party to be notified. Notice deposited in the mail in the manner herein described shall be effective, unless otherwise stated in the Lease, from and after the expiration of three (3) days after it is so deposited. Notice given in any other manner shall be effective only if and when received by the party to be notified. For purposes of notice the addresses of the parties shall, until changed as herein provided, be as stated on the first page of this Lease. However, the parties hereto and their respective heirs, successors, legal representatives and assigns shall have the right from time to time and at any time to change their respective addresses and each shall have the right to specify as its address any other address within the State of Texas, by at least fifteen (15) days written notice to the other party.

This Lease shall be binding upon and inure to the benefit of the successor and assigns of Lessor, and shall be binding upon and inure to the benefits of Lessee, its successors, and, to the extent assignment may be approved by Lessor hereunder, Lessee's assigns. The pronouns of any gender shall include the other genders, and either the singular or the plural shall include the other.

All rights and remedies of Lessor under this Lease shall be cumulative and none shall exclude any other right or remedies allowed by law; and this Lease is declared to be a Texas contract, and all terms thereof shall be construed according to the laws of the State of Texas.

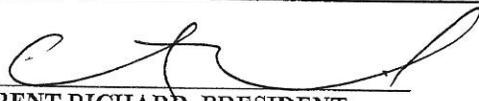
2. * See Below
3. Substituted Space: Intentionally Deleted.
4. Renewal Option: If, at the end of the Initial Term of this Lease, Lessee is not in default of any of the terms, conditions, or covenants of this Lease beyond any grace periods, Lessee, but not any assigns or subtenant of Lessee, is hereby granted 1 (consecutive) option(s) to renew this Lease for (an) additional term(s) of 36 months months (each) upon the same terms and conditions contained in this Lease with the following exceptions:
 - a) ~~Renewal option terms(s) will contain no further renewal options unless granted by Lessor in writing; and~~
 - b) Rental for the renewed terms shall be based on the then prevailing market rates for comparable space in comparable properties of comparable quality, size, utility, and location in the community and the Base Year shall be the calendar year 2016.
 - c) First right of refusal on suite #244 and #250.

Build-Out: As discussed on drawings.

The Addendum's, Exhibits, Schedules and Supplements attached to this lease are hereby incorporated herein and hereby made a part of this "Lease".

IN TESTIMONY WHEREOF, the parties hereto have executed this "Lease" as of the date aforesaid October 1, 2013.

AGREED: RICHARD DESIGN SERVICES, INC. "LESSEE"

BY  DATE 9/30/13
BRENT RICHARD, PRESIDENT

AGREED: COMMERCIAL LA PORTE, LTD. "LESSOR"

BY  DATE 9-18-13
E. FAYE RAY, BUILDING MGR.

EXHIBIT "D"

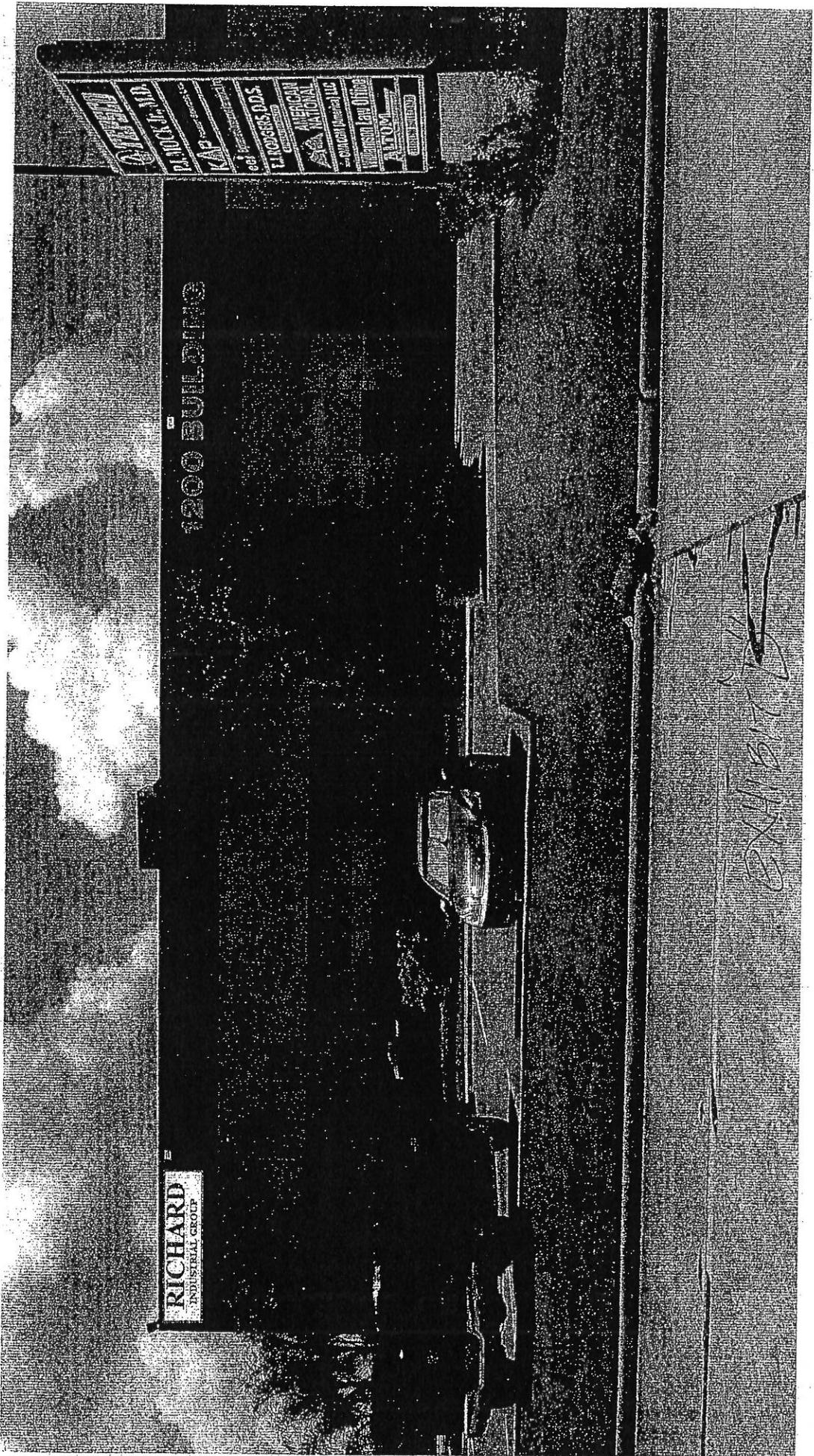


EXHIBIT "D"

**ADDENDUM
TO LEASE WITH THE RICHARD GROUP
(RICHARD DESIGN SERVICES, INC.)
EXHIBIT "C"**

OCTOBER 1, 2013

ITEMS TO BE ADDED TO LEASE GENERAL TERMS: SUITE #200

1. ALL EXISTING CARPET TO BE CLEANED AND REPAIRED AS NEEDED.
2. BLINDS TO BE REPAIRED.
3. ELECTRICAL FIXTURES TO BE REPAIRED OR REPLACED AS NEEDED.
4. BASE COVE TO BE REPAIR OR REPLACED AS NEEDED
5. COMPANY NAME ON OUTSIDE OF BUILDING, WITH DESIGN APPROVAL BY LESSOR. SIMILAR TO EXHIBIT "D" – OK'D BY MGMT.
6. PAINTING ALL OF SPACE WITH DESIRED COLOR CHOICE BY LESSEE.
7. DOORS INSTALLED AS PER AGREED.
8. CEILING TILES REPLACED AS NEEDED.
9. INSTALL DEDICATED THERMOSTAT IN ROOM TO BE USED AS SERVER ROOM.

**COMMERCIAL LA PORTE, LTD.
THE TWELVE-HUNDRED BUILDING
LEASE AGREEMENT**

THIS LEASE AGREEMENT (this "Lease") is made and entered into on this the 1st day of **OCTOBER, 2013** (the "Effective Date"), by and between **COMMERCIAL LA PORTE, LTD.** (hereinafter called "Lessor"), whose address for purposes here of is **5606 CAVANAUGH, HOUSTON, TEXAS 77021**, and - **RICHARD DESIGN SERVICES, INC.** (hereinafter called "Lessee"). Lessee's address for purposes hereof until the Commencement Date (hereinafter defined) shall be, **750 PEARL STREET - BEAUMONT, TEXAS 77701**, attention: **BRENT RICHARD, PRESIDENT**, and thereafter shall be at the "Leased Premises" (hereinafter defined) with a copy to the foregoing address.

**ADDENDUM #1
TO BE ADDED TO ORIGINAL
LEASE DATED 10/1/13**

THIS ADDENDUM IS TO BE ADDED TO ORIGINAL LEASE TERMS AND CONDITIONS AS STATED IN ORIGINAL LEASE.

ADDING SUITE #244, EXERCISING FIRST RIGHT OF REFUSAL ON THIS SUITE.

SUITE #244 – CONSISTING OF 1710 SQUARE FEET WITH ADD ON OF 1.15% = 20 FEET, BEING A TOTAL OF 1730 SQUARE FEET. 1730 SQ FT X 1.20 FOR 1ST YEAR = 2076.00 + CAM OF 5% OF BUILDING = 625.00. TOTAL MONTHLY RENT OF 2,701.00 FOR REMAINDER OF 1ST YEAR, AND \$2,163.00 + CAM OF 625.00 = \$ 2,788.00 FOR SECOND (2ND) AND THIRD (3RD) YEARS. THESE AMOUNTS TO BE ADDED TO ORIGINAL LEASE PAYMENT AMOUNT MONTHLY.

LEASE ADDENDUM TO BEGIN ON JANUARY 15, 2014.

ONE HALF (1/2) MONTHS RENT FOR JANUARY, AND FULL MONTH'S RENT FOR FEBRUARY, 2014, CAN BE PAID WITH FEBRUARY'S RENT on ORIGINAL LEASE. **AMOUNT OF \$11,894.00 + \$1,350.50 + \$2,701.00 = \$15, 945.50 DUE ON FEB. 1, 2014.**

LEASE AMOUNT ON MARCH 1, 2014, AND FOR REMAINDER OF 1ST YEAR = **\$14,595.00 MONTHLY.**

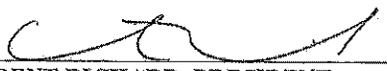
LEASE AMOUNT BEGINNING 2ND YEAR forward - LEASE WILL BE **\$15,068.00 MONTHLY**

The Addendum's, Exhibits, Schedules and Supplements **SUPPLIED WITH ORIGINAL LEASE** to this lease are hereby incorporated herein and hereby made a part of this "Lease".

IN TESTIMONY WHEREOF, the parties hereto have executed this "Lease" as of the date aforesaid **January 10, 2014.**

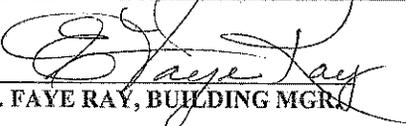
Page 2
Addendum #1
A part of original lease

AGREED: RICHARD DESIGN SERVICES, INC. "LESSEE"

BY 
BRENT RICHARD, PRESIDENT

DATE 1/16/14

AGREED: COMMERCIAL LA PORTE, LTD. "LESSOR"

BY 
E. FAYE RAY, BUILDING MGR.

DATE 1-16-14

REQUEST FOR LA PORTE DEVELOPMENT CORPORATION AGENDA ITEM

Agenda Date Requested: <u>April 25, 2016</u> Requested By: <u>Scott D. Livingston</u> Department: <u>Economic Development/Tourism</u> Report: <input checked="" type="radio"/> Resolution: <input type="radio"/> Ordinance: <input type="radio"/>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right;"><u>Appropriation</u></td> <td></td> </tr> <tr> <td>Source of Funds:</td> <td><u>N/A</u></td> </tr> <tr> <td>Account Number:</td> <td></td> </tr> <tr> <td>Amount Budgeted:</td> <td></td> </tr> <tr> <td>Amount Requested:</td> <td></td> </tr> <tr> <td>Budgeted Item:</td> <td><input type="radio"/> YES <input type="radio"/> NO</td> </tr> </table>	<u>Appropriation</u>		Source of Funds:	<u>N/A</u>	Account Number:		Amount Budgeted:		Amount Requested:		Budgeted Item:	<input type="radio"/> YES <input type="radio"/> NO
<u>Appropriation</u>													
Source of Funds:	<u>N/A</u>												
Account Number:													
Amount Budgeted:													
Amount Requested:													
Budgeted Item:	<input type="radio"/> YES <input type="radio"/> NO												

Exhibits:

- 1. LPDC Board By-Laws, Revised February 9, 2015**

SUMMARY & RECOMMENDATIONS

According to Section 3.02 of the La Porte Development Corporation's Bylaws, the Board of Directors shall appoint a President and Vice President by October 1st of each year.

As a result of Board Director Mike Cooksley's recent resignation from the board, the board does not have a Vice President to preside over a meeting of the board in the absence of President Richard Warren.

After visiting with City Secretary Patrice Fogarty, staff recommends that the board consider appointing a board member to serve as the Vice President and complete Mike Cooksley's unexpired term until 30 September 2016. At the last board meeting in September 2016, staff further recommends that the board may wish to consider appointing board members to serve as both Vice President and President from 1 October 2016 through 30 September 2017.

Action Required by the La Porte Development Corporation:

Consider approval or other action to appoint a new Vice President to the Board of the La Porte Development Corporation.

Approved for the La Porte Development Corporation Agenda

Corby D. Alexander, City Manager

Date

**BYLAWS
OF THE
CITY OF LA PORTE
DEVELOPMENT CORPORATION**

These bylaws govern the affairs of the CITY OF LA PORTE DEVELOPMENT CORPORATION (the "Corporation") a nonprofit corporation organized under Article 5190.6, Section 4B, Vernon's Annotated Texas Civil Statutes, as amended (the 'Act').

ARTICLE I

PURPOSES

General Purposes

1.01. The Corporation acts on behalf of the City of La Porte, Texas in furtherance of the public purposes of the Act and may engage in any project authorized under Section 2(10) or Section 4B of the Act.

Powers

1.02. The Corporation has all the powers both express and implied, granted to corporations governed by Sec. 4B of the Act and by the Texas Non-profit Corporation Act.

ARTICLE II

OFFICES

Principal Office

2.01. The principal office of the Corporation in the State of Texas is located at 604 West Fairmont Parkway in La Porte; Harris County; Texas. The Corporation may provide for additional offices or change the location of any office.

Registered Office and Agent

2.02. The Corporation shall comply with the requirements of the Act and maintain a registered office and registered agent in Texas. The registered office may, but need not, be identical with the Corporation's principal office in Texas. The Corporation may change the registered office and the registered agent as provided in the Act.

ARTICLE III

BOARD OF DIRECTORS

Management of the Corporation

3.01. The affairs of the Corporation shall be managed by the Board of Directors.

Number, Qualifications and Tenure of Directors

3.02. The Board of Directors shall consist of seven members appointed by the City Council of the City of La Porte, Texas, for staggered two year terms of office. Not less than three (3) directors shall be persons who are not employees, officers or members of the governing body of the City of La Porte, Texas. Each director must reside within the City of La Porte, Texas.

The Board of Directors shall appoint a President and Vice-President by October 1 of each year. The President shall be the presiding officer for meetings and the Vice-President shall act in the President's absence.

Vacancies

3.03. A vacancy occurring upon the Board of Directors shall be filled for the unexpired term by appointment by the City Council of the City of La Porte, Texas.

Annual Meeting

3.04. The annual meeting of the Board of Directors shall be held during the month of March of each year. The Board of Directors shall designate the time and location of the annual meeting.

Regular Meetings

3.05. The Board of Directors may provide for regular meetings by resolution stating the time and place of such meetings. The meeting shall be held within the City of La Porte, Texas, at a location designated by the Board of Directors.

Special Meetings

3.06. Special meetings of the Board of Directors may be held at the request of the President or any three Directors. A person or persons calling the meeting shall fix the time and location of the meeting.

The person or persons calling a special meeting shall notify the secretary of the Corporation of the information required to be included in the notice of the meeting. In addition to the posting of a meeting notice in accordance with these bylaws, a copy of

each such meeting notice shall be delivered to each director not less than seventy-two hours before the time of the meeting. A meeting notice shall be deemed delivered to any director when deposited in the United States mail addressed to the director at his or her address as it appears on the records of the Corporation. Such additional notice may be waived in writing by a director at any time either before or after the time of the meeting and such additional notice shall be deemed waived by attendance.

Notice of Meetings

3.07. The Corporation shall be considered a "governmental body" within the meaning of Texas Government Code, Sec. 551.001, and notice of each meeting shall be given in accordance with the provisions of Texas Government Code, Chapter 551 (The Texas Open Meetings Act).

Quorum

3.08. Four (4) Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. The presence of a director may not be established by proxy. No business shall be conducted, nor shall any action be taken by the Board of Directors in the absence of a quorum.

Duties of Directors

3.09. Directors shall exercise ordinary business judgment in managing the affairs of the Corporation. In acting in their official capacity as directors of the Corporation, directors shall act in good faith and take actions they reasonably believe to be in the best interests of the Corporation and which are not unlawful and shall refrain from actions not in the best interest of the Corporation or which would be unlawful. A director shall not be liable if, in the exercise of ordinary care, the director acts in good faith relying on written financial and legal statements provided by an accountant or attorney retained by the Corporation.

Duties of President

3.10. The president shall be the chief executive officer of the Corporation. The president shall supervise and control all of the business and affairs of the Corporation. When the execution of any contract or instrument shall have been authorized by the Board of Directors, the president shall execute same except where such power is expressly delegated to another officer of the Corporation. The president shall perform other duties prescribed by the Board of Directors and all duties incident to the office of president.

Actions of Board of Directors

3.11. The Board of Directors shall try to act by consensus. However, the vote of a majority of directors present at a meeting at which a quorum is present shall be sufficient to constitute the act of the Board of Directors.

Proxy Voting Prohibited

3.12. A director may not vote by proxy.

Removal of Directors

3.13. The Board of Directors and each member thereof serves at the pleasure of the City Council of the City of La Porte, Texas, which may remove any director at any time, either with or without cause.

Committees

3.14. The Board of Directors may by resolution establish one or more special or standing committees. Such committees shall have the powers, duties and responsibilities established by the Board. The committees shall keep regular minutes of their meetings and report the same to the Board of Directors when required.

Compensation of Directors

3.15. The directors shall not receive any salary or compensation for their services. Directors may be reimbursed for their actual expenses incurred in the performance of their duties. Travel expenses shall be reimbursed under the City's travel policy.

Attendance

3.16. Regular attendance at the Board meetings is required of all directors. Three (3) consecutive unexcused absences from meetings of the Board shall cause the position to be considered vacant. Four (4) unexcused absences in a twelve (12) month period shall also cause the position to be considered vacant.

Ex-Officio Members

3.17. The City Council may appoint Ex-Officio members to the Board of Directors as it deems appropriate. These representatives shall have the right to take part in any discussion of open meetings, but shall not have the power to vote in the meetings. Ex-Officio members shall serve a term of one calendar year.

ARTICLE IV

OFFICERS

Officer Positions

4.01. The officers of the Corporation shall be a secretary who shall be the City Secretary or Assistant City Secretary of the City of La Porte, Texas and a treasurer who shall be the Finance Director of the City of La Porte, Texas. At the option of the City Council these officers may also serve simultaneously as voting Directors to the Board.

Terms of Officers

4.02. The officers of the Corporation shall serve as long as they are employed by the City of La Porte, Texas

Removal of Officers

4.03. Any officer may be removed by the City Council of the City of La Porte, Texas at any time, with or without good cause.

Vacancies

4.04. A vacancy in any office may be filled by the City Council of the City of La Porte, Texas for the unexpired portion of the officer's term.

Secretary

4.05. The Secretary shall:

- >Give all notices as provided in the bylaws or as required by law.
- >Take minutes of the meetings of the Board of Directors and keep the minutes as part of the corporate records.
- >Maintain custody of the corporate records, authenticate corporate documents and affix the seal of the Corporation as required.
- >Keep a register of the mailing address of each director and officer of the Corporation.
- >Perform duties as assigned by the president or Board of Directors.
- >Perform all duties incident to the office of secretary.

Treasurer

4.06. The Treasurer shall:

- >Have charge and custody of and be responsible for all funds and securities of the Corporation.

- >Receive and give receipts for moneys due and payable to the Corporation from any source.
- >Deposit all moneys in the name of the Corporation in banks, trust companies, or other depositories as provided by these bylaws.
- >Write checks and disburse funds to discharge obligations of the Corporation.
- >Maintain the financial books and records of the Corporation.
- >Prepare financial reports at least annually.
- >Perform other duties as assigned by the Board of Directors.
- >Prepare an annual budget.
- >Perform all duties incident to the office of treasurer.

Compensation of Officers

4.07. The officers shall not receive any salary or compensation for their services. Officers may be reimbursed for their actual expenses incurred in the performance of their duties. Travel expenses shall be reimbursed under the City's travel policy.

ARTICLE V

TRANSACTIONS OF THE CORPORATION

Contracts

5.01. The Board of Directors may authorize any officer or agent of the Corporation to enter into a contract or execute and deliver any instrument in the name of or on behalf of the Corporation. This authority may be limited to a specific contract or instrument or it may extend to any number and type of possible contracts and instruments.

Depository Bank

5.02. All funds of the Corporation shall be deposited with the City's depository bank.

Potential Conflicts of Interest

5.03. The members of the Board of Directors are local public officials within the meaning of Texas Local Government Code Chapter 171. If a director has a substantial interest in a business entity or real property which is the subject of deliberation by the Board of Directors, the director shall file an affidavit with the secretary of the Corporation stating the nature and extent of the interest. Such affidavit shall be filed prior to any vote or decision upon the matter by the Board of Directors, and the interested director shall abstain from any vote or decision upon the matter.

Council Approval

5.04 The Board of Directors shall obtain prior City Council approval of all real estate acquisitions, real estate leases exceeding one year and/or any other leases exceeding

one year; all bond issues or other debt extending beyond one year; and, contracts, expenditures, or debts over \$15,000.00. The Board of Directors shall have the authority to enter into all other budgeted transactions without prior or additional City Council approval. Notwithstanding the foregoing, the Board of Directors shall have the authority to approve all budgeted Enhancement Grant expenditures for an amount equal to or less than \$25,000, without prior or additional approval of City Council. Amendments to the Corporation's budget must be approved by the City Council.

Purchasing

5.05. Contracts for goods or services entered into by the Corporation and requiring the expenditure of \$50,000.00 or more shall be subject to competitive bidding and/or competitive proposal procedures as established in Chapter 252 of the Texas Local Government Code, for municipal purchasing.

ARTICLE VI

BOOKS AND RECORDS

Required Books and Records

6.01. The Corporation shall maintain:

- ◆ Correct and complete books and records of account.
- ◆ The Corporation's books and records shall include a file endorsed copy of all documents filed with the Texas Secretary of State relating to the Corporation, including, but not limited to, the Articles of Incorporation, any articles of amendment, restated articles, articles of merger, articles of consolidation, and statement of change of registered office or agent.
- ◆ A copy of the bylaws and any amended versions or amendments to the bylaws.
- ◆ Minutes of the proceedings of the Board of Directors.
- ◆ A list of names and addresses of the directors and officers of the Corporation.
- ◆ A financial statement showing the assets, liabilities, and net worth of the Corporation at the end of the three most recent fiscal years.
- ◆ A financial statement showing the income and expenses of the Corporation for the three most recent fiscal years.
- ◆ All rulings, letters, and other documents relating to the Corporation's federal, state and local tax status.
- ◆ The Corporation's federal, state and local information or income tax returns for each of the Corporation's three most recent tax years.
- ◆ Annual budget which is approved by City Council.

Records Open to Public

6.02. The Corporation shall be considered a "governmental body" within the meaning of the Texas Government Code, Sec. 552.003 and all records of the Corporation shall be made available to the public for inspection or reproduction in accordance with the requirements of the Texas Government Code, Chapter 552 (The Texas open Records Act).

Audits

6.03. The Corporation's books are required to be audited by the City's independent auditor on an annual basis. Cost of the audit will be paid by the Corporation.

ARTICLE VII

PERSONNEL

7.01. Any full-time or part-time personnel positions that the Corporation may establish will be subject to the personnel policies of the City. The City Manager has full authority in personnel matters.

ARTICLE VIII

AMENDMENTS TO BYLAWS

8.01. The bylaws may be altered, amended, or repealed by the affirmative vote of four or more members of the Board of Directors with the consent of the City Council of the City of La Porte, Texas or shall be altered, amended or repealed at the direction of the City Council of the City of La Porte.

ARTICLE IX

MISCELLANEOUS PROVISIONS

Legal Authorities Governing Construction of Bylaws

9.01. The bylaws shall be construed in accordance with the laws of the State of Texas. All references in the bylaws to statutes, regulations, or other sources of legal authority shall refer to the authorities cited, or their successors, as they may be amended from time to time. It is expressly provided that the provisions of the Development Corporation Act of 1979 applicable to corporations governed under Section 4B of that Act are incorporated within these bylaws by reference. In the event of any conflict between the applicable provisions of such Act and these bylaws, then the applicable provisions of such Act shall control.

Legal Construction

9.02. If any bylaw provision is held to be invalid, illegal or unenforceable in any respect, the invalidity, illegality or unenforceability shall not affect any other provision and the bylaws shall be construed as if the invalid, or unenforceable provision had not been included in the bylaws.

Headings

9.03. The headings used in the bylaws are used for convenience and shall not be considered in construing the terms of the bylaws.

Seal

9.04. The Board of Directors shall provide for a corporate seal. Such seal would consist of two concentric circles containing the words "City of La Porte Development Corporation", and "Texas" in one circle and the "incorporated" together with the date of incorporation of the Corporation in the other circle.

Parties Bound

9.05. The bylaws shall be binding upon and inure to the benefit of the directors, officers and agents of the Corporation and their respective heirs, executors, administrators, legal representatives, successors and assigns except as otherwise provided in the bylaws.

Fiscal Year

9.06. The fiscal year of the Corporation shall begin on the first day of October of each year and end of the last day of September of the following year.

Effective Date

9.07. These bylaws, and any subsequent amendments hereto, shall be effective of and from the date upon which approval has been given by the Board of Directors and the City Council of the City of La Porte, Texas.

Adopted this 9th day of February, 2015.

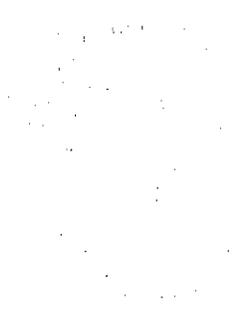


President of the Board

CERTIFICATE OF SECRETARY

I certify that I am the duly appointed and acting secretary of the CITY OF LA PORTE DEVELOPMENT CORPORATION, and the foregoing Bylaws constitute The Bylaws of the Corporation. These Bylaws were duly adopted at a meeting of the Board of Directors held on the 9th day of February, 2015, and approved and ratified by the City Council of the City of La Porte, Texas, at a meeting held on the 9th day of March, 2015.

Signed this 9th day of February, 2015.


Patricia Fogarty
Secretary of the Corporation

REQUEST FOR LA PORTE DEVELOPMENT CORPORATION AGENDA ITEM

Agenda Date Requested: <u>25 April 2016</u>
Requested By: <u>Scott D. Livingston</u>
Department: <u>Administration/Economic Development</u>
Report: <u> </u> Resolution: <u> </u> Ordinance: <u> </u>

<u>Budget</u>	
Source of Funds:	<u>N/A</u>
Account Number:	<u>N/A</u>
Amount Budgeted:	<u>N/A</u>
Amount Requested:	<u>N/A</u>
Budgeted Item:	YES <input type="radio"/> NO <input checked="" type="radio"/>

- Exhibit: _____
- Exhibit: _____
- Exhibit: _____
- Exhibit: _____

SUMMARY

Luis Garcia, President of Northern Safety and Industrial, started his business in La Porte, Texas over twenty years ago under the name of Channel Safety and Marine Supply. The business has been very successful and was recently acquired by Northern Safety and Industrial in 2012.

Founded in 1983 by Salvatore Longo, Northern Safety and Industrial (Northern Safety), headquartered in Frankfort, NY, is a national distributor of top quality safety and industrial supplies. Northern Safety distributes a wide variety of brand-name products, including 3M, Honeywell, DeWalt, Moldex, MSA, Ansell Healthcare, Von Drehle Paper, Manulutex, Dexter-Russell Cutlery and countless others. The company also developed its own line of safety and industrial products under the NS Brand name, which include its flagship brand, N-Specs Safety Eyewear, Gloves, ActivGARD Protective Apparel, NS Respiratory Protection, Head & Face Protection, ActivFlex Ergonomics, Fall Protection and several others. Northern Safety distributes its products through multiple catalog mailings and its inside and outside sales force, as well as its fully interactive website.

Northern Safety proposes to consolidate an existing facility in La Porte, TX, which has **18** employees, with an existing facility in Pasadena, TX that has **36** employees. Furthermore, Northern Safety would hire **5** new employees at the beginning of the proposed project to create a single, 100,000 square foot facility with a total of **59** employees at 359 Pike Court in the Underwood Business Park in La Porte. Over the next five years, Northern Safety would retain a first right of refusal to obtain another 200,000 square feet for projected growth, relocate **11** sales positions, and hire an additional **70-80** full time employees to create a 300,000 square foot **Gulf South Regional Headquarters** with **140-150** full time employees.

All employees will receive 401k, dental, medical, and vision benefits. Medical, dental and vision are paid by the company at 68%. A 401k program along with education assistance program are also included in the overall benefits package.

Northern Safety has several options to place its Gulf South Regional Headquarters. The proposed facility, regardless of its location, will require a limited amount of incentives to ensure the success of the facility. A portion of the location decision will be based on the values of the incentives offered to Northern Safety.

Staff Recommendation

Staff recommends that the 4B Board consider awarding an economic development incentive to Northern Safety and Industrial for an amount **not to exceed \$300,000**.

Action Required by the La Porte Development Corporation Board:

Consider approval or other action authorizing staff to publish 60 day public notice of a public hearing, tentatively scheduled for 5:00 pm on Monday, **27 June 2016**, to consider awarding an economic incentive grant to Northern Safety & Industrial, Inc. for an amount not to exceed **\$300,000**.

Approved for the La Porte Development Corporation Agenda

Corby D. Alexander, City Manager

Date