

ASSIGNMENT AND ASSUMPTION OF TAX ABATEMENT AGREEMENT (COUNTY)

This Assignment and Assumption of Tax Abatement Agreement ("Assignment") is entered into as of the 24th day of August, 2021 between SE Pearland DTA, LLC, as Discretionary Trust Administrator of SE PEARLAND, DST, a Delaware statutory trust ("Assignor"), and CX TEXAS INDUSTRIAL, DST, a Delaware statutory trust ("Assignee").

RECITALS

A. Reference is hereby made to that certain Tax Abatement Agreement for Real Property Located in City of Pearland Reinvestment Zone #21 dated September 6, 2011 and approved by Harris County Commissioners Court on October 11, 2011 by and between Harris County and Merit Medical Systems, Inc. ("Merit") (the "Contract"), attached hereto as Exhibit A. All capitalized terms not otherwise defined herein shall have the meanings set forth in the Contract.

B. Merit assigned all of its rights and interest to any abated taxes under the Contract to Pearland Medical L.L.C., a Utah limited liability company ("Pearland"), predecessor in interest to Assignor, by way of an Assignment Agreement dated July 22, 2014. Pearland then assigned the Agreement to Assignor on or about September 25, 2017.

C. Assignor desires to assign to Assignee all of Assignor's right, title and interest, to any abated taxes under the Contract, and Assignee desires to accept the assignment thereof, however Merit retains its obligations under the Contract and Merit shall remain a party to the Contract with respect to the obligations to perform thereunder.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Assignment. Assignor hereby transfers, assigns and conveys to Assignee all of its rights and interest to any abated taxes under the Contract.
2. Assumption. Assignee hereby assumes all of the terms and provisions under the Contract with respect to receiving the rights to any abated taxes under the Contract; and Merit shall continue to be a party to the Contract and shall be responsible for the obligations under the Contract.
3. Miscellaneous. This Assignment shall be binding on and shall inure to the benefit of Assignor and Assignee and their respective legal representatives, heirs, successors and assigns. This Assignment may be executed in counterparts, and as so executed shall constitute one and the same agreement and facsimile or electronic signatures (i.e., PDF) shall be considered binding.

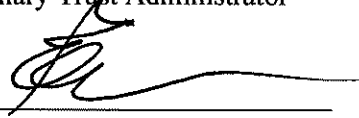
[Signatures begin on next page]

IN WITNESS WHEREOF, the parties hereto have executed this Assignment and Assumption of Tax Abatement Agreement (City) as of the date first set forth above.

ASSIGNOR:

SE PEARLAND, DST,
a Delaware statutory trust

By: SE Pearland DTA, LLC,
its Discretionary Trust Administrator

By: 
Richard Kaplan, its Manager

[Assignee's signatures begin on next page]

ASSIGNEE:

CX TEXAS INDUSTRIAL, DST,
a Delaware statutory trust

By: CX Texas Industrial Manager, LLC, a
Delaware limited liability company, its
Manager

By: _____




Robert Dallas Whitaker, Jr.
Vice President

[Signature page to Assignment and Assumption of Tax Abatement Agreement (County)]

ACKNOWLEDGMENT OF HARRIS COUNTY

DATED AS OF _____, 2021

Christian D. Menefee
County Attorney

By:  _____
Name: Michael James
Title: Assistant County Attorney

HARRIS COUNTY

By: _____
Name: _____
Title: _____

[County Acknowledgement page to Assignment and Assumption of Tax Abatement Agreement (County)]

ACKNOWLEDGMENT OF TENANT

DATED AS OF Sept 1, 2021

MERIT MEDICAL SYSTEMS, INC,
a Utah corporation

By: Greg A Kredde
Name: Greg A. Kredde
Title: EVP - Bus. Dev.

[Tenant Acknowledgement page to Assignment and Assumption of Tax Abatement Agreement (County)]

EXHIBIT A

CONTRACT

[See attached].

Upon recordation return to:

Frost Brown Todd LLC
400 West Market Street, Suite 3200
Louisville, Kentucky 40202
Attn: Barry A. Hines, Esquire

SPECIAL WARRANTY DEED

SE Pearland DTA, LLC, as Discretionary Trust Administrator of SE PEARLAND, DST, a Delaware statutory trust ("**Grantor**"), located at c/o Syndicated Equities Group, LLC, 350 North LaSalle Street, Suite 800, Chicago, Illinois 60654, for the consideration of Ten and 00/100 (\$10.00) Dollars, and other good and valuable consideration, in hand paid by CX TEXAS INDUSTRIAL, DST, a Delaware statutory trust ("**Grantee**"), located at 4890 W. Kennedy Boulevard, Suite 200, Tampa, Florida 33609, the receipt of such consideration which is hereby acknowledged, has GRANTED, SOLD, and CONVEYED, and by these presents does GRANT, SELL, and CONVEY, unto the said Grantee that certain real property, together with buildings and improvements located thereon situated in the City of Pearland, County of Harris, State of Texas, commonly known as:

14646 Kirby Drive

which is legally described in **Exhibit A** attached hereto, together with any and all rights, benefits, privileges, easements, tenements, hereditaments, rights-of-way and other appurtenances thereon or in any way appertaining thereto, including all of Grantor's right, title and interest in and to (i) any land lying in the bed of any street adjoining such land, (ii) any oil, gas or other minerals laying under such land, and (iii) any strips and gores adjoining such land (the "**Property**").

This conveyance is made subject only to the matters set forth on **Exhibit B** attached hereto and incorporated herein by this reference for all purposes.

TO HAVE AND TO HOLD the Property, together with, all and singular, the rights and appurtenances thereto in anywise belonging, to Grantee and Grantee's successors and assigns forever; and Grantor does hereby bind Grantor and Grantor's successors and assigns to warrant and forever defend, all and singular, the Property unto the Grantee and Grantee's successors and assigns, against every person whomsoever lawfully claiming or to claim the same, or any part thereof by, through or under Grantor, but not otherwise.


[Signatures Begin on following Page]

Signed this ___ day of _____, 2021.

GRANTOR:

SE PEARLAND, DST,
a Delaware statutory trust

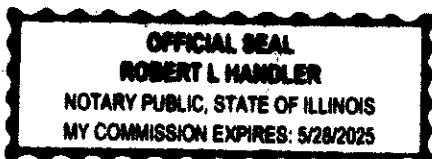
By: SE Pearland DTA, LLC,
its Discretionary Trust Administrator

By: 
Richard Kaplan, its Manager

STATE OF Illinois)
COUNTY OF Cook) ss.

On the 28 day of July, 2021, before me personally appeared Richard Kaplan, to me personally known, who being by me duly sworn did say that he is the Manager of SE Pearland DTA, LLC, the Discretionary Trust Administrator of SE PEARLAND, DST, a Delaware statutory trust, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument in such capacity, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his own free and voluntary act and as the free and voluntary act of said entity, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal, this 28 day of July, 2021.




Notary Public

[Exhibit "A" Begins on Following Page]

EXHIBIT A

LEGAL DESCRIPTION

TRACT 1:

A TRACT OF LAND CONTAINING 7.7018 ACRES (335,491 SQUARE FEET), MORE OR LESS, BEING ALL OF LOT ONE (1), IN BLOCK ONE (1) OF AMENDING PLAT #2 MERIT MEDICAL, A SUBDIVISION IN HARRIS COUNTY, TEXAS, ACCORDING TO THE MAP OR PLAT THEREOF, RECORDED UNDER FILM CODE 675091, MAP RECORDS, HARRIS COUNTY, TEXAS.

TRACT 2:

A NON-EXCLUSIVE EASEMENTS FOR PEDESTRIAN AND VEHICULAR INGRESS AND EGRESS, STORM DRAIN IMPROVEMENTS, DETENTION FACILITIES, UTILITY LINES, AND PARKING PURPOSES, AS ESTABLISHED BY THAT CERTAIN DECLARATION OF COVENANTS, RESTRICTIONS AND EASEMENTS, RECORDED UNDER HARRIS COUNTY CLERK'S FILE NO. 20130648990, REAL PROPERTY RECORDS, HARRIS COUNTY, TEXAS.

TRACT 3:

A NON-EXCLUSIVE EASEMENT FOR PEDESTRIAN AND VEHICULAR, FOR INGRESS AND EGRESS PURPOSES AS SET OUT IN DRIVEWAY EASEMENT AGREEMENT, RECORDED UNDER HARRIS COUNTY CLERK'S FILE NO. 20110322715.

EXHIBIT "B"

(Permitted Exceptions)

1. Restrictions contained in the plat recorded under Film Code No. 675091 of the Map Records, of Harris County, Texas; and Restrictive covenants imposed in the instrument recorded under County Clerk's File No. 20130648990, of the Official Public Records of Harris County, Texas.
2. All leases, grants, exceptions or reservations of coal, lignite, oil, gas and other minerals, together with all rights, privileges, and immunities relating thereto, appearing in the Public Records.
3. Rights of Merit Medical Systems Inc., as disclosed by unrecorded Lease Agreement dated December 31, 2013, as amended, as tenant only with no rights of first refusal or purchase options.
4. Water and Sewer Easement as shown on the plat and dedication recorded under Film Code No(s). 642257 and 675091, of the Map Records, of Harris County, Texas.
5. Water and Sewer Donation Easement and Utility Easement recorded October 11, 2010 as Harris County Clerk's File No. 20100435870, as shown on recorded plat filed for record under Film Code No. 675091, Plat Records of Harris County, Texas.
6. Terms, conditions and stipulations in Driveway Easement Agreement recorded August 3, 2011, as Harris County Clerk's File No. 20110322715.
7. Easement granted to CenterPoint Energy Houston Electric, LLC, recorded July 21, 2014, under Harris County Clerk's File No. 20140317020, as shown on recorded plat filed for record under Film Code No. 675091, Plat Records of Harris County, Texas.
8. Tax Abatement Agreement as reserved by Grantor in instrument dated December 31, 2013, filed on December 31, 2013 under County Clerk's File No. 20130648991, Official Public Records, of Harris County, Texas, from Merit Medical Systems, Inc., a Utah corporation to Pearland Medical L.L.C., a Utah limited liability company, as modified, assigned and/or amended.
9. Terms, conditions and stipulations in Memorandum of Lease Agreement by and between Pearland Medical L.L.C., a Utah limited liability company, as Lessor, and Merit Medical Systems, Inc., a Utah corporation, as Lessee, dated December 31, 2013, filed for record on January 27, 2014, under Harris County Clerk's File No. 20140032735, as assigned by the Memorandum of Assignment of Lease from SE Pearland DST, a Delaware statutory trust, as Assignor to CX Texas Industrial, DST, a Delaware statutory trust, as Assignee, dated of even date herewith and to be filed for record and recorded in the Official Public Records of Harris County, Texas.
10. Terms, conditions, provisions, easements, restrictions, reservations and other matters in Declaration of Covenants, Restrictions and Easements recorded December 31, 2013 in County Clerk's File No. 20130648990, of the Official Public Records, of Harris County, Texas.
11. Conditions, provisions and stipulations of Ordinance #1999-262, of the City of Houston, passed March 24, 1999, amended by Ordinance No. 2015-639 and amendments, pertaining to the platting and replatting of real property and the establishment of building set back lines along major thoroughfares within such boundaries.
12. Matters that would be shown by an accurate survey of the property.

ORDER OF COMMISSIONERS COURT

Authorizing Harris County Judge to Execute an Assignment and Assumption of
Tax Abatement Agreement for Real Property Located at 14646 Kirby Drive, Pearland, Texas

The Commissioners Court of Harris County, Texas, convened at a meeting of the Court at the Harris County Administration Building in the City of Houston, Texas, on September 14, 2021 with all members present.

A quorum was present. Among other business, the following was transacted:

**ORDER AUTHORIZING HARRIS COUNTY JUDGE TO EXECUTE AN ASSIGNMENT
AND ASSUMPTION OF TAX ABATEMENT AGREEMENT FOR REAL PROPERTY
LOCATED AT 14646 KIRBY DRIVE, PEARLAND, TEXAS**

Commissioner _____ introduced an order and made a motion that the same be adopted. Commissioner _____ seconded the motion for adoption of the order. The motion, carrying with it the adoption of the order, prevailed by the following vote:

Vote of the Court	<u>Yes</u>	<u>No</u>	<u>Abstain</u>
Judge Hidalgo	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Comm. Ellis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Comm. Garcia	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Comm. Ramsey, P.E.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Comm. Cagle	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The County Judge thereupon announced that the motion had duly and lawfully carried and that the order had been duly and lawfully adopted. The order thus adopted follows:

WHEREAS on October 11, 2011, Commissioners Court approved a Tax Abatement Agreement between Harris County and Merit Medical Systems, Inc. (Merit Medical), for construction of a new medical device manufacturing facility located at 14646 Kirby Drive, Pearland, Texas 77047; and

WHEREAS Section 8 of the Guidelines and Criteria for Granting Tax Abatement in a Reinvestment Zone Created in Harris County (Guidelines) provides that:

a tax abatement Agreement may be assigned to a new owner or lessee of a facility with the written consent of the Commissioners Court, which consent shall not be unreasonably withheld. Any assignment shall provide that the assignee shall irrevocably and unconditionally assume all the duties and obligations of the assignor upon the same terms and conditions as set out in the Agreement. Any

assignment shall be to an owner that continues the same improvements or repairs to the property except to the extent such improvements or repairs have been completed, and continues the same use of the facility as stated in the original Agreement with the Owner. No assignment shall be approved if the assignor or the assignee is indebted to the County for past due ad valorem taxes or other obligations;

and

WHEREAS Commissioners Court unanimously approved an Assignment of Tax Abatement Agreement between Merit Medical and Pearland Medical L.L.C. (“Pearland Medical”) on July 22, 2014; and

WHEREAS Section 4(c) of the Guidelines provides that “[a]ny variance to these guidelines must be approved by a vote of at least three-fourths of the Commissioners Court.”

WHEREAS Commissioners Court unanimously approved the following variances to the Guidelines in its July 22, 2014 Order:

1. Merit Medical assigned its right to the tax abatement to Pearland Medical; and
2. Merit Medical agreed to retain its obligations of performance under the Tax Abatement Agreement and to remain a party to the Tax Abatement Agreement; and

WHEREAS, on October 24, 2017 Commissioners Court unanimously approved an Assignment of Tax Abatement Agreement between Pearland Medical, SE Pearland, DST (SE Pearland), and Merit Medical whereby Pearland Medical assigned its right to the tax abatement to SE Pearland and Merit Medical again agreed to retain its duties and obligations of performance under the Tax Abatement Agreement and to remain a party to the Tax Abatement Agreement; and

WHEREAS, SE Pearland now requests that Commissioners Court approve an assignment between SE Pearland DTA, LLC, as Discretionary Trust Administrator of SE Pearland (collectively, “SE Pearland”), and CX Texas Industrial, DST, a Delaware statutory trust (CX Texas); and

WHEREAS, under the proposed assignment, SE Pearland shall assign its right to the tax abatement to CX Texas and Merit Medical shall retain its duties and obligations of performance under the Tax Abatement Agreement and remain a party to the Tax Abatement Agreement; and

WHEREAS, in accordance with the Guidelines, Commissioners Court must approve the proposed variances of SE Pearland assigning its right to the tax abatement to CX Texas, and Merit Medical retaining its duties and obligations of performance under the Tax Abatement Agreement and remaining a party to the Tax Abatement Agreement, by a vote of at least three-fourths of the Court; and

IT IS ORDERED that:

1. The County Judge is authorized to execute the Assignment and Assumption of Tax Abatement Agreement for the real property located at 14646 Kirby Drive, Pearland, Texas.

2. All Harris County officials and employees are authorized to do any and all things necessary or convenient to accomplish the purpose of this Order.

ASSIGNMENT OF TAX ABATEMENT AGREEMENT

THE STATE OF TEXAS §

COUNTY OF HARRIS §

This Assignment of Tax Abatement Agreement ("Assignment") is entered into by and among Harris County, on behalf of itself, Harris County Flood Control District, Harris County Hospital District, and Port of Houston Authority of Harris County, (collectively the "County"), Merit Medical Systems, Inc., a Utah Corporation, Pearland Medical L.L.C., a Utah limited liability company, and SE Pearland Transitory, LLC, a Delaware limited liability company, which subsequently merged with and into SE Pearland, DST a Delaware Statutory Trust.

RECITALS:

On October 11, 2011, the Commissioners Court of Harris County, sitting as the governing body of Harris County, Texas and on behalf of Harris County, the Harris County Flood Control District, the Harris County Hospital District, and the Port of Houston Authority of Harris County, Texas (collectively, the "County"), approved a tax abatement agreement between the County and Merit Medical Systems, Inc. ("Merit Medical") to abate a portion of any increase in the appraised value of certain property located in the City of Pearland Reinvestment Zone #21 (the "Property") for purposes of ad valorem taxation, a copy of which is attached hereto as **Exhibit A** and made part hereof (the "Tax Abatement Agreement"); and

On July 22, 2014, Commissioners Court of Harris County approved an Assignment Agreement between Merit Medical and Pearland Medical L.L.C. ("Pearland Medical") whereby Pearland Medical agreed to assume all rights, titles and interest of Merit Medical under the Tax Abatement Agreement and whereby Merit Medical agreed to retain its duties and obligations of performance under the Tax Abatement Agreement and to remain a party to the Tax Abatement Agreement with respect to the obligation to perform thereunder; and

Effective as of February 6, 2017, the transactions contemplated by the sale were consummated, and the Property was conveyed by Pearland Medical to SE Pearland Transitory, LLC by Special Warranty Deed, a copy of which is attached hereto as **Exhibit B** and made a part hereof; and

On February 6, 2017, SE Pearland Transitory, LLC, merged with and into SE Pearland, DST; and

Pearland Medical desires to assign the Tax Abatement Agreement to SE Pearland, DST and SE Pearland, DST desires to assume all rights of Pearland Medical under the Tax Abatement Agreement; and

Merit Medical retains its duties and obligations of performance under the Tax Abatement Agreement and shall remain a party to the Tax Abatement Agreement with respect to the obligations to perform thereunder;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and confessed, the parties hereto agree as follows:

TERMS:

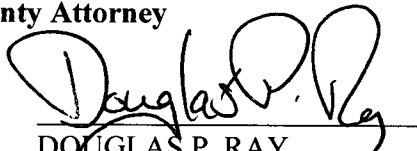
1. Assignment of Rights. Pearland Medical hereby grants, bargains, sells, transfers, conveys and assigns to SE Pearland, DST all of its rights, title and interest in and to the Tax Abatement Agreement.
2. Non-Assignment of Obligations. Merit Medical does not assign its duties and obligations of performance under the Tax Abatement Agreement and shall remain a party to the Tax Abatement Agreement with respect to the obligations to perform thereunder.
3. Effective Date. This Assignment shall only become effective upon the date of approval and consent of Harris County.
4. No County Indebtedness. Merit Medical, Pearland Medical, and SE Pearland, DST, each represent and warrant that they have no outstanding indebtedness to the County, or to other political subdivisions who are parties to the Tax Abatement Agreement, for ad valorem taxes or other obligations.
5. Successors and Assigns. This Assignment shall bind and inure to the benefit of the respective legal representatives, successors and permitted assigns of Merit Medical, Pearland Medical and SE Pearland, DST.
6. Multiple Counterparts. This Assignment may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute but one instrument.
7. Third Party Beneficiaries. The County shall be third party beneficiaries of this Assignment and shall be authorized to enforce its terms.

The undersigned join in executing this Assignment of Tax Abatement Agreement for the purpose of evidencing its consent to the terms and provisions herein contained.

APPROVED AS TO FORM:

VINCE RYAN
County Attorney

By:


DOUGLAS P. RAY
Assistant County Attorney

HARRIS COUNTY

By:


COUNTY JUDGE ED EMMETT

Date Signed: OCT 24 2017

PEARLAND MEDICAL, L.L.C., a Utah limited liability company

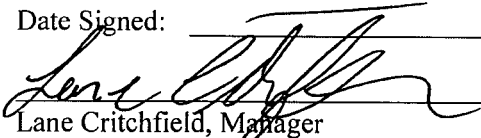
By: Woodbury Strategic Partners Fund, L.P.
a Delaware limited liability partnership, Its Manager

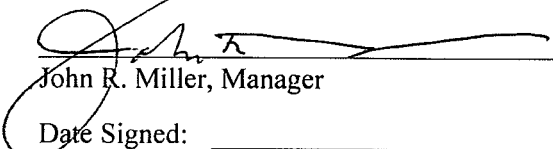
By: WSP Truffles L.L.C.,
a Delaware limited liability company, Its General Partner

By: Woodbury Strategic Partners Management, L.L.C.
a Utah limited liability company, Its Manager

By: _____
O. Randall Woodbury, Manager
Date Signed: _____

By: _____
_____, Manager
Date Signed: _____

By: 
Lane Critchfield, Manager
Date Signed: _____

By: 
John R. Miller, Manager
Date Signed: _____

SE PEARLAND, DST, a Delaware Statutory Trust

By: SE PEARLAND DTA, LLC
A Delaware limited liability company, its Discretionary Trust Administrator

By: _____
Richard Kaplan, Authorized Signatory
Date Signed: _____

PEARLAND MEDICAL, L.L.C., a Utah limited liability company

By: Woodbury Strategic Partners Fund, L.P.
a Delaware limited liability partnership, Its Manager

By: WSP Truffles L.L.C.,
a Delaware limited liability company, Its General Partner

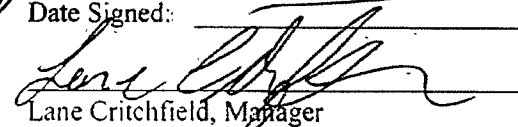
By: Woodbury Strategic Partners Management, L.L.C.
a Utah limited liability company, Its Manager

By: _____
O. Randall Woodbury, Manager

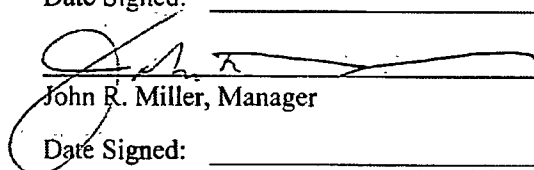
Date Signed: _____

By:  _____
Lance Buller, Manager

Date Signed: _____

By:  _____
Lane Critchfield, Manager

Date Signed: _____

By:  _____
John R. Miller, Manager

Date Signed: _____

SE PEARLAND, DST, a Delaware Statutory Trust

By: SE PEARLAND DTA, LLC
A Delaware limited liability company, its Discretionary Trust Administrator

By: _____
Richard Kaplan, Authorized Signatory

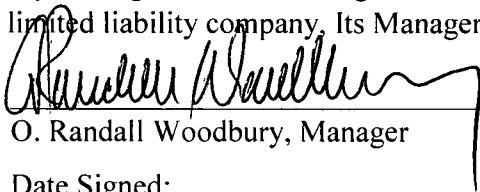
Date Signed: _____

PEARLAND MEDICAL, L.L.C., a Utah limited liability company

By: Woodbury Strategic Partners Fund, L.P.
a Delaware limited liability partnership, Its Manager

By: WSP Truffles L.L.C.,
a Delaware limited liability company, Its General Partner

By: Woodbury Strategic Partners Management, L.L.C.
a Utah limited liability company, Its Manager

By: 
O. Randall Woodbury, Manager
Date Signed: _____

By: _____
_____, Manager
Date Signed: _____

By: _____
Lane Critchfield, Manager
Date Signed: _____

By: _____
John R. Miller, Manager
Date Signed: _____

SE PEARLAND, DST, a Delaware Statutory Trust

By: SE PEARLAND DTA, LLC
A Delaware limited liability company, its Discretionary Trust Administrator

By: _____
Richard Kaplan, Authorized Signatory
Date Signed: _____

PEARLAND MEDICAL, L.L.C., a Utah limited liability company

By: Woodbury Strategic Partners Fund, L.P.
a Delaware limited liability partnership, Its Manager

By: WSP Truffles L.L.C.,
a Delaware limited liability company, Its General Partner

By: Woodbury Strategic Partners Management, L.L.C.
a Utah limited liability company, Its Manager

By: _____
O. Randall Woodbury, Manager
Date Signed: _____

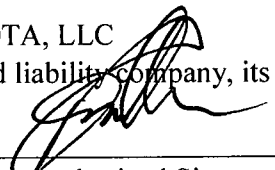
By: _____
Jonathan Bullen, Manager
Date Signed: _____

By: _____
Lane Critchfield, Manager
Date Signed: _____

By: _____
John R. Miller, Manager
Date Signed: _____

SE PEARLAND, DST, a Delaware Statutory Trust

By: SE PEARLAND DTA, LLC
A Delaware limited liability company, its Discretionary Trust Administrator

By:  _____
Richard Kaplan, Authorized Signatory
Date Signed: 9-13-17

MERIT MEDICAL SYSTEMS, INC., a Utah corporation

By: Bernard Birkett
Bernard Birkett, Chief Financial Officer

Date Signed: 9/25/17

ATTEST:

By: BA McDermid

Date Signed: 9/25/17

W
FD

EXHIBIT A
2017 Assignment

List of Items:

- 1. Tax Abatement Agreement between Harris County and Merit Medical Systems, Inc. approved by Harris County Commissioners Court October 11, 2011, with the following exhibits:**

- Exhibit A City of Pearland Resolution No. R2011-12**
- Exhibit A-1 City of Pearland Ordinance No. 1447**
- Exhibit A-2 City of Pearland Resolution No. R2011-79**
- Exhibit B Guidelines and Criteria for Granting Tax Abatement in a Reinvestment Zone Created in Harris County**
- Exhibit C Application for Tax Abatement, Harris County**
- Exhibit D Metes and Bounds Description**

TAX ABATEMENT AGREEMENT FOR REAL PROPERTY
LOCATED IN CITY OF PEARLAND REINVESTMENT ZONE #21

THE STATE OF TEXAS §
 §
COUNTY OF TEXAS §

This Tax Abatement Agreement ("Agreement") entered into by and among **Harris County**, on behalf of itself, **Harris County Flood Control District**, **Harris County Hospital District**, and **Port of Houston Authority of Harris County**, (collectively "**County**") herein; and **Merit Medical Systems, Inc.**, a Utah Corporation ("**Owner**"), authorized to transact business in the State of Texas.

I. AUTHORIZATION

The Agreement is authorized by: (a) the Texas Property Tax Code, Ch.312, as it exists on the effective date of the **City of Pearland** ("City") tax abatement agreement; (b) **City Resolution No. R2011-12**, dated **January 24, 2011**, establishing City property tax abatement program for properties designated in a City reinvestment zone (**Exhibit A**); (c) the requisite public hearing held by **Pearland City Council** on **June 13, 2011**; (d) **City Ordinance No. 1447**, creating **Reinvestment Zone #21** ("**Zone**"), passed and approved **June 27, 2011** (**Exhibit A-1**); (e) **City Resolution No. R2011-79**, authorizing a tax abatement agreement, passed, adopted, and approved **July 11, 2011** (**Exhibit A-2**); (f) *Guidelines and Criteria for Granting Tax Abatement in a Reinvestment Zone Created in Harris County*, re-adopted by the Harris County Commissioners Court on **November 24, 2009** (the "Guidelines"), effective January 2010 through December 2011 (**Exhibit B**), and (g) the Order of Commissioners Court authorizing this Agreement on behalf of the County.

II. DEFINITIONS

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

- a. "**Abatement**" means partial exemption from ad valorem taxes for certain new construction of real property located within the Zone designated for economic development purposes.
- b. "**Application**" refers to the signed application and construction budget dated March 28, 2011, submitted by Merit Medical Systems, Inc. (**Exhibit C**).
- c. "**Effective Date**" means **January 1, 2012**.
- d. "**HCAD**" means Harris County Appraisal District.
- e. "**Early Start Date**" means **July 11, 2011**, the date the City authorized its own tax abatement agreement with City Resolution No. **R2011-79**.
- f. "**Base Year Value**" means the **2011** certified appraised value, as determined by HCAD for the property located in the Zone.
- g. "**CSD**" means Harris County Community Services Department Office of Economic Development, and its successors and assigns.
- h. "**Construction**" means material and substantial improvement of the property, representing a separate and distinct construction operation undertaken for the purpose of erecting the Real Property Improvements, as detailed in the Application.

- i. **"End of Construction Period"** refers to **December 31, 2013**, two years from Effective Date of this Agreement, or when the **medical supply manufacturing facility** is available for use, whichever occurs first.
- j. **"Eligible Property"** means construction of a **medical supply manufacturing facility** in the Zone to the extent construction will occur after the Early Start Date but before the End of Construction Period. Eligible Property shall be as detailed in Real Property Improvements. The value of Eligible Property shall be the certified appraised value determined by HCAD each year.
- k. **"Ineligible Property"** means any construction commenced prior to the Early Start Date, or after the End of Construction Period. Ineligible Property also includes: renovations to existing facilities within the Zone; construction of new facilities other than the **new medical supply manufacturing facility** subject to a tax abatement; fixed-in-place business personal property; Real Property Improvements having an economic life less than 15 years; Real Property Improvements fully or partially exempt from ad valorem tax by virtue of local, state, or federal law; land; housing; vehicles; vessels; aircraft; hotels and accommodations; deferred maintenance investments; business personal property such as inventories, supplies, tools, furnishings; and/or any improvements not integral to the operation of the facility. The value of all Ineligible Property each year shall be the HCAD certified appraised value.
- l. **"Real Property Improvements"** means construction of new Eligible Property by the Owner of the **medical supply manufacturing facility (estimated 100,000 square feet)** in the Zone after the Early Start Date and before the End of Construction Period.
- m. **"TWC"** means Texas Workforce Commission.
- n. **"Permanent Employee"** means an employee of the Owner who works a minimum of **2,000** hours per year exclusively within the Zone (excluding any contract employee, seasonal employee, full-time equivalent, or part-time employee), who receives medical benefits, whose employment is both permanent and full-time and is stated in the quarterly TWC report filed by the Owner while this Agreement is in effect.

III. SUBJECT PROPERTY

A. The subject property is a parcel containing **11.9337 acres** situated in the James Hamilton Survey, Abstract 876, Harris County, Texas, as more fully described in the attached **Legal Description of Property (Exhibit D)**.

B. The Zone is an area within Harris County, Texas, also detailed in **City Ordinance No. 1447 passed and approved June 27, 2011 (Exhibit A-1)**.

C. In accordance with TEXAS TAX CODE ANN. §312.204, HCAD shall determine the Base Year Value of the Zone as of **January 1, 2011**. The Chief Appraiser of HCAD shall annually certify the appraised value of the Real Property Improvements located within the Zone.

IV. REPRESENTATIONS AND AGREEMENTS BY OWNER

- A. Owner represents and warrants that it owns fee simple title to the real property located at **14646 Kirby Drive, Pearland, Texas 77047**, within the boundaries of the Zone, at the time of execution of this Agreement and prior to commencement of Construction of the Real Property Improvements.
- B. Owner represents and warrants that the Real Property Improvements will be constructed within the boundaries of the Zone.

- C. Owner commits that the Real Property Improvements described in the Application constitute Eligible Property under this Agreement and did not commence before the Early Start Date.
- D. Owner represents and warrants that it shall maintain Real Property Improvements in good repair and condition throughout the term of the Agreement.
- E. Owner represents and warrants that it shall invest at least **\$8,575,000** in the Real Property Improvements by the End of Construction Period, of which **\$8,575,000** may be subject to the abatement calculation at **50 percent**, as further described in **SECTION V. VALUE AND TERM OF ABATEMENT, and SECTION VI. TAXABILITY.**
- F. Owner represents and warrants that the certified appraised value of the Real Property Improvements as determined by HCAD shall be at least **\$8,575,000** on or before **January 1, 2014.**
- G. Owner represents and warrants that it shall create a total of **221** Permanent Employees on its payroll in the Zone, in accordance with the following schedule:
- **200** Permanent Employees by **December 31, 2014 (3 years from Effective Date);**
 - **210** Permanent Employees by **December 31, 2015 (4 years from Effective Date);**
 - **221** Permanent Employees by **December 31, 2016 (5 years from Effective Date)** and continuing through the remaining term of this contract.
- H. If at any time Owner fails to meet above-stated Zone-specific employment requirements for Permanent Employees, Owner agrees to remit to the Director of CSD the full amount of ad valorem taxes previously abated under this Agreement plus applicable interest and penalties, as detailed in **SECTION VII. EVENT OF DEFAULT.**
- I. Owner represents and warrants that at the time of execution of this Agreement, Owner is not indebted to the County for any delinquent ad valorem taxes or other obligations.
- J. Owner represents and warrants that the proposed **medical supply manufacturing facility** will comply with all state and federal laws designed to protect human health and welfare. Further, Owner agrees that construction of the Real Property Improvements and operation of the facility shall comply with all applicable federal, state, and local laws, rules and regulations, including those designated to protect the environment from environmental hazards and degradation.

V. VALUE AND TERM OF AGREEMENT

- A. Owner shall construct the Real Property Improvements in conformity with this Agreement as set out in the Application. Upon completion of the Real Property Improvements, Owner shall use the facility as a **medical supply manufacturing facility**. Owner shall further maintain the Real Property Improvements in good repair and condition throughout the term of this Agreement.
- B. The term of the Abatement shall be for a period not to exceed **10** years beginning with the Effective Date of this Agreement. In no case shall the term of the Abatement, inclusive of Construction, exceed **10** years from the Effective Date.
- C. In no case shall the value of Eligible Property used in the abatement calculation exceed **\$8,575,000**, and in no case shall the value to be abated in any year exceed **\$4,287,500**, which is **50 percent** of the minimum value increase.
- D. Each year the exemption will be computed by HCAD in the following manner:

- If Base Year Value decreases during the term of a tax abatement or if an additional exemption is granted by the state or federal government, then the maximum amount of abatable value to be used in abatement calculation ("the Cap") will be reduced each year at the same rate ("Adjusted Cap").
- The Cap shall initially be **\$8,575,000**, shall not exceed the increased value requirement set out in this Agreement, and shall be adjusted annually. To determine the amount of the abatement each year, the Adjusted Cap shall be multiplied by **50 percent**.
- Current Property Value will be the current appraised value of all Eligible Property and existing property within the Zone for the year in which the Agreement is executed.
- The Current Amount Eligible for Abatement is multiplied by **50 percent** to determine the exemption amount each year, after adjusting the Cap, if applicable.

E. Construction under this Agreement shall be considered complete when the new Real Property Improvements described in the Application are available for occupancy, or at the End of Construction Period, whichever occurs first. If Construction is incomplete two years after the Effective Date, then the Real Property Improvements shall be considered completed for the purpose of compliance monitoring under this Agreement.

VI. TAXABILITY

During the period this Agreement is in effect, ad valorem property taxes shall be payable on the HCAD-certified appraised value in the Zone as follows:

- (1) Base Year Value, Ineligible Property, and non-abatable property, shall be fully taxable at 100 percent;
- (2) Improvements to the Eligible Property in excess of the amount of Eligible Property to be abated, as calculated in SECTION V. VALUE AND TERM OF ABATEMENT, shall be fully taxable at 100 percent;
- (3) The Abatement shall apply only Eligible Property, which shall be abated in accordance with the percentage set forth in SECTION V. VALUE AND TERM OF ABATEMENT. The tax abatement applied to Eligible Property subject to the abatement calculation cannot exceed the amount by which the value of the property located in the Zone including the Eligible Property and existing property for the year in which the Agreement was executed, as listed on the appraisal roll for the year, exceeds the Base Year Value.

VII. EVENT OF DEFAULT

A. During the period covered by this Agreement, the County may declare a default hereunder upon the occurrence of any one or more of the following circumstances or events:

1. Failure by Owner to construct the Real Property Improvements specified in the Application by the End of Construction Period; or
2. Failure by Owner to invest at least **\$8,575,000** in the Real Property Improvements detailed in the Application; or
3. Failure by Owner to increase the certified appraised value of the Real Property Improvements as determined by HCAD by at least **\$8,575,000** on or before **January 1, 2014**; or
4. Failure by Owner to create at least **160** Permanent Employees by **July 1, 2013**; or **175** Permanent Employees by **December 31, 2013**; or **200** Permanent Employees by **December 31,**

2014; or 210 Permanent Employees by December 31, 2015; or 221 Permanent Employees by December 31, 2016;

5. Failure by Owner to maintain at least **221 Permanent Employees** on its payroll from **December 31, 2016**, throughout the entire duration of this Agreement.
6. Failure by Owner to comply with any of the terms of the Agreement; or
7. Failure by Owner to comply with TEXAS TAX CODE ANN. §22.01, as amended, requiring annual rendition of all personal property with HCAD; or
8. Failure by Owner to pay ad valorem taxes owed to the County or to become delinquent in payment of such ad valorem taxes; or
9. **Failure by the Owner to ensure that any third-party owning assets in the Zone pays taxes in a timely manner; or**
10. Misrepresentation by Owner in the Application or in the Agreement; or
11. If the City declares the Owner to be in default with respect to any of the terms and conditions of the City tax abatement agreement approved **July 11, 2011**, and such default is not cured in accordance with the provisions of that agreement.

B. In the event the County declares Owner to be in default of this Agreement, the Agreement shall terminate unless such default is cured in accordance with Subsection C below. If this Agreement is terminated, the County shall recapture all property taxes that have been abated as a result of this Agreement. Additionally, Owner agrees to pay the County the full amount of recapture owed plus interest at the rate of six percent (6 percent) per annum from the Effective Date. Interest shall be calculated on the basis of a year of 360 days and the actual days elapsed (including the first day but excluding the last day) occurring in the period for which such interest is payable, calculated on the per annum basis of a year of 365 or 366 days, as applicable, and the actual days elapsed (including the first day but excluding the last day).

C. Owner is responsible for notifying the County of any default under this Agreement within 10 days of such default, and must cure such default within 60 days after receipt of said notification of default ("Cure Period"). If the County determines that Owner has failed to notify the County of any default of this Agreement as provided in this paragraph, the County shall terminate the Agreement immediately and all taxes previously abated by virtue of this Agreement will be recaptured from Owner. In such event, such taxes must be paid to the County, within 60 days from the date of termination. If the County does not receive full payment within said 60 days from Owner's receipt of a Notice of Termination from the County, as described in **SECTION VIII. ADMINISTRATION**, a penalty may be added, pursuant to the Texas Tax Code, equal to fifteen percent (15 percent) of the total amount of taxes abated under this Agreement.

D. In the event Owner allows any ad valorem taxes owed to the County to become delinquent or fails to timely and properly follow the legal procedures for protest and/or contest, then this Agreement may be terminated by the County. In such event, all recaptured taxes, interest, and penalties that may be assessed under the terms of this Agreement, must be paid to the County by Owner within 60 days from the date of the Notice of Termination.

E. In the event that a third-party that is not a party to this Agreement owns any assets in the Zone and allows any ad valorem taxes owed to the County to become delinquent or fails to timely and properly follow the legal procedures for protest and/or contest, then this Agreement may be terminated by the County, unless Owner pays all such delinquent taxes plus interest and penalties in a timely manner. In such event of termination, all recaptured taxes, interest, and penalties that may be assessed under this Agreement, must be paid to the County by Owner within 60 days from the date of the Notice of Termination.

F. In the event the Real Property Improvements are completed and Owner begins operation, but subsequently discontinues operation for any reason, for a period of 180 days during the term of the Agreement, or one year in the event of a natural disaster, then this Agreement shall terminate. In the event of termination pursuant to the provisions of this paragraph, the abatement of taxes under this Agreement for the calendar year during which the facility no longer is in operation shall terminate and there shall be full recapture with penalties and interest as set out herein. Further, Owner shall notify the County within 10 days of any discontinuation, stating the reason for the discontinuation and the projected length of discontinuation. Any taxes otherwise abated for the calendar year during which Owner no longer operates the subject facility must be paid directly to Harris County within 60 days from the date of discontinuation.

VIII. ADMINISTRATION

CSD shall administer this Agreement on behalf of the County and all political subdivisions on whose behalf it is entered. Owner shall allow employees or representatives of the County who have been designated by CSD to have access to the Zone during the term of this Agreement to inspect the facility to determine compliance with the terms and conditions of this Agreement. All inspections will be made only after giving 24 hours prior notice and will only be conducted in such manner as to not unreasonably interfere with the construction and/or operation of the subject facility. All inspections will be made with one or more representatives of Owner and in accordance with safety and security standards of Owner.

Upon completion of the Real Property Improvements, CSD shall annually evaluate the facility to ensure compliance with the terms and provisions of this Agreement and shall report possible defaults to the Commissioners Court and the County Attorney. Owner shall annually submit to CSD and to HCAD, beginning on March 1st, in each year this Agreement is in effect, a January 1st count of Permanent Employee positions which shall correspond to employment counts reported in the Employer's Quarterly Report filed by Owner with TWC for the quarter ending on the previous December 31st, and separate notarized letter certifying:

- (1) Number of jobs created in the Zone, and;
- (2) Owner's compliance with all environmental and worker safety requirements for the preceding year.

This information will be used by CSD to determine eligibility for abatement and shall be subject to audit if requested by CSD. Failure by Owner to submit requested information will render Owner ineligible to receive any tax abatement.

Owner shall comply with all federal, state, and local laws applicable to the facility in the Zone, and shall properly obtain and maintain all required permits and authorizations as may be required from federal and state regulatory agencies with respect to such facilities.

HCAD shall annually determine both the abated value and the full taxable value in the appraisal records. The full exemption value listed in the HCAD records shall be used to compute the amount of abated taxes required to be recaptured and paid in the event this Agreement is terminated in a manner that results in recapture. Each year, Owner shall furnish the HCAD Chief Appraiser with such information outlined in Chapter 22, TEXAS TAX CODE, as may be necessary for the administration of the tax abatement specified herein.

If the County terminates this, it shall provide Owner with written notice of such termination. If Owner believes that such termination was improper, Owner may file suit in the Harris County District Court appealing such termination within 60 days after receipt from the County of written notice of termination. If a suit is filed, Owner shall remit to the County within 60 days after receipt of demand for payment any additional or recaptured taxes as may be payable during the pendency of the litigation pursuant to the payment provisions of TEXAS TAX CODE ANN. § 42.08. If the final determination of the appeal increases the tax liability of Owner above the amount of tax paid, Owner shall remit the additional tax to the County and other political

subdivisions that are parties to the Agreement, pursuant to TEXAS TAX CODE ANN. § 42.42. If the final determination of the appeal decreases tax liability of Owner, the County shall refund the difference between the amount of tax paid and the amount of tax for which Owner is liable pursuant to TEXAS TAX CODE ANN. § 42.43.

IX. ASSIGNMENT

Should Owner intend to sell, convey or lease the Real Property Improvements, Owner must request an assignment of this Agreement in writing from CSD. Consent of Commissioners Court shall not be unreasonably withheld. Any assignment shall provide that the assignee shall continue to operate the facility as a medical supply manufacturing facility and shall irrevocably and unconditionally assume all the duties and obligations of the assignor upon the same terms and conditions as set out in this Agreement. Any assignment of this Agreement shall be to an entity that shall continue to operate the facility as a medical supply manufacturing facility and shall maintain all commitments of this Agreement as to Permanent Employee positions and tax roll valuation for each remaining year on all associated Real Property Improvements. No assignment shall be approved if Owner or assignee is indebted to the County for delinquent ad valorem taxes or other obligations.

X. RENDITION

This Agreement is specifically conditioned upon Owner complying with TEXAS TAX CODE ANN. § 22.01, as amended, requiring annual rendition of all personal property with HCAD.

XI. NOTICE

Any notice required to be given under the provisions of this Agreement shall be in writing and shall be duly served when it shall have been deposited, enclosed in an envelope with the proper postage prepaid thereon, and duly registered or certified, return receipt requested, in a United States Post Office, addressed to the County and Owner at the following addresses. If mailed, any notice or communication shall be deemed to be received three (3) days after the date of deposit in the U.S. Mail. Unless otherwise provided in the Agreement, all notices shall be delivered to the following addresses:

To Owner:	Merit Medical Systems, Inc. 1600 West Merit Parkway South Jordan, UT 84095 Attention: Chief Financial Officer
	Merit medical Systems, Inc. 14646 Kirby Drive Pearland, Texas 77047 Attention: Chief Financial Officer
To the County:	Harris County Community Services Department 8410 Lantern Point Drive Houston, TX 77054 Attention: Office of Economic Development
To HCAD:	Office of the Chief Appraiser/Abatements Harris County Appraisal District P.O. Box 920975 Houston, TX 77292-0975

Any party may designate a different address by giving the other party 10 days written notice.

XII. ALL-INCLUSIVE

The parties agree that this Agreement contains all of the terms and conditions of the understanding of the parties relating to the subject matter hereof. All prior negotiations, discussions, correspondence and preliminary understandings between the parties and others relating hereto are superseded by the Agreement.

XIII. APPLICABLE LAWS

Each party to the Agreement understands and agrees that this Agreement shall be governed and construed according to the laws of the State of Texas.

XIV. SEVERABILITY

The parties agree that if any provision, section, subsection, sentence, clause, or phrase contained in this Agreement is for any reason held to be unconstitutional, void, or invalid, the remaining portions of this Agreement shall not be affected thereby and all provisions contained herein are deemed severable for that purpose.

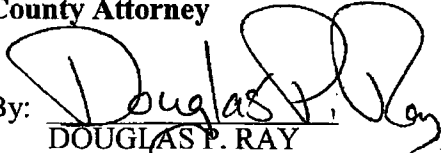
XV. DATE

The County executes this Agreement by and through the Director of CSD acting pursuant to Order of the Harris County Commissioners Court, so authorizing. This Agreement shall not become enforceable until executed by all parties hereto. The Effective Date shall be **January 1, 2012**.

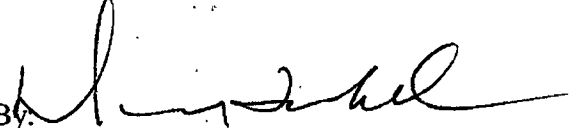
The parties in multiple originals, each, have executed this Agreement having full force and effect.

APPROVED AS TO FORM:


VINCE RYAN
County Attorney

By: 
DOUGLAS P. RAY
Assistant County Attorney

HARRIS COUNTY

By: 
DAVID TURKEL
Director, Community Services Department

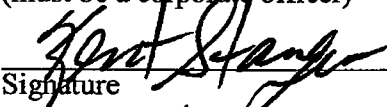
MERIT MEDICAL SYSTEMS, INC.
(a UTAH Corporation)

By: 
Fred Lampropoulos, CEO

ATTEST:

Date: 9/6/11

By: Kent W. Stanger CFO
Printed Name and Title
(must be a corporate officer)


Signature

Date: 9/6/11

RESOLUTION NO. R2011-12

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PEARLAND, TEXAS, UPDATING AND APPROVING THE CITY'S GUIDELINES AND CRITERIA FOR GRANTING TAX ABATEMENT IN A REINVESTMENT ZONE CREATED IN THE CITY OF PEARLAND, BRAZORIA COUNTY, FORT BEND COUNTY, AND HARRIS COUNTY, TEXAS; HAVING A SAVINGS CLAUSE, A REPEALER CLAUSE, AND A SEVERABILITY CLAUSE.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PEARLAND, TEXAS:

Section 1. That Resolution No. R2011-12 ("Guidelines and Criteria for Granting Tax Abatement") is hereby adopted in compliance with state law and shall read as follows:

**"GUIDELINES AND CRITERIA FOR GRANTING TAX ABATEMENT
IN A REINVESTMENT ZONE CREATED IN THE CITY OF PEARLAND,
BRAZORIA COUNTY, FORT BEND COUNTY, AND HARRIS COUNTY, TEXAS**

WHEREAS, the creation and retention of job opportunities that bring economic growth is one of the highest civic priorities for the City of Pearland (the "City"); and

WHEREAS, new jobs and capital investment will benefit the area economy, provide needed opportunities, strengthen the real estate market and generate tax revenue to support local services; and

WHEREAS, the City must compete with other localities across the nation currently offering tax inducements to attract new Eligible Projects; and

WHEREAS, any tax incentives offered in the City may reduce needed tax revenue unless strictly limited in application to those new and existing industries that bring new wealth to the community; and

WHEREAS, any tax incentives should not adversely affect the competitive position of existing companies operating in the City; and

RESOLUTION NO. R2011-12

WHEREAS, the abatement of ad valorem property taxes levied by the City, when offered to attract primary jobs in industries which bring job creation and capital investment from outside a community instead of merely circulating dollars within a community, has been shown to be an effective method of enhancing and diversifying an area's economy; and

WHEREAS, effective September 1, 1987, Texas law requires any eligible taxing jurisdiction to establish Guidelines and Criteria as to eligibility for tax Abatement Agreements prior to granting of any future tax abatement, said Guidelines and Criteria to be unchanged for a two year period unless amended by a three-quarters vote of the City Council; and

Now, therefore, be it resolved that the City Council of the City does hereby propose for consideration and adoption these Guidelines and Criteria for granting tax abatement in reinvestment zones in the City, as amended.

DEFINITIONS Section 1

- (a) **"Abatement"** means the full or partial exemption from ad valorem taxes of certain real property in a reinvestment zone designated by the City for economic development purposes.
- (b) **"Abatement Agreement" and "Agreement"** mean a contractual agreement between a property owner and/or lessee and the City for the purposes of permitting abatement of a portion of ad valorem property taxes assessed to the Premises and Improvements as defined herein and otherwise owed to the City.
- (c) **"Base Value of Premises"** means the assessed value of property located at the Premises at the time of execution of the Agreement, which shall consist of the assessed value of the Premises as of January 1 immediately preceding the execution of the agreement plus the agreed upon value of Improvements made thereafter, but before the execution of the Agreement.
- (d) **"Deferred Maintenance"** means labor and materials necessary for continued operations which are scheduled or periodic in nature.

RESOLUTION NO. R2011-12

- (e) **"Distribution Center Premises"** means buildings and structures, including machinery and equipment, used or to be used primarily to receive, store, service or distribute goods or materials owned by the Premises operator where a majority of the goods or services are distributed to points at least 50 miles from its location in Pearland.
- (f) **"Company"** means the party receiving the benefit of the abatement of ad valorem property taxes levied by the City pursuant to an Abatement Agreement for which this Resolution shall govern and may include a corporation, limited liability company, partnership, limited partnership, sole proprietorship, joint venture, natural person(s) or any other form of business association that may be formed or is recognized by the State of Texas.
- (g) **"Employment Positions"** means new full-time employment positions of at least 2,000 hours per employee in the City with the Company at the Premises, with a specified average annual gross compensation (excluding benefits), which shall adjust upward by 3% per year over the term of the Agreement to take account of inflation, and for which medical benefits must be provided.
- (h) **"Expansion"** means the addition of buildings, structures, machinery or equipment for purposes of increasing production capacity.
- (i) **"Headquarters Facility"** means Premises used primarily as the executive offices for a Company the primary purpose of which is to provide support services to other entities affiliated through common ownership with the Company.
- (j) **"Improvements"** means Fixed Improvements and Fixed Machinery and Equipment.
- (k) **"Fixed Improvements"** means real property and/or leasehold improvements.
- (l) **"Fixed Machinery and Equipment"** means Tangible Personal Property excluding vehicles, vessels or aircraft.

RESOLUTION NO. R2011-12

- (m) **"Funding Conditions"** means capital improvements and job creation conditions outlined in the Agreement. The capital improvements conditions shall specifically set forth value of the Improvements which must be made by the Improvement Completion Date. The job creation conditions shall specifically set forth the number and quality of Employment Positions.
- (n) **"Hotel and Convention Premises"** means buildings and structures, including machinery and equipment, the primary purpose of which is to provide a destination conference facility with 250 or more hotel rooms and more than 25,000 square feet of contiguous conference space. This shall also include facilities with 25,000 square feet or more of contiguous conference space without the requirement of a related hotel.
- (o) **"Improvement Completion Date"** means the date upon which the Fixed Improvements and Fixed Equipment shall be substantially completed by the Company.
- (p) **"Manufacturing Premises"** means buildings and structures, including machinery and equipment, the primary purpose of which is or will be the manufacture of tangible goods or materials or the processing of such goods or materials by physical or chemical change.
- (q) **"Modernization"** means the replacement and upgrading of existing facilities which increases the productive input or output, updates the technology or substantially lowers the unit cost of the operation. Modernization may result from the construction, alteration or installation of building, structures, fixed machinery or equipment. Modernization shall not be for the purpose of reconditioning, refurbishing or repairing including scheduled and periodic maintenance of real property or Tangible Personal Property.
- (r) **"New Premises"** means a property previously undeveloped which is placed into service by means other than or in conjunction with Expansion or Modernization.

RESOLUTION NO. R2011-12

- (s) **"Office Premises"** means one or more multi-level office buildings each one of which consists of 80,000 square feet of office space no more than 20% of which is dedicated to retail industry.
- (t) **"Other Basic Industry"** means buildings and structures including Tangible Personal Property machinery and equipment not elsewhere described, used or to be used for the production of products or services which serve a market primarily outside the City and result in the creation of new permanent jobs and create new wealth in the City.
- (u) **"Premises"** means property Improvements completed or in the process of construction which together comprises an integral whole and which are the subject of the Agreement and shall be designated in that Agreement by metes and bounds or other substantially similar description.
- (v) **"Productive Life"** means the number of years a property improvement is expected to be in service.
- (w) **"Regional Entertainment Premises"** means buildings and structures, including machinery and equipment, used or to be used to provide entertainment through the admission of the general public where the majority of users reside at least 50 miles from its location in the City.
- (x) **"Research Premises"** means building and structures, including machinery and equipment, used or to be used primarily for research or experimentation to improve or develop new tangible goods or materials or to improve or develop the production processes thereto.
- (y) **"Regional Service Premises"** means buildings and structures, including machinery and equipment, used or to be used to service goods where a majority of the goods being serviced originate at least 50 miles from the Premises' location in the City.

RESOLUTION NO. R2011-12

- (z) **“Tangible Personal Property”** means (i) personal property that can be seen, weighed, measured, felt, or otherwise perceived by the senses, (ii) that is owned for its role in contributing directly to the business’s ability to generate profit but does not include, office furniture and fixtures such as laptop computers, desktop computers, printers, chairs, desks, decorations, reprographics devices, and other similar office appurtenances which may indirectly contribute to the business’ ability to generate a profit. Tangible Personal Property also does not include: intangibles which shall include a document or other perceptible object that constitutes evidence of a valuable interest, claim, or right and has negligible or no intrinsic value, inventory and/or supplies and Tangible Personal Property that was located in the reinvestment zone prior to execution of the Agreement with the City or located in the reinvestment zone subsequent to the execution of the Agreement with the City but not specifically identified in the Agreement.

ABATEMENT AUTHORIZED Section 2

- (a) **Eligible Premises.** Premises may be eligible for abatement if it is a: Hotel and Convention Premises, Manufacturing Premises , Office Premises, Research Premises , Distribution Center Premises, Headquarters Premises, Regional Service Premises , Regional Entertainment Premises or Other Basic Industry.
- (b) **Creation of New Value.** Abatement may only be granted for the additional value of eligible property and Improvements incorporated into the Premises subsequent to and specified in an Abatement Agreement between the City and the property owner, lessee or member of an affiliated group which includes the property owner and the lessee in which a controlling interest (more than 50%) is owned by a common owner, subject to such limitations as the City Council may require.
- (c) **New and Existing Facilities at the Premises.** Abatement may be granted for new facilities and improvements to existing facilities at the Premises for purposes of Modernization or Expansion.

RESOLUTION NO. R2011-12

- (d) **Eligible Property.** Abatement may be extended to all or a portion of the value of Fixed Improvements and Fixed Machinery and Equipment as defined herein, at the Premises.
- (e) **Ineligible Property.** The following types of property shall be ineligible for abatement: land; inventories; supplies; tools; furnishings, and other forms of movable personal property which do not meet the definition of Tangible Personal Property set forth above; vehicles; vessels; aircraft; housing and dwellings; retail facilities and Deferred Maintenance
- (f) **Leased Facilities.** Leasehold Interest: Abatement may be granted to the owner of a leasehold interest in real property, including tax-exempt real property, located in a reinvestment zone designated to exempt all or a portion of the value of the leasehold interest in the real property Tax Code, Section 312.402 (a-1).

Lessee Interest: Abatement may be granted to a lessee of taxable real property located in a reinvestment zone to exempt from taxation all or a portion of the value of Improvements that meet the criteria of Eligible Property set forth above owned by the lessee and located on the property that is subject to the lease.
- (g) **Owned/Leased Facilities.** If a leased facility is granted abatement, the agreement shall be executed with the lessor and the lessee. The Lessee shall be required to submit, with its abatement application, a copy of the executed lease agreement with the lessor demonstrating a minimum lease term of 5 years. Under no circumstance will the term of the abatement be longer than the term of the lease. Publicly owned land leased to private entities shall be eligible if otherwise qualified.
- (h) **Value and Term of Abatement.** Abatement from ad valorem property taxes levied by the City shall be granted effective with the January 1 valuation date immediately following the date of execution of the Agreement. Up to one hundred percent of the value of new eligible property may be abated for up to two years during the period of construction and for up to eight years thereafter. The abatement may be extended through an initial agreement and a subsequent agreement as may be required to comply with state law regarding the term of a

RESOLUTION NO. R2011-12

reinvestment zone. If the period of construction exceeds two years, the Premises shall be considered completed for purposes of abatement and in no case shall the period of abatement inclusive of construction and completion exceed ten years. If it is determined that the abatement period would better benefit the City and the applicant by deferring the commencement date beyond the January 1st following the City's authorization of the abatement, the City may defer the commencement date of the abatement period to a future date certain. The deferral of the commencement date will not allow the duration of the abatement period to extend beyond ten (10) years. Tax Code 312.007(b). If a project includes facility replacement, the abated value shall be the value of the new unit(s) less the value of the old unit(s).

(i) **Economic Qualification.** In order to be eligible for designation as a reinvestment zone and receive tax abatement, the planned improvement:

- (1) Must be reasonably expected to increase the value of the property in the amount of \$500,000 or more;
- (2) Must be expected to retain or create employment positions for at least 10 people on a permanent basis in the City; and
- (3) Must not be expected to solely or primarily have the effect of transferring employment from one part of the City to another part of the City; and
- (4) Must be necessary because capacity cannot be provided efficiently utilizing existing improved property.

(j) **Taxability.** From the execution of the Agreement until its termination, taxes shall be payable as follows;

- (1) The value of ineligible property as provided herein shall be fully taxable;
- (2) The Base Value of Premises, as determined herein, shall be fully taxable; and,

RESOLUTION NO. R2011-12

- (3) Only the additional value of new eligible property specifically identified within the Agreement shall be subject to abatement under the Agreement.

APPLICATION Section 3

- (a) Any present or potential owner of taxable property in the City may request the creation of a reinvestment zone and tax abatement by filing a written request with the Pearland Economic Development Corporation.
- (b) The application shall consist of a completed application, provided by the Pearland Economic Development Corporation and shall be accompanied by: a general description of the proposed use and the general nature and extent of the Modernization, Expansion or new Improvements to be incorporated at the Premises; a descriptive list of the Improvements which will be a part of the Premises; a map and property description; and a time schedule for undertaking and completing the planned Improvements. In all cases a statement of the assessed value of the Premises, separately stated for real and personal property, shall be given for the tax year immediately preceding the application. The application form may require such financial and other information as the City Council deems appropriate for evaluating the financial capacity and other factors of the applicant.
- (c) Upon receipt of a completed application, the City Manager or his designee shall notify in writing the presiding officer of the legislative body of each affected jurisdiction of the application and give written notice of a public hearing, not less than 15 days prior to the hearing. Notice of the public hearing shall also be properly posted and published in the City's official newspaper not less than 15 days prior to the hearing. Before acting upon the application, the City shall, through public hearing, afford any interested party an opportunity to show cause why the abatement should, or should not, be granted.
- (d) After receipt of an application for creation of a reinvestment zone and application for abatement, a feasibility study shall be prepared setting out the impact of the proposed reinvestment zone and tax abatement. The feasibility study shall

RESOLUTION NO. R2011-12

include, but not be limited to, an estimate of the economic effect of the creation of the zone, the abatement of taxes, and the proposed benefit to the affected jurisdiction and the property to be included in the zone.

- (e) The City Council shall not establish a reinvestment zone for the purpose of abatement if it finds that the request for the abatement was filed after the announcement or the commencement of construction, alteration, or installation of Improvements related to a proposed Modernization, Expansion, or new Premises.
- (f) **Variance.** Requests for variance from the provisions of Section 2 must be made in writing to the City Manager of the City, or his designee, provided, however, the total duration of abatement shall in no instance exceed ten years. The applicant shall include in the variance request a complete description of the circumstances the applicant believes supports the requested variance. Approval of a request for variance requires a three-fourths (3/4) vote of the City Council.

PUBLIC HEARING Section 4

- (a) Should any party be able to show cause in the public hearing why the granting of a tax abatement will have a substantial adverse effect on the City, that showing shall be reason for the City Council to deny designation of the reinvestment zone, the granting of Abatement, or both.
- (b) Neither a reinvestment zone nor Abatement Agreement shall be authorized if it is determined that:
 - (1) There would be a substantial adverse affect on the provision of government service or tax base;
 - (2) The applicant has insufficient financial capacity;
 - (3) Planned or potential use of the property would constitute a hazard to public safety, health, morals, and/or violation of other applicable codes or laws.

RESOLUTION NO. R2011-12

(c) In order for the reinvestment zone to be created, the City must make the following findings:

- (1) find that the Improvements sought are feasible and would be of benefit to the zone after expiration of the Agreement;
- (2) that the zone is reasonably likely to contribute to the retention or Expansion of primary employment or to attract major investment in the City; and

AGREEMENT Section 5

At least 7 days before the City Council grants a tax abatement, it must deliver written notice of its intent to enter into the tax Abatement Agreement to the presiding officer of the legislative body of each affected jurisdiction pursuant to Chapter 312 of the Texas Property Tax Code. Said notice must include a copy of the proposed tax Abatement Agreement.

(a) After proper notice has been given to the affected jurisdictions, the City Council shall, at a regularly scheduled meeting, cast a vote concerning the adoption of the tax Abatement Agreement, which may be adopted only by a majority vote of the City Council and, if adopted, the City Council shall then authorize the City Manager to execute an Agreement with the owner of the Premises and/or lessee, as required. The Agreement may include any of the optional provisions allowed in accordance with Chapter 312 of the Tax Code. The Agreement shall:

- (1) Include a list of the kind, number, and location of Improvements to the property;
- (2) Authorize inspection of the property to ensure compliance with the agreement;
- (3) Limit the use of the property consistent with the City's development goals;

RESOLUTION NO. R2011-12

- (4) Require an Applicant to annually furnish any information necessary for the City's evaluation of Applicant's compliance with the terms of the agreement; and
 - (5) Provide for recapturing property tax revenues that are lost if the owner fails to make the Improvements or comply with annual compliance reporting requirements.
- (b) If the City Council fails to adopt the Agreement, the City shall notify the applicant of the disapproval, such notification to be in writing and to be sent within 60 days of the City Council's decision.
- (c) An approved tax Abatement Agreement shall be executed by the City Manager within 60 days after the applicant has forwarded all necessary information and documentation to the City.
- (d) No later than 90 days after a reinvestment zone has been designated or a tax Abatement Agreement has been executed or July 1, whichever occurs first, the City Manager or his designee shall deliver a report to the Comptroller of the State of Texas and the Chief Appraiser of Appraisal District with jurisdiction over the reinvestment zone, briefly describing the terms of the zone or the agreement and including a copy of the agreement
- (e) Annual Abatement Filings. The Company may be required to make additional filings with the appropriate County Appraisal District, or other state or local offices or agencies, annually or from time to time, in order for the Agreement to have full force, effect and applicability. These filings shall be the responsibility of the Company and in no way shall the City, its elected officials, officers, employees or assigns, including the Pearland Economic Development Corporation, be responsible for the timely filing of any form or documents, except those set forth by law, on behalf of the Company. These filings may include, but are not limited to, the "Application for Property Tax Abatement Exemption" Comptroller Form No. 50-116 which must be filed with the appropriate County Appraisal District between January 1st and April 30th for property owned as of January 1st of the year in which the abatement is to be applied. Failure of the Company to meet

RESOLUTION NO. R2011-12

any filing obligation with the appropriate County Appraisal District, or other state or local offices or agencies shall not be grounds for extension of the term of the Agreement.

RECAPTURE Section 6

In the event a Tax Abatement Agreement is approved by City Council, the Agreement shall include recapture provision substantially similar to the following:

If a Company fails to meet the capital improvements funding conditions of a Tax Abatement Agreement by the agreed upon improvement completion date, the City may, at its discretion, terminate the Agreement and require the Company to immediately repay the entirety of any amounts abated under the Agreement plus interest at the rate of 4% plus prime, as published in the Wall Street Journal, per year, compounded annually from January 1 of the year following the execution of the Agreement to the date of repayment.

- (a) If after the end of a calendar year a Company fails to provide any annual compliance reports related to a funding condition, to the City or the Pearland Economic Development Corporation, required under the Agreement by the deadline for that year, the abatement for the year for which verification was not timely provided according to the terms of the Agreement may be forfeited, at the discretion of the City, and the Company shall have thirty (30) days to pay the City any outstanding damages for failure to provide verification. If the Company does not make payment to the City during the thirty (30) day period this Agreement shall terminate.
- (b) If a Company fails to meet a funding condition required under the Agreement by the deadline for that year, the abatement for the year for which the funding condition was not met according to the terms of the Agreement may be forfeited, at the discretion of the City, and the Company shall have thirty (30) days to pay the City any outstanding damages for failure to meet the Funding Condition. If the Company does not make payment to the City during the Thirty (30) day period this Agreement shall terminate.

RESOLUTION NO. R2011-12

- (c) In the event a Company allows its ad valorem taxes owed to any taxing jurisdiction to become delinquent and fails to timely and properly follow the legal procedures for protest and/or contest of any such ad valorem taxes then the Agreement shall be in default. In the event that the Company defaults in this manner and has not cured such default within sixty (60) days of said default, the abatement may be modified or terminated by the City. If, at its discretion, the City modifies or terminates an Agreement because a Company allows its ad valorem taxes owed to any taxing jurisdiction to become delinquent and fails to timely and properly follow the legal procedures for protest and/or contest of any such ad valorem taxes the City may, at its discretion require that the Company immediately repay the part or the entirety of any amounts abated under this Agreement plus interest, at the rate of 4% plus prime as published in the Wall Street Journal, per year, compounded annually from January 1 of the year following the execution of the Agreement to the date of repayment.
- (d) In the event a Company shall move the Employment Positions or Improvements outlined in a Agreement from the Premises during the term of the Agreement then all abatements of tax previously earned under this Agreement may be refundable to the City by the Company and the Agreement may terminate at the discretion of the City. After notice, the Company shall have thirty (30) days to pay outstanding damages to the City for failure to meet any of the requirements in this Section. If the Company does not make payment to the City during the Thirty (30) day period this Agreement may terminate at the discretion of the City
- (e) No party shall be required to perform any obligation under an Agreement or be liable or responsible for any loss or damage resulting from its failure to perform so long as performance is delayed by force majeure or acts of God, including but not limited to strikes, lockouts or labor shortages, embargo, riot, war, revolution, terrorism, rebellion, insurrection, flood, natural disaster, or interruption of utilities from external causes.

RESOLUTION NO. R2011-12

- (f) Should the City determine that a Company is subject to any Recapture provision according to the terms and conditions of its Tax Abatement Agreement, the City Manager or his designee need not provide any written notice to the Company of the fact that it is subject to a Recapture provision. Any notice of Recapture provided by the City may be made via electronic mail.
- (g) All taxes abated shall be deemed due and owing to the City at any point that the Company cannot pay its bills as they come due. If after a Company is no longer able to pay its bills as they come due, it files for protection from its creditors by any chapter of the bankruptcy code the City may, at its discretion, pursue the abated taxes as a creditor in the bankruptcy for unpaid property taxes subject to any and all tax liens applicable thereto.

ADMINISTRATION Section 7

- (a) The Agreement shall stipulate that employees and/or designated representatives of the City will have access to the reinvestment zone during the term of the abatement to inspect the Premises to determine if the terms and conditions of the Agreement are being met. All inspections will be made only after the giving of twenty-four (24) hours prior notice and will only be conducted in such manner as to not unreasonably interfere with the construction and/or operation of the Premises. All inspections will be made with one or more representatives of the Company and in accordance with its safety standards.
- (b) Upon completion of construction, the City, or its designee, shall annually evaluate each Premises and prepare a written report of possible violations to the Abatement Agreement to the City Council, the City Manager, and the City Attorney and provide written notice of the report to the applicant that such report has been submitted.

RESOLUTION NO. R2011-12

ASSIGNMENT Section 8

The terms and conditions of an Agreement are binding upon the successors and assigns of all parties hereto. An Agreement may be transferred or assigned by the Company only upon written permission by the City in accordance with Resolution R2011-12, which permission shall not be unreasonably withheld. No assignment shall be approved if the assignor or assignee is indebted to the City for ad valorem taxes or other obligations. The Company, or any legal successor thereto or prior assignee thereof, may assign its rights and obligations under this Agreement, including by merger or operation of law, to any legal successor or any person or entity that acquires all or substantially all of its business and operations. In addition, with the prior written consent of the City, which consent shall not be unreasonably withheld or delayed, the Company, or any legal successor company thereto or prior assignee thereof, may assign its rights and obligations under this Agreement to any parent or wholly owned subsidiary that it currently has in place or later establishes, if it is constituted as a separate legally recognized business entity. Any such assignment will be made without additional consideration being payable to the City. An Agreement shall survive any sale, change of control or similar transaction involving the Company, any successor thereto or prior assignee thereof and no such transaction shall require the consent of the City. The Company shall provide the City written notice of any assignment, sale, change of control or similar transaction pursuant to this section as soon as possible and in no event not later than thirty (30) calendar days following such event.

SUNSET PROVISION Section 9

These Guidelines and Criteria are effective upon the date of their adoption and will remain in force for two (2) years, at which time all reinvestment zones and tax abatement contracts created pursuant to its provisions will be reviewed by the City Council to determine whether the goals have been achieved. Based on that review, the Guidelines and Criteria will be modified, renewed or eliminated providing that such actions shall not affect existing Abatement Agreements.

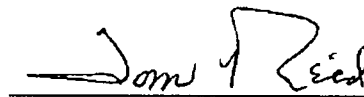
RESOLUTION NO. R2011-12

Section 2. Savings. All rights and remedies which have accrued in favor of the City hereunder and amendments thereto shall be and are preserved for the benefit of the City of the Pearland.

Section 3. Repealer. All resolutions or portions of resolutions heretofore passed in conflict with the terms hereof are specifically repealed.

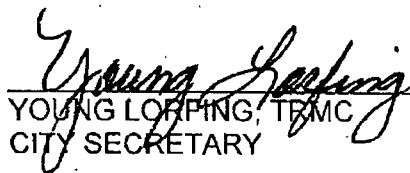
Section 4. Severability. If any section, subsection, sentence, clause, phrase or portion of this Resolution is prohibited by, or unlawful or unenforceable under, any applicable law or jurisdiction is void without invalidating the remaining terms of this Resolution. However, where the provisions of any such applicable law may be waived, they are hereby waived by either party, as the case may be, to the fullest extent permitted by the law, and the affected terms are enforceable in accordance with the parties' original intent.

PASSED, APPROVED, AND ADOPTED this the 24th day of January, A.D., 2011.




TOM REID
MAYOR

ATTEST:


YOUNG LORING, TRMC
CITY SECRETARY

APPROVED AS TO FORM:


DARRIN M. COKER
CITY ATTORNEY

ORDINANCE NO. 1447

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PEARLAND, TEXAS, FINDING THAT THE CITY HAS ESTABLISHED *GUIDELINES AND CRITERIA FOR GRANTING TAX ABATEMENT* PURSUANT TO RESOLUTION NO. R2011-12; DESIGNATING AND DESCRIBING A REINVESTMENT ZONE (TO BE KNOWN AS REINVESTMENT ZONE #21), IN ACCORDANCE WITH THE PROPERTY REDEVELOPMENT AND TAX ABATEMENT ACT; FINDING THAT THE IMPROVEMENTS SOUGHT ARE FEASIBLE AND PRACTICAL AND WOULD BE A BENEFIT TO THE LAND TO BE INCLUDED IN THE ZONE AND THE MUNICIPALITY AFTER THE EXPIRATION OF THE TAX ABATEMENT AGREEMENT; AUTHORIZING THE CITY MANAGER TO SIGN TAX ABATEMENT AGREEMENTS WHEN APPROVED BY THE CITY COUNCIL; HAVING A SAVINGS CLAUSE AND A SEVERABILITY CLAUSE; AND AN EFFECTIVE DATE.

WHEREAS, Chapter 312 of the Texas Tax Code (the "Property Redevelopment and Tax Abatement Act") provides for the designation of a Reinvestment Zone or area; and

WHEREAS, the City Council has, pursuant to Resolution No. R2011-12, established *Guidelines and Criteria for Granting Tax Abatement*; and

WHEREAS, a certain area of the City of Pearland meets the criteria and guidelines heretofore established by the City Council required for designation as a Reinvestment Zone; and

WHEREAS, the City Council, on June 13 2011, held a public hearing on the designation of a Reinvestment Zone and finds that the improvements sought are feasible and practical and would be a benefit to the land to be included in the zone and to the municipality after the expiration of an agreement under the Property Redevelopment and Tax Abatement Act; now, therefore,

EXHIBIT A-1

ORDINANCE NO. 1447

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF PEARLAND, TEXAS:

Section 1. That pursuant to the Property Redevelopment and Tax Abatement Act, the City Council of the City of Pearland, Texas, hereby designates as a Reinvestment Zone the area described in Exhibit "A" attached hereto and made a part hereof for all purposes, to be known as Reinvestment Zone #21.

Section 2. That the area described in Exhibit AA@ is reasonably likely, as a result of this designation, to contribute to the retention or expansion of primary employment, or to attract major investment into the zone that would be a benefit to the property and that would contribute to the economic development of the City, and that the improvements sought are feasible and practical and would be a benefit to the land to be included into the zone and to the municipality after the expiration of a Tax Abatement Agreement as authorized by the Property Redevelopment and Tax Abatement Act.

Section 3. That the designation of the Reinvestment Zone herein expires five (5) years from the effective date of this ordinance and may be renewed by a subsequent ordinance of the City Council for a period not to exceed an additional five (5) years. That expiration of the original designation shall not affect an agreement entered into under the provisions of this ordinance.

Section 4. That the City Council hereby authorizes agreements in writing with the owner of any taxable real estate located within the designated Reinvestment Zone, subject to the requirements and optional provisions of the Property Redevelopment and Tax

ORDINANCE NO. 1447

Abatement Act and the conditions of the *Guidelines and Criteria for Granting Tax Abatement* heretofore adopted by the City Council.

Section 5. That any agreement to be entered into under the provisions of this ordinance must be approved by the affirmative vote of a majority of the members of the City Council at a regularly scheduled meeting of the City Council. On approval by the City Council, the agreement may be executed by the City Manager.

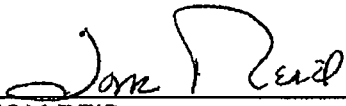
Section 6. **Savings.** All rights and remedies which have accrued in favor of the City under this Ordinance shall be and are preserved for the benefit of the City.

Section 7. **Severability.** If any section, subsection, sentence, clause, phrase or portion of this Ordinance is for any reason held invalid, unconstitutional or otherwise unenforceable by any court of competent jurisdiction, such portion shall be deemed a separate, distinct, and independent provision and such holding shall not affect the validity of the remaining portions thereof.

Section 8. **Effective Date.** This Ordinance shall become effective upon passage and approval of its second reading.

ORDINANCE NO. 1447

PASSED and APPROVED ON FIRST READING this the 13th day of June, A.D.,
2011.



TOM REID
MAYOR

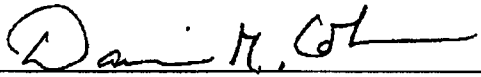
ATTEST:



YOUNG LORING
CITY SECRETARY




APPROVED AS TO FORM:



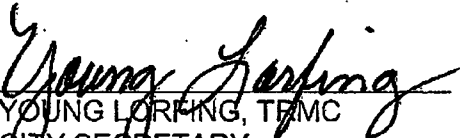
DARRIN M. COKER
CITY ATTORNEY

PASSED and APPROVED ON SECOND AND FINAL READING this the 27th day of June,
A. D., 2011.



TOM REID
MAYOR

ATTEST:



YOUNG LORING, TM/C
CITY SECRETARY



ORDINANCE NO. 1447

APPROVED AS TO FORM:

A handwritten signature in black ink, appearing to read "Darrin M. Coker", is written over a horizontal line.

DARRIN M. COKER
CITY ATTORNEY

**METES AND BOUNDS DESCRIPTION
11.9337 ACRES
LOCATED IN THE
JAMES HAMILTON SURVEY, A-876
HARRIS COUNTY, TEXAS**

Being a tract or parcel of land containing 11.9337 acres of land or 519,832 square feet, located in the James Hamilton Survey, Abstract 876, Harris County, Texas, Said 11.9337 acre tract being out of and a part of a 36.166 acre tract of record in the name of SHT/Kirby, Ltd. In Harris County Clerk's File (H.C.C.F.) Number 20080049996, said 36.166 acre tract being out of and a part of Block "F" of the Allison-Richey Gulf Coast Homes Subdivision of record in Volume 3, Page 40 in the Map Records of Harris County, Texas; Said 11.9337 acre tract being more particularly described as follows (bearings based on said deed):

BEGINNING at a 5/8 inch iron rod found at the northeast end of a Right-of-Way (R.O.W.) transition from the west R.O.W. line of Kirby Drive (width varies) to the north R.O.W. line of Spectrum Boulevard (100 feet wide), being on the east line of aforesaid 36.166 acre tract;

THENCE, coincident aforesaid R.O.W. transition, South 42 Degrees 38 Minutes 32 Seconds West, a distance of 28.11 feet to a 5/8 inch iron rod with "Gruller" cap set on the north R.O.W. line of aforesaid Spectrum Boulevard, being the northeast corner of a 1.3116 acre tract of record in the name of City of Pearland in H.C.C.F. Number 20100435869;

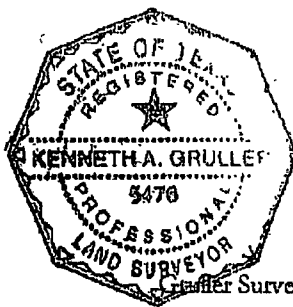
THENCE, coincident the north line of aforesaid Spectrum Boulevard, South 87 Degrees 21 Minutes 30 Seconds West, a distance of 558.09 feet to a 5/8 inch iron rod with "Gruller" cap set for the southwest corner of the herein described tract;

THENCE, through and across aforesaid 36.166 acre tract the following two (2) courses:

1. North 02 Degrees 38 Minutes 00 Seconds West, a distance of 879.16 feet to a 5/8 inch iron rod with "Gruller" cap set for the northwest corner of the herein described tract;
2. North 87 Degrees 22 Minutes 00 Seconds East, a distance of 598.33 feet to a 5/8 inch iron rod with "Gruller" cap set for the northeast corner of the herein described tract, on the west R.O.W. line of aforesaid Kirby Drive;

THENCE, coincident the west R.O.W. line of aforesaid Kirby Drive the following three (3) courses:

1. South 02 Degrees 16 Minutes 57 Seconds East, a distance of 613.59 feet to a 5/8 inch iron rod found;
2. South 14 Degrees 25 Minutes 00 Seconds West, a distance of 52.20 feet to a 5/8 inch iron with "Gruller" cap set;
3. South 02 Degrees 16 Minutes 57 Seconds East, a distance of 195.82 feet to the **POINT OF BEGINNING** and containing 11.9337 acres of land.



Kenneth A. Gruller

Gruller Surveying, LLC

May 25, 2011

Job 36-1109

RESOLUTION NO. R2011-79

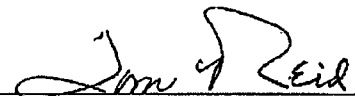
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PEARLAND, TEXAS, AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO ENTER INTO A TAX ABATEMENT AGREEMENT WITH MERIT MEDICAL SYSTEM, INC.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PEARLAND, TEXAS:

Section 1. That certain Tax Abatement Agreement by and between the City of Pearland and Merit Medical System, Inc., a copy of which is attached hereto as Exhibit "A" and made a part hereof for all purposes, is hereby authorized and approved.

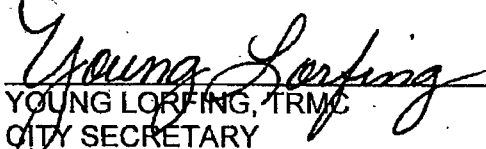
Section 2. That the City Manager or his designee is hereby authorized to execute and the City Secretary to attest a Tax Abatement Agreement with Merit Medical System, Inc.

PASSED, APPROVED and ADOPTED this the 11th day of July, A.D., 2011.



TOM REID
MAYOR

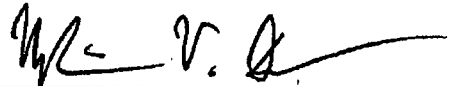
ATTEST:



YOUNG LORING, TRMC
CITY SECRETARY



APPROVED AS TO FORM:



NGHIEM DOAN
DEPUTY CITY ATTORNEY

EXHIBIT A-2

THE STATE OF TEXAS

**COUNTIES OF BRAZORIA,
FORT BEND, AND HARRIS**

TAX ABATEMENT AGREEMENT

This Tax Abatement Agreement ("Agreement") is entered into by and between the City of Pearland, Texas, a home rule city and Municipal Corporation of Brazoria, Fort Bend, and Harris Counties, Texas, duly acting by and through its City Manager ("the City"), and Merit Medical Systems, Inc., a Utah corporation ("the Company"), duly acting by and through Kent Stanger its Chief Financial Officer.

W I T N E S S E T H :

WHEREAS, on the 11th day of July, 2011 the City Council of the City passed Ordinance No. 2011-79 establishing Reinvestment Zone #21 in the City for general business tax abatement, as authorized by Chapter 312, Tax Code, V.A.T.S. as amended ("Code"); and

WHEREAS, the City previously adopted Resolution No. R2011-12, establishing appropriate guidelines and criteria for governing reinvestment zones and tax abatement agreements to be entered into by the City as contemplated by the Code; and

WHEREAS, the City's objective is to maintain and/or enhance the general business economic and employment base of the Pearland area for the long term interest and benefit of the City, in accordance with Resolution No. R2011-12 and the Code; and

WHEREAS, the contemplated use of the Premises, as hereinafter defined, and the contemplated improvements to the Premises in the amount as set forth in this Agreement and the other terms hereof are consistent with encouraging development of said Reinvestment Zone in accordance with the purposes for its creation and are in compliance with Resolution No R2011-12 and the guidelines and criteria adopted by the City and all applicable law; and

WHEREAS, the Improvements, as defined below, constitute a major investment within the Reinvestment Zone that will substantially increase the appraised value of property within the zone and will contribute to the retention or expansion of primary and secondary employment within the City; and

WHEREAS, there will be no substantial adverse affect on the provision of city services or on its tax base and the planned use of the Premises will not constitute a hazard to public safety, health, or welfare; and,

WHEREAS, but for the benefits provided through this Tax Abatement Agreement the Improvements as defined below would not be made in the City; and

WHEREAS, the Company has declared that it will be the sole beneficiary of the benefits provided through this Tax Abatement Agreement and that the Company will not share any portion of the proceeds of the benefits received through this Tax Abatement Agreement with any other party as compensation or award for consulting or other services received by the Company contingent upon the successful execution of this agreement;

T H E R E F O R E: For and in consideration of the mutual agreements and obligations set forth below, the sufficiency of which is hereby acknowledged by the parties hereto, the Company and City mutually agree as follows:

1. **PREMISES**: The property subject to this Agreement shall be only that property described by metes and bounds and map attached hereto as **Exhibit "A"** (the "Premises").

2. **CONFLICT OF INTEREST**: The City represents and warrants that the Premises does not include any property that is owned by a member of its council or boards, agencies, commissions, other governmental bodies or employees approving, or having responsibility for the approval of, this Agreement.

3. **ABATEMENT**: Subject to the terms and conditions of this Agreement, and subject to the rights and holders of any outstanding bonds of the City, a portion of ad valorem property taxes assessed to the Premises and Improvements only as defined herein and otherwise owed to the City shall be abated. The City hereby acknowledges that it is not aware of any terms or conditions of any outstanding bonds which would invalidate this Agreement or would conflict with the provisions of this Agreement. This Agreement shall be effective with the January 1st valuation date immediately following the date of execution of this Agreement (the "Effective Date"). In each year that this Agreement is in effect, the amount of abatement shall be an amount equal to the percentage indicated below of the taxes assessed upon the increased value of the Premises due to the Improvements defined herein, exclusive of future or other capital investment made at the Premises not contemplated herein, over the market value as of January 1st in the year in which this Agreement is executed. The abatement as herein provided shall be for the following years and in the following amounts: 1) One hundred percent (100%) of the taxes assessed upon the increased value of the Fixed Machinery and Equipment and Fixed Improvements set forth below exclusive of future or other

capital investment made at the Premises, annually for a period of three (3) years beginning January 1, 2012 and ending December 31, 2014; 2) Seventy five percent (75%) of the taxes assessed upon the increased value of the Fixed Machinery and Equipment and Fixed Improvements set forth below exclusive of future or other capital investment made at the Premises, annually for a period of three (3) years beginning January 1, 2015 and ending December 31, 2017; and 3) Fifty percent (50%) of the taxes assessed upon the increased value of the Fixed Machinery and Equipment and Fixed Improvements set forth below exclusive of future or other capital investment made at the Premises, annually for a period of four (4) years beginning January 1, 2018 and ending December 31, 2021.

4. FUNDING CONDITIONS: The Company must meet all of the following abatement Capital Improvement and Job Creation conditions ("Funding Conditions"), or Company shall be subject to liquidated damages and/or repayment of abated taxes in accordance with this Agreement:

a. Capital Improvements: The Company shall construct various improvements on the Premises, which when complete shall have a minimum investment value of eight million seven hundred fifty thousand (\$8,750,000) for the real property and/or improvements ("Fixed Improvements") and three million five hundred thousand (\$3,500,000) in other "Ineligible Property" which shall be substantially complete on or before April 1, 2013 (the "Improvement Completion Date"); provided, that the Company shall have such additional time to complete the Improvements as may be required in the event of "force majeure" (as set forth herein) if the Company is diligently and faithfully pursuing completion of the Improvements. The date of completion of the Improvements shall be defined as the date a Final Certificate of Occupancy is issued by the City.

b. Job Creation: The Company shall create a total of 221 "Employment Positions", as defined herein, in accordance with the following schedule:

- 1) Employment Positions 160 total by July 1, 2013;
- 2) Employment Positions 175 total by December 31, 2013;
- 3) Employment Positions 200 total by December 31, 2014;

- 4) Employment Positions 210 total by December 31, 2015;
- 5) Employment Positions 221 total by December 31, 2016.

Company shall demonstrate compliance with this Section by maintaining a minimum of ninety five percent (90%) or more of the required Employment Positions at the Premises for the entire duration of this Agreement. Employment Positions, for purposes of this Agreement, shall only be counted if the number of Employment Positions is greater than the total number of Employment Positions located at the Company's operations in the City at the time this Agreement is executed (the "Threshold"). The parties agree that for purposes of this Agreement, the Threshold shall be zero because no Employment Positions existed in the City prior to execution of this Agreement.

c. Employment Positions. For the purposes of this Agreement, "Employment Positions" shall be defined as the Company's jobs meeting all of the following criteria:

- 1) New full-time employment positions (at least 2000 hours annually per employee) in the City that are located at the Premises; and
- 2) The Employment Positions must have an average annual gross compensation of at least \$31,000.00 per year (excluding benefits); and
- 3) Medical benefits shall be provided for each Employment Position.

5. APPLICATION FOR TAX ABATMENT: The Company agrees and covenants that the information provided in the Application for Tax Abatement attached hereto as **Exhibit "B"** is true and correct and that any materially false or misleading information provided to applicable taxing jurisdictions shall be an event of default and grounds for termination of this Agreement.

6. GOOD FAITH, COMPLIANCE AND CONSIDERATION: The Company agrees and covenants that it will diligently and faithfully, in a good and workmanlike manner, pursue completion of the Improvements as a good and valuable consideration of this Agreement. The Company further covenants and agrees that all construction of the Improvements will be in accordance with all applicable federal, state and local laws and regulations or valid waiver thereof. In further consideration, the Company shall

thereafter, from the date a Final Certificate of Occupancy is issued until the expiration of this Agreement, continuously operate and maintain the Premises and limit the use of said Premises to that use which is consistent with the terms of this Agreement and the general purpose of encouraging development or redevelopment of the Reinvestment Zone during the period that this Agreement is in effect.

7. ANNUAL COMPLIANCE VERIFICATIONS: No later than 90 days after December 31, 2012, and continuing every year thereafter through 2021, the Company shall deliver to the City an Annual Compliance Verification, in the form of **Exhibit "C"** attached hereto, signed by a duly authorized representative of the Company certifying the following information:

- a. the number Employment Positions created and maintained by the Company on the Premises, the general description the Employment Positions existing as of December 31st of the preceding year and the wage information for all Employment Positions; and
- b. the appraised value, as determined by the Central Appraisal District, of the Improvements as defined herein, supporting evidence that the Improvements were constructed or installed on or before the Improvements Completion Date and a general description of the Improvements existing as of December 31st of the preceding year

There shall be a total of ten (10) Annual Compliance Verifications submitted to the City in years 2012 through 2021. Each Annual Compliance Verification shall include specific back-up information supporting the Employment Position data. Furthermore, all Annual Improvement Compliance Verifications shall consist of a certified copy of the appraised value of the Improvements as shown by the Central Appraisal District supported by all correspondence, renditions, appeals or contests and settlement of appraised value and shall provide appropriate back-up data for the Improvements exclusive of other investments made at the Premises.

8. CERTIFICATION OF GOOD STANDING/DELINQUENT TAXES: By execution of this Agreement, the Company certifies that the company is in good standing under the laws of the State in which it was formed or organized, and has provided the City evidence of such. In addition, the Company certifies that the company owes no delinquent taxes to any taxing unit of the State of Texas, the City or any other local tax levying political subdivision with jurisdiction to levy taxes in or on the operations and property of the Company at the Premises.

9. CERTIFICATION RELATING TO UNDOCUMENTED WORKERS: By execution of this Agreement, the Company, including any business, branch, division, and department of the Company, certifies that it does not and will not knowingly employ an undocumented worker (as defined by Texas Government Code Section 2264.001(4)). If after any abatement of taxes under the Agreement, the Company, or a business, branch, division, or department of the Company, is convicted of a violation under 8 U.S.C. Section 1324a(f), the Company shall repay the amount of any funds disbursed plus interest at the rate of 8% per year. The repayment shall be due and owing not later than the 120th day after the date of the conviction without the requirement of notice from the City.

10. ACCESS TO PREMISES: The Company further agrees that the City, its agents and employees shall have the right during normal business hours and upon prior reasonable notice to enter upon the Premises to inspect the Improvements in order to determine whether the construction of the Improvements is in accordance with this Agreement and all applicable federal, state, and local laws, ordinances, and regulations or valid waiver thereof. After completion of the Improvements, the City shall have the continuing right to enter upon and inspect the Premises during normal business hours, after 48 hours written notice has been given, to determine whether the Premises are thereafter maintained and operated in accordance with this Agreement and all applicable federal, state, and local law, ordinances, and regulations; provided, however, unless the Company is in default under this Agreement, or the City reasonably believes the Premises is not being operated or maintained as required by this Agreement, the City shall limit such entry to one (1) annual inspection in any twelve (12) month period to ensure compliance with the guidelines contained in Resolution No. R2011-12. Any entry or inspection by the City pursuant to the provisions of this Section 10 shall be performed in a manner as to not unreasonably interfere with the operations on the Premises. Notwithstanding any other provision of this Agreement, if the City determines that a violation of a federal, state, or local law, ordinance or regulation exists on the Premises, the City may, in addition to any other authorized enforcement action, provide to the Company written notice of such violation. For the purposes of this Agreement, the Company shall have thirty (30) days from the date of the notice to cure or remedy such violation. If the Company refuses to cure or fails to remedy the violation within the thirty (30) day period the Company shall, at a minimum and in addition to other remedies provided herein, be subject to the forfeiture, at the discretion of the City, of any right to any tax abatement for the year the Company failed to meet the Funding Conditions.

11. LIQUIDATED DAMAGES:

a. Funding Condition Targets. As set forth above, during the term of this Agreement through 2021, the Company shall deliver to the City an Annual Compliance Verification demonstrating compliance with the

Funding Conditions of this Agreement for the preceding year. If the Company fails to timely provide an Annual Compliance Verification or provides an Annual Compliance Verification that demonstrates Company failed to meet a Funding Condition target(s) for that year, then the City may, at its sole discretion and in addition to all other remedies for the recapture of lost tax revenue provided herein, require the Company to pay liquidated damages up to the amount of the abatement received for the year in which the Company did not meet the Funding Conditions.

b. General Provisions Related to Liquidated Damages: Liquidated damages provided for herein shall be construed in accordance with Section 312.205, Tax Code, V.A.T.S., as amended, and shall include all taxes which otherwise would have been paid to the City without the benefit of abatement (but without the addition of penalty; interest will be charged at the statutory rate for delinquent taxes as determined by Section 33.01 of the Tax Code) and shall become a debt to the City and shall be due, owing and paid to the City as liquidated damages subject to the expiration of any cure period or the termination date, whichever is applicable. The City shall retain all remedies for the recapture and collection of the lost tax revenue as provided generally in the Tax Code for the collection of delinquent property taxes and in accordance with Resolution No. R2011-12.

12. DEFAULTS AND REMEDIES:

a. Each of the following acts or omissions of the Company or occurrences shall constitute an act of default under this agreement:

- 1)** The Company fails to meet the Capital Improvements Funding Conditions by the Improvement Completion Date.
- 2)** The Company fails to provide or submit Annual Compliance Verification Report(s) as required by this Agreement.
- 3)** The Company fails to meet any Capital Improvement or Job Creation Funding Conditions of this Agreement.
- 4)** The Company allows its ad valorem taxes owed to any taxing jurisdiction to become delinquent, and fails to timely and properly follow the legal procedures for protest and/or contest of any such ad valorem taxes.

b. In the event of a default of the terms of this Agreement, the City shall provide the Company written notice of such default, which notice shall be delivered by personal delivery or certified mail to:

Kent Stanger
Merit Medical Systems, Inc.
1600 West Merit Parkway
South Jordan, UT 84095

With courtesy copy to General Counsel at the above address.

c. If Company fails to satisfactorily cure a default under this Agreement within thirty (30) days of the date of receiving written notice, this Agreement may be terminated by the City at its discretion without further notice or liability to Company. In the event Company fails to cure a default within thirty (30) days of receiving notice, the Company shall immediately refund to the City any amounts abated under this Agreement for the year in which the Company defaulted and failed to meet the Funding Conditions ("Default Year"), as well as any amounts abated in the year prior to the Default Year, plus interest at the rate of 8% per year, compounded annually from January 1 of the year prior to the Default Year to the date of payment of the refunded taxes.

d. The Company shall provide the City with thirty (30) days written notice before any of the Employment Positions or Improvements are moved from the Premises, but only if such movement would result in the Company maintaining Employment Positions or Improvements on the Premises below the amounts required by this Agreement. Provided, however, such notice shall not be required with respect to (i) Employment Positions that are replaced by new Employment Positions that meet the requirements of this Agreement (ii) Improvements which are replaced with Improvements of similar value, or (iii) Improvements which are being removed in connection with repairs to such Improvements provided upon completion of such repairs such Improvements shall be returned to the Premises. Except as provided in clauses (i) through (iii) of this subsection d, in the event the Company shall move from the Premises any of the Employment Positions or Improvements which would result in the Company maintaining Employment Positions or Improvements below the Funding Condition amounts required by this Agreement, the City in its sole discretion, may, subject to the notice and cure rights set forth in Section 12.c. above, terminate this Agreement and require the Company to immediately refund to the City any amounts abated under this Agreement for the year in which the Company defaulted and failed to meet the Funding Conditions ("Default Year"), as well as any amounts abated in the year prior to the Default Year plus interest at the rate of 8% per year, compounded annually from January 1 of the year prior to the Default Year the date of payment of the refunded taxes.

e. If after the Company is no longer able to pay its bills as they come due, it files for protection from its creditors by any chapter of the bankruptcy code the City may, at its discretion, pursue the abated taxes as a creditor in the bankruptcy for unpaid property taxes subject to any and all tax liens applicable thereto.

13. CITY AUDIT RIGHTS:

a. **Duty to Maintain Records.** The Company shall maintain adequate records to support its compliance with the terms of this Agreement. The Company shall also maintain such records as are deemed necessary by the City and auditors of City, or such other persons or entities designated by City, to ensure proper accounting for all costs and performances related to this Agreement.

b. **Records Retention.** The Company shall maintain and retain for a period of four (4) years after the submission of the final Annual Compliance Verification report, or until full and final resolution of all audit

or litigation matters which arise after the expiration of the four (4) year period after the submission of the final Annual Compliance Verification report, whichever time period is longer, such records as are necessary to fully disclose the extent of services provided under this Agreement, including but not limited to any daily activity reports and time distribution and attendance records, and other records which may show the basis for the calculation of full time positions.

c. Audit Trails. Appropriate audit trails shall be maintained by the Company to provide accountability for updates and changes to automated personnel and financial systems. Audit trails maintained by the Company shall, at a minimum, identify the changes made, the individual making the change and the date the change was made. An adequate history of transactions shall be maintained by the Company to permit an audit of the system by tracing the activities of individuals through the system. The Company's automated systems provide the means whereby authorized personnel have the ability to audit and establish individual accountability for any action that can potentially cause access to, generation of, or modification of information related to the performances of this Agreement.

d. Access. The Company shall grant the City, or such other persons or entities designated by City for the purposes of inspecting, auditing, or copying such books and records, access to all paper and electronic records, books, documents, accounting procedures, practices or any other items relevant to the performance of this Agreement. All records, books, documents, accounting procedures, practices or any other items relevant to the performance of this Agreement shall be subject to examination or audit by City, or such other persons or entities designated by City in accordance with all applicable state and federal laws, regulations or directives. The Company will direct any subcontractor with whom it has established a contractual relationship to discharge the Company's obligations to likewise permit access to, inspection of, and reproduction of all books and records of the Company's subcontractor(s) which pertain to this Agreement. To the extent allowed by law and subject to the Texas Open Meetings Act, the City agrees to keep, and to cause any and all other persons or entities designated by the City to conduct such audits or examinations to keep, any and all information obtained by the City or such persons or entities strictly confidential. All such financial statements, records, documents, agreements, books and other instruments obtained by the City or such persons or entities, and any reports or information prepared in connection with the review of such financial statements, records, documents, agreements, books and other instruments, are

private business records of the Company and shall not be disclosed or made available to the general public.

e. Location and Reimbursement. Any audit authorized herein shall be conducted at the Company's Premises in the City during normal business hours and at City's expense, provided all costs incurred by City in conducting any such audit shall be reimbursed by the Company in the event such audit reveals an aggregate discrepancy of five percent (5%) or more of the Company's reporting of compliance as required by this Agreement. If any audit or examination reveals that the Company's reports for the audited period are not accurate for such period, the Company shall reimburse the City in accordance with Section 11 of this Agreement.

f. Corrective Action Plan. If an audit reveals any discrepancies or inadequacies which must be remedied in order to maintain compliance with this Agreement, applicable laws, regulations, the Company's responsibilities or performance standards, the Company agrees that within thirty (30) calendar days after the Company's receipt of the audit findings, to propose and submit to the City a corrective action plan to correct such discrepancies or inadequacies subject to the approval of the City. The Company further agrees, at the sole cost of the Company, to complete the corrective action approved by the City within thirty (30) calendar days after the City approves the Company's corrective action plan.

g. Reports. The Company shall provide to the City periodic status reports in accordance with the City's audit procedures regarding the Company's resolution of any audit-related compliance activity for which the Company is responsible.

14. REPORTS AND BRIEFINGS: In a manner consistent with the need to protect privacy and the intellectual property of the Company and third parties, the Company will provide periodic briefings as reasonably requested by the City on the general activities, economic impact and progress of the new project development and business operations in Texas.

15. USE AND RETENTION OF CITY CRAFTSMEN, TRADES AND SUPPLIERS: Although not an event of default or a condition to this Agreement, the City requests that the Company satisfies its need for additional employees from City of Pearland, Texas, residents and purchase all materials, supplies and services necessary to affect the occupancy of the property from City of Pearland merchants and businesses.

16. COMMUNITY INVOLVEMENT: Although not an event of default or condition of any advance hereunder, the Company agrees to actively participate in community and charitable organizations and/or activities, the purpose of which are to improve the quality of life in the City of Pearland, Texas, and to actively encourage its employees to be involved in such organization and/or activities.

17. FINANCIAL INFORMATION: If the Company is no longer a publically traded company, the Company shall furnish the City, if requested, on an annual basis by April 30, of each year throughout the term of the Agreement, information regarding the general business status, market and general summary financial updates regarding the Company.

18. INDEMNITY AND HOLD HARMLESS: THE COMPANY RELEASES, ACQUITS, INDEMNIFIES, AND HOLDS HARMLESS THE CITY, ITS OFFICERS, AGENTS, EMPLOYEES, SUCCESSORS, AND ASSIGNS, FROM ANY AND ALL KINDS OF CLAIMS, DEMANDS, LOSSES, DAMAGES, INJURIES, RIGHTS, CAUSES OF ACTION, OR JUDGMENTS OF WHATSOEVER CHARACTER OR NATURE, INCLUDING ATTORNEYS' FEES, WHICH MAY ARISE AS A RESULT OF THIS AGREEMENT, EXCEPT TO THE EXTENT ARISING OUT OF THE CITY'S, OR ITS OFFICERS', AGENTS', EMPLOYEES', SUCCESSORS' OR ASSIGNS', NEGLIGENCE, WILLFUL MISCONDUCT, BREACH OF THIS AGREEMENT OR VIOLATION OF APPLICABLE LAW. THE PROVISIONS OF THIS SECTION REFLECT THE EXPRESSED INTENTIONS OF THE COMPANY AND THE CITY AND SHALL SURVIVE THE TERMINATION, EXPIRATION, OR CANCELLATION OF THIS AGREEMENT.

19. EXPRESS NEGLIGENCE. THE INDEMNITY SET FORTH IN THIS AGREEMENT IS INTENDED TO BE ENFORCEABLE AGAINST THE COMPANY AND ITS SUCCESSORS AND ASSIGNS IN ACCORDANCE WITH THE EXPRESS TERMS AND SCOPE HEREOF NOTWITHSTANDING TEXAS' EXPRESS NEGLIGENCE RULE OR ANY SIMILAR DIRECTIVE THAT WOULD PROHIBIT OR OTHERWISE LIMIT INDEMNITIES BECAUSE OF THE NEGLIGENCE (WHETHER SOLE, CONCURRENT, ACTIVE OR PASSIVE) OR OTHER FAULT OR STRICT LIABILITY OF THE CITY, BUT SUBJECT TO THE EXPRESS LIMITATIONS SET FORTH IN SECTION 18 ABOVE.

20. GENERAL PROVISIONS

a. Authority. Each party represents that it has obtained all necessary authority to enter into this Agreement.

b. Relationship of Parties and Disclaimer of Liability. The parties will perform their respective obligations under this Agreement as

independent contractors and not as agents, employees, partners, joint ventures, or representatives of the other party. Neither party can make representations or commitments that bind the other party. The Company is not a "governmental body" by virtue of this Agreement or the City's granting of an abatement.

c. **Limitation of Liability.** In no event will either party be liable to the other party for any indirect, special, punitive, exemplary, incidental or consequential damages. This limitation will apply regardless of whether or not the other party has been advised of the possibility of such damages.

d. **Term.** The term of this Agreement commences on the Effective Date of the Agreement and continues until December 31, 2021 unless terminated earlier pursuant to the terms of this Agreement.

e. **Termination for Cause.** Either party may terminate this Agreement for Cause upon thirty (30) days prior written notice to the other party. "Cause" is any failure to perform a material obligation under this Agreement within the specified time; including Company's failure to comply with any Funding Conditions contained herein. The sole remedy for any termination for Cause (and for the "cause" giving rise to the termination) shall be that each party is relieved of its obligation to perform hereunder, however, following termination by the City, the Company will continue to be obligated to the City for liquidated damages and/or repayment of abated taxes in accordance with applicable provisions of this Agreement.

f. **Dispute Resolution and Applicable Law.**

1) **Informal Meetings.** The parties' representatives will meet as needed to implement the terms of this Agreement and will make a good faith attempt to informally resolve any disputes:

2) **Applicable Law and Venue.** This Agreement is made and entered into in the state of Texas, and this Agreement and all disputes arising out of or relating thereto shall be governed by the laws of the state of Texas, without regard to any otherwise applicable conflict of law rules or requirements. The Company agrees that any action, suit, litigation or other proceeding (collectively "litigation") arising out of or in any way relating to this Agreement, or the matters referred to therein, shall be commenced exclusively in the State of Texas in any court with proper jurisdiction to hear this matter closest to the City Hall of

the City of Pearland, and hereby irrevocably and unconditionally consent to the exclusive jurisdiction of those courts for the purpose of prosecuting and/or defending such litigation. The Company hereby waives and agrees not to assert by way of motion, as a defense, or otherwise, in any suit, action or proceeding, any claim that (a) the Company is not personally subject to the jurisdiction of the above-named courts, (b) the suit, action or proceeding is brought in an inconvenient forum or (c) the venue of the suit, action or proceeding is improper.

21. MISCELLANEOUS PROVISIONS

a. Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in establishing proof of this Agreement to produce or account for more than one such counterpart.

b. Merger. This document constitutes the final entire agreement between the parties and supersedes any and all prior oral or written communication, representation or agreement relating to the subject matter of this Agreement.

c. Severability. Any term in this Agreement prohibited by, or unlawful or unenforceable under, any applicable law or jurisdiction is void without invalidating the remaining terms of this said Agreement. However, where the provisions of any such applicable law may be waived, they are hereby waived by either party, as the case may be, to the fullest extent permitted by the law, and the affected terms are enforceable in accordance with the parties' original intent.

d. Survival of Promises. Notwithstanding any expiration, termination or cancellation of this Agreement, the rights and obligations pertaining to payment or repayment of abated taxes and/or liquidated damages, confidentiality, disclaimers and limitation of liability, indemnification, and any other provision implying survivability will remain in effect after this Agreement ends.

e. Binding Effect. This Agreement and all terms, provisions and obligations set forth herein shall be binding upon and shall inure to the benefit of the parties and their successors and all other state agencies and any other agencies, departments, divisions, governmental entities, public corporations and other entities which shall be successors to each of the parties or which shall succeed to or become obligated to perform or

become bound by any of the covenants, agreements or obligations hereunder of each of the parties hereto.

f. Successors and Assigns/Notice. The terms and conditions of this Agreement are binding upon the successors and assigns of all parties hereto. This Agreement may be transferred or assigned by the Company only upon written permission by the City in accordance with Resolution R2006-121, which permission shall not be unreasonably withheld. No assignment shall be approved if the assignor or assignee is indebted to the City for ad valorem taxes or other obligations. The Company, or any legal successor thereto or prior assignee thereof, may assign its rights and obligations under this Agreement, including by merger or operation of law, to any legal successor or any person or entity that acquires all or substantially all of its business and operations. In addition, with the prior written consent of the City, which consent shall not be unreasonably withheld or delayed, the Company, or any legal successor company thereto or prior assignee thereof, may assign its rights and obligations under this Agreement to any parent or wholly owned subsidiary that it currently has in place or later establishes, if it is constituted as a separate legally recognized business entity. Any such assignment will be made without additional consideration being payable to the City. This Agreement shall survive any sale, change of control or similar transaction involving the Company, any successor thereto or prior assignee thereof and no such transaction shall require the consent of the City. The Company shall provide the City written notice of any assignment, sale, change of control or similar transaction pursuant to this section as soon as possible and in no event not later than thirty (30) calendar days following such event.

g. Force Majeure. Neither party shall be required to perform any obligation under this Agreement or be liable or responsible for any loss or damage resulting from its failure to perform so long as performance is delayed by force majeure or acts of God, including but not limited to strikes, lockouts or labor shortages, embargo, riot, war, revolution, terrorism, rebellion, insurrection, flood, natural disaster, interruption of utilities from external causes civil commotion, inclement weather, fire or other casualty, court injunction, shortages of labor or materials or any other causes of any kind which are beyond the reasonable control of said party.

h. Notice. All notices, requests, demands and other communications will be in writing and will be deemed given and received (i) on the date of delivery when delivered by hand or via electronic mail, (ii) on the following business day when sent by confirmed simultaneous telecopy and (iii) on

the following business day when sent via overnight courier (e.g., Federal Express).

22. AGRICULTURAL VALUATION: It is understood and agreed by the City and the Company that if the Premises has been designated and taxed as agricultural land pursuant to Chapter 23, Subchapter C, Tax Code, V.A.T.S., that this Agreement shall not be effective and no abatement granted until the Company has removed the agricultural use designation and all taxes due pursuant to Section 23.55, Tax Code, V.A.T.S., as amended, (roll back taxes) have been paid.

23. CITY AUTHORIZATION: This Agreement was authorized by Resolution of the City Council at its council meeting on the 11th day of July, 2011, authorizing the City Manager to execute the Agreement on behalf of the City.

Witness our hands this 20th day of July, 2011.

ATTEST:

CITY

By:

Young Lark
Young Lark, TRMC
City Secretary

By:

Bill Eisen
Bill Eisen
City Manager

APPROVED AS TO FORM:

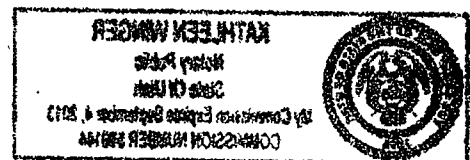
By:

Darrin M. Coker
Darrin M. Coker
City Attorney

MERIT MEDICAL SYSTEMS, INC.

By:

Kent Stanger
Kent Stanger
Chief Financial Officer



THE STATE OF TEXAS
COUNTY OF BRAZORIA

BEFORE ME, the undersigned Notary Public, on this day personally appeared Bill Eisen, City Manager for the City of Pearland, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS 20th DAY OF July, A.D., 20 11.

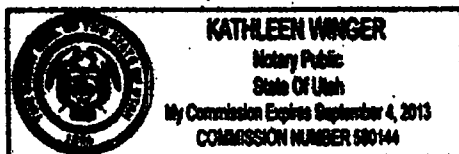


Jenifer K. Smith
NOTARY PUBLIC, STATE OF TEXAS
Printed Name: Jenifer K. Smith
Commission Expires: 7.15.2014

THE STATE OF Utah
COUNTY OF Salt Lake

BEFORE ME, the undersigned Notary Public, on this day personally appeared Kent Stanger, Chief Financial Officer of Merit Medical Systems, Inc, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS 19th DAY OF July, A.D., 20 11.



Kathleen Winger
NOTARY PUBLIC, STATE OF ~~TEXAS~~ Utah
Printed Name: Kathleen Winger
Commission Expires: Sept. 3, 2014

Exhibit "A"

PREMISES

Property Description

METES AND BOUNDS DESCRIPTION
11.9337 ACRES
LOCATED IN THE
JAMES HAMILTON SURVEY, A-876
HARRIS COUNTY, TEXAS

Being a tract or parcel of land containing 11.9337 acres of land or 519,832 square feet, located in the James Hamilton Survey, Abstract 876, Harris County, Texas, Said 11.9337 acre tract being out of and a part of a 36.166 acre tract of record in the name of SHT/Kirby, Ltd. In Harris County Clerk's File (H.C.C.F.) Number 20080049996, said 36.166 acre tract being out of and a part of Block "F" of the Allison-Richey Gulf Coast Homes Subdivision of record in Volume 3, Page 40 in the Map Records of Harris County, Texas; Said 11.9337 acre tract being more particularly described as follows (bearings based on said deed):

BEGINNING at a 5/8 inch iron rod found at the northeast end of a Right-of-Way (R.O.W.) transition from the west R.O.W. line of Kirby Drive (width varies) to the north R.O.W. line of Spectrum Boulevard (100 feet wide), being on the east line of aforesaid 36.166 acre tract;

THENCE, coincident aforesaid R.O.W. transition, South 42 Degrees 38 Minutes 32 Seconds West, a distance of 28.11 feet to a 5/8 inch iron rod with "Gruller" cap set on the north R.O.W. line of aforesaid Spectrum Boulevard, being the northeast corner of a 1.3116 acre tract of record in the name of City of Pearland in H.C.C.F. Number 20100435869;

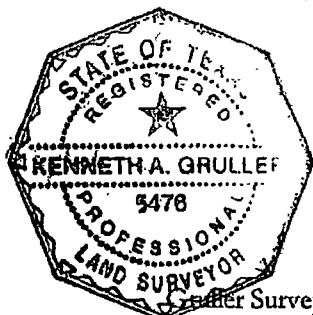
THENCE, coincident the north line of aforesaid Spectrum Boulevard, South 87 Degrees 21 Minutes 30 Seconds West, a distance of 558.09 feet to a 5/8 inch iron rod with "Gruller" cap set for the southwest corner of the herein described tract;

THENCE, through and across aforesaid 36.166 acre tract the following two (2) courses:

1. North 02 Degrees 38 Minutes 00 Seconds West, a distance of 879.16 feet to a 5/8 inch iron rod with "Gruller" cap set for the northwest corner of the herein described tract;
2. North 87 Degrees 22 Minutes 00 Seconds East, a distance of 598.33 feet to a 5/8 inch iron rod with "Gruller" cap set for the northeast corner of the herein described tract, on the west R.O.W. line of aforesaid Kirby Drive;

THENCE, coincident the west R.O.W. line of aforesaid Kirby Drive the following three (3) courses:

1. South 02 Degrees 16 Minutes 57 Seconds East, a distance of 613.59 feet to a 5/8 inch iron rod found;
2. South 14 Degrees 25 Minutes 00 Seconds West, a distance of 52.20 feet to a 5/8 inch iron with "Gruller" cap set;
3. South 02 Degrees 16 Minutes 57 Seconds East, a distance of 195.82 feet to the **POINT OF BEGINNING** and containing 11.9337 acres of land.



Gruller Surveying, LLC

May 25, 2011

Job 36-1109

A handwritten signature in black ink, appearing to read "K. Gruller", written over a horizontal line.

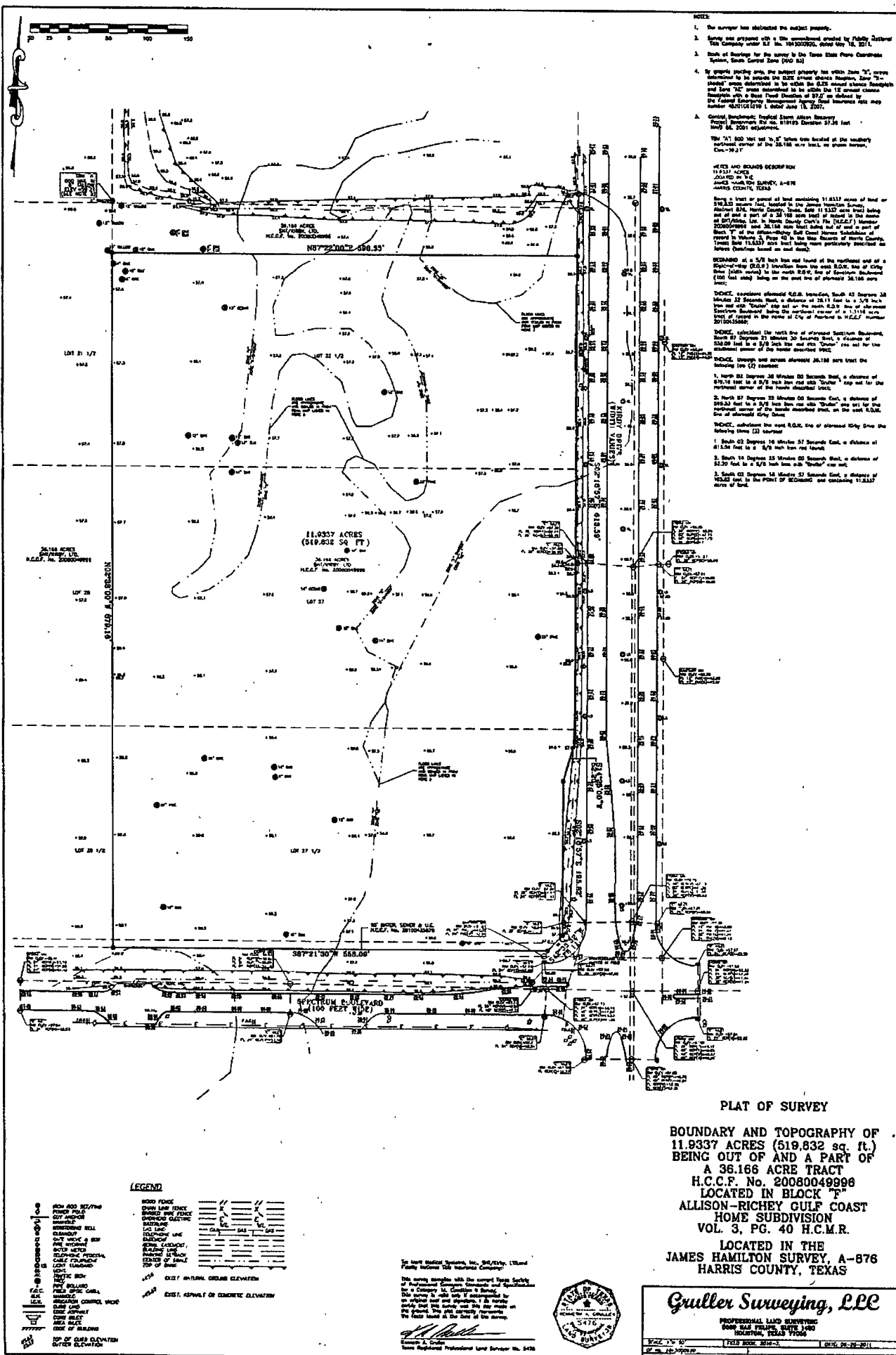


Exhibit "B"

APPLICATION FOR TAX ABATEMENT IN THE CITY

APPLICATION FOR TAX ABATEMENT IN THE CITY OF PEARLAND

It is recommended that this application be filed at least 90 days prior to the beginning of construction or the installation of equipment. The filing of this document acknowledges familiarity and conformance with Guidelines and Criteria for Granting Tax Abatement in a Reinvestment Zone Created in the City of Pearland. This application will become part of the agreement and any knowingly false representations will be grounds for the City to void the agreement. Original copy of this request should be submitted to the Pearland Economic Development Corp. President, 1200 Pearland Parkway, Suite 200, Pearland, Texas 77581, 281.997.3000, www.pearlandedc.com. Please attach exhibits and additional information.

Applicant Information

Name of Business: Merit Medical Systems, Inc.

Date: March 28, 2011

Address: 1600 Merit Parkway

City: South Jordan

State: UT

Zip: 84095

Contact Person: Greg A Fredde

Title: VP – Government Affairs

Phone: 801-230-3365

Fax: 801-253-1688

Email: gfredde@merit.com

NAICS Codes for primary business operations: 33911

Federal Tax ID Number: 87-0447695

Does the Business file a consolidated tax return under a different tax ID number?

☐ Yes

☒ No

If yes, please also provide that tax ID number:

Texas Tax ID Number: 87-0447695

Is the contact person listed above authorized to obligate the Business?

☐ Yes

☒ No

If no, please provide the name and title of a company officer authorized to obligate the Business:

Kent Stanger, Chief Financial Officer

Business Information

Provide a brief description and history of the Business. Include information about the Business' products or services and markets served.

Founded in 1987, Merit Medical Systems, Inc. is engaged in the development, manufacture and distribution of proprietary disposable devices used primarily in cardiology, radiology and endoscopy. Merit serves client hospitals worldwide with a domestic and international sales force totaling approximately 130 individuals. Merit employs approximately 2,233 people worldwide with facilities in Salt Lake City and South Jordan, Utah; Angleton, Texas; Richmond, Virginia; Rockland, Massachusetts; Maastricht and Venlo, The Netherlands; Paris, France; Galway, Ireland; Beijing, China; and Copenhagen, Denmark.

Business Structure:

☐ Cooperative ☒ Corporation ☐ Limited Liability Company ☐ Not for Profit
☐ Partnership ☐ S-Corporation ☐ Sole Proprietorship

State of Incorporation: Utah

Years in business: 24

Identify the Business' owners and percent ownership: Publicly-held (Nasdaq: MMSI)

Annual Sales (Most Recent): \$296.8 million

Projected Total Sales. Year 1: \$341 million (est.) Year 2: \$ Year 3: \$

How many employees are currently employed by the company including all locations, subsidiaries, divisions worldwide? 2,233

List the Business' Texas Locations and the Current Number of full-time equivalent (FTE) Employees at each Location (including Pearland if applicable): Angleton, TX - 224 employees

Current annual payroll of Pearland facility excluding any benefits (if applicable): N/A

Does the Business offer medical and dental insurance? ☒ Yes ☐ No

If yes, please describe. Merit Medical offers health and dental benefits to all employees who work a minimum of 30 hours per week. In 2010, the total annual medical premium for Angleton employees was \$1.03 million, of which Merit paid 66%. In addition, the total annual dental premium was \$148,400, of which Merit paid 67%.

In addition, Merit provides its employees with a health savings account which allows employees to save for future medical expenses tax free. Employees may make pre-tax contributions to the account up to the federal limit. In addition, Merit makes an annual contribution to their accounts. The amount of the annual contributions is dependent on the type of plan employees have selected. In 2010, Merit contribution over \$233,000 to employee health savings accounts.

Of the current employees in Angleton, 27 have selected a family health plan, 50 a two-party plan, 78 a single plan, and the remaining 66 have waived participation.

Does the Business offer a pension plan, 401(k) plan, and/or retirement-plan? ☒ Yes ☐ No

If yes, please describe. Merit Medical Systems encourages employees to save for retirement. The Company matches employee contributions on the first 5%. In addition, Merit offers a deferred compensation plan which allows high income earners otherwise limited by federal restrictions on the amount they can contribute to their 401k to defer up to 100% of their annual wage.

Project Information

Location and legal description of the area to be designated as reinvestment zone (Provide map showing site and metes and bounds description in attachment A5):

TRS 27, 27 ½ 28, 28 ½ Allison Richey Gulf Coast Homes Sec F ABST 876 D White. OR;
TRS 22 ½, 27, 27 ½ Allison Richey Gulf Coast Homes Sec F ABST 876 D White

Type of Business Project:

- ☒ New Location ☐ Modernization of Existing Pearland Facility
☐ Expansion of Pearland Facility

Type of Facility:

- ☒ Manufacturing ☐ Reg. Distribution Center
☐ Regional Service ☐ Reg. Entertainment Center
☐ Other Basic Industry

Briefly describe the proposed project for which assistance is being sought. (Include project facility size, infrastructure improvements, proposed products/services, any new markets, etc.)

Merit Medical Systems, Inc. is considering the construction of a new facility at a yet to be determined location in Texas to replace its aging facility located in Angleton, Texas. The facility will be responsible for the research, development, and manufacturing of extrusion-related products including catheters, sheaths, tubing, and other extruded product. In addition, the new facility will become an R&D center for the company and focus of the development of new projects with a significant engineering knowledge base.

The investment will consist of a new 90,000 – 100,000 square foot, tilt-up facility located on no less than ten acres of land. The anticipated investment for the land and facility will be approximately \$10-12 million. In addition, new and existing machinery and equipment will be relocated from the existing facility resulting in an additional increase in taxable value of approximately \$3-5 million.

The project will result in the immediate transfer of 160 jobs from the Angleton facility, growing to at least 221 new positions within five years. The anticipated annual payroll in Year 1 will be approximately \$5.2 million, growing to \$8.3 million by Year 5. This does not include health benefits, company health savings account contributions, nor 401k contributions.

Has any part of the project started? ☐ Yes ☒ No

If yes, please explain.

Identify the Business' competitors. If any of these competitors have Pearland locations, please explain the nature of the competition (e.g. competitive business segment, estimated market share, etc.) and explain what impact the proposed project may have on the Pearland competitor.

Merit competes in several global markets, including diagnostic and interventional cardiology, interventional radiology, vascular surgery, interventional nephrology, cardiothoracic surgery, interventional gastroenterology and pulmonology, anesthesiology and pain management. These markets encompass a large number of suppliers of varying sizes.

In the interventional cardiology and radiology markets, as well as the gastroenterology and pulmonology markets, Merit competes with large international, multi-divisional medical supply companies such as Cordis Corporation (Johnson & Johnson), Boston Scientific Corporation, Medtronic, C.R. Bard, Abbott, Teleflex, Cook and Terumo. Medium-size companies we compete with include AngioDynamics, Vascular Solutions, B. Braun, Olympus, Navilyst, Edwards Lifescience, and ICU Medical.

The primary competitive embolotherapy product has been non-spherical polyvinyl alcohol (or "PVA") particles, a product introduced into the market more than 20 years ago. Currently, the primary products with which Merit's microspheres competes are spherical PVA, sold by Boston Scientific Corporation, Biocompatibles and Terumo Corporation; Embozene sold by Celonova Biosciences, Inc.; gel foam, sold by Pfizer Inc.; and non-spherical (particle) PVA, sold by Boston Scientific and Cook Incorporated. Merit's principal competitors in UFE are Biocompatibles, Boston Scientific, Cook, Cordis Corporation, a Johnson & Johnson company, Pfizer and Terumo, as well as companies selling or developing non-embolotherapy solutions for UFE.

Will any of the current Pearland employees lose their jobs if this project does not proceed in Pearland? (Existing Pearland Companies only) ☐ Yes ☐ No

If yes, please explain why and identify those jobs as "retained jobs" in the Project Jobs section.

N/A – However, if it is determined that local governments are unable or unwilling to provide incentives and/or abatements for the project, the existing Angleton, Texas operation will likely be consolidated to Salt Lake City, Utah, resulting in a total loss of all 224 Texas positions.

Is the Business actively considering locations outside of Pearland? ☒ Yes ☐ No

If yes, where and what assistance is being offered?

Merit Medical is currently considering at least two other locations within Texas (outside of Pearland) and the complete consolidation of the Texas operation into Merit's Utah operations. Merit currently has under construction a new 260,000 square foot facility on its Utah campus which would easily accommodate the Angleton operation. As part of the construction of this and another facility, the State of Utah has provided an Economic Development Increment Financing Fund (EDTIF) award which allows Merit to have refunded 30% of all incremental increases in employee withholding, state sales and use, and corporate income taxes over ten years.

In addition, Merit has secured the creation of an economic development area around its Utah campus will allows Merit to retain 65% of the incremental increase in state and local property taxes.

Finally, under Merit's leadership, the State of Utah recently passed two pieces of legislation designed to increase investment from the life sciences industry. These include the most aggressive R&D tax credit which allows companies to claim a 14.2% credit on all qualified R&D activities conducted within Utah, plus an additional 5% credit for incremental increases in R&D activity. Second, just this year, the Utah Legislature passed a law allowing companying to retain 100% of the incremental increases in withholding, state sales and use, and corporate income taxes for three years following approval of a new project.

In short, Merit has in place significant incentives from the State of Utah under which Merit will benefit if the Angleton operation was to be consolidated in to Utah.

Will any State or Federal Permits be needed for the project? ☐ Yes ☒ No

If yes, please describe each and current time-frame for receiving each?

Will the project be seeking LEED certification? TBD

If yes, what level of certification is being sought?

Project Jobs

List the jobs that will be created and/or retained as the result of this project. (A retained job is an existing job that would be eliminated or moved to another location if the project does not proceed in Pearland.) For jobs to be created, include the starting and final hourly wage rate. For retained jobs, include the current hourly wage rate.

Is the hourly wage rate based on a 40 hour work week, 52 weeks per year? X Yes ☐ No

If no please explain:

Full-Time CREATED Jobs	(Add additional rows as needed)		
Job Title/Classification	Number of CREATED Jobs	Starting Wage	Wage at End of Year Three
Engineering	19	22.75	26.16
Maintenance	6	25.98	29.88
Labeling	1	12.11	13.92
Purchasing	1	18.14	20.86
Operations	7	50.23	57.77
Planning	3	20.95	24.09
Production Supervisor	4	22.38	25.74
Production	69	10.38	11.93
Extrusion	31	12.13	13.95
Materials	3	7.90	9.08
Extrusion Supervisor	1	32.89	37.82
Quality	5	16.49	18.97
Documentation	2	19.57	22.50
QA Inspectors	3	10.67	12.27
QA Engineers	1	35.02	40.27
Accounting	2	19.86	22.84
ODD	1	19.50	22.42
MIS	1	22.60	25.99
Total CREATED Jobs	160	14.46	16.63

The project will immediately create 160 new positions within the City of Pearland. The number of positions will grow to 221 by Year 5. The average starting wages listed above are estimates and do not include other W-2 income including bonuses, stock options, and contributions to employees health savings accounts. As a result, the averages are very conservative.

In addition, over the next five years, the facility will be retooled to focus on higher margin, more technologically advanced products. This effort will result in greater emphasis on professional level positions including engineering, operations, and extrusion.

Merit currently has a diverse workforce in Texas. Approximately 50% of Merit's existing workforce is non-Caucasian. This includes: Hispanic (60); Black (44); Asian (5); and Pacific Islander (1). Moreover, only 12% of Merit's current workforce is male. The average tenure of the workforce is in excess of 15 years which provides stability and speaks to the loyalty Merit employees have to the Company.

Merit's workforce is drawn from a number of surrounding communities, including Pearland. These communities include: Angleton (92); Lake Jackson (33); Clute (26); Freeport (22); Brazoria (11); Alvin (6); Rosharon (6); West Columbia (5); Danbury (5); Houston (5); Sweeny (4); Pearland (4); and Manvel (2).

Merit Angleton has had a long term commitment to develop and promote our personnel. All positions are posted within and employees are encouraged to seek advancement. The primary development tool is one on one training and mentoring. Employees are frequently given the opportunity to learn new areas of our operations. In addition employees are often given the opportunity to utilize outside development programs.

Merit Medical Systems, Inc. is a growing company which will continue to invest in facilities, projects, and employees. With the establishment of a facility in Pearland – and with the capacity which will be built into the project – Merit will continue to develop, acquire, and transfer new product into the facility. This will provide greater opportunity for employees and additional tax resources to the surrounding community. In its nearly 25 year history, Merit has grown every year. In the first quarter of 2011, Merit's core business grew by almost 17%.

Perhaps even more exciting is the significant growth we have seen in products produced in Texas. Merit's catheter division is one of Merit's strongest performers, a testament to Merit's commitment to the product line and the quality of the employees we have in Texas.

But Merit's commitment does not end with its employees. Merit is a strong support of communities in which we have operations and employees. Merit annually contributes millions of dollars to organizations supporting the arts, schools, and community non-profits. We have opened our facilities to community events, sponsored local community events, and even purchased equipment for local emergency services.

Tax Abatement Information

Description of eligible improvements (real property) to be constructed including fixed equipment, fixed equipment, buildings, parking lots, etc (Provide detail in attachment A6):

The investment will consist of a new 90,000 – 100,000 square foot, tilt-up facility located on no less than ten acres of land. The anticipated investment for the land and facility will be approximately \$10-12 million. In addition, new and existing machinery and equipment will be relocated from the existing facility resulting in an additional increase in taxable value of approximately \$3-5 million.

When relocated, the Pearland facility will have over 1,000 additional pieces of machinery, equipment, molds, dies, and office furniture and equipment from the Angleton site. The estimated acquisition value of this equipment was approximately \$9.9 million and the current, depreciated value is estimated at \$5 million. This includes over \$1.5 million in new machinery and equipment which is scheduled to be purchased over the next 18 months.

For a complete listing of all the equipment and furnishings, please refer to the attached spreadsheet entitled "Merit Angleton Assets by Class."

Description of ineligible property to be included in project, including inventory and personal property:

Inventory and non-fixed personal property.

The proposed reinvestment zone is located in:

County: Harris
Drainage District: Harris
School District: Harris ISD
College District: Houston Community College
Other Taxing Jurisdictions: Pearland City, Port of Houston; Harris Co. Hospital; Harris Co. Education Dept.; and Spectrum Management Dist.

What is the parcel(s) tax identification number(s)? Preliminarily, a part of 045-180-000-0001

Tax Abatement Requested: % of eligible property for a term of years (or)
requesting staggered tax abatement terms as follows:

100% for Years 1-3; 75% for Year 4-6; 50% for Years 7-10.

By comparison, Utah's property tax rate for all jurisdictions is 1.29860 per \$100. In addition, Merit has in place a economic development area around its facility which rebates 65% of the incremental increase in property values back to Merit.

As a result, the proposed abatement will help Merit operation in Texas be more cost effective when compared to Merit's Utah operations.

Is the applicant seeking a variance under Section 3 (f) of the Guidelines: Yes ☐ No ☒

If yes, attached required supplementary information in attachment A8.

Has company made application for abatement for this project by another taxing jurisdiction or nearby counties:

Yes ☒ No ☐

If yes, provide dates of application, hearing dates, if held or scheduled, name of jurisdictions and contacts, and letters of intent.

Merit Medical has in place tax incentives and property tax abatements in Utah under which this project would qualify. The incentives were approved by the State of Utah on April 9, 2010 by the Governor's Office of

Economic Development and total \$4.3 million over ten year. In 2006, local taxing jurisdictions approved an economic development area around Merit's Utah campus which totals \$12.5 million over 15 years.

In addition, Merit is considering tax incentives to build a new facilities on Merit's existing 20 acre property in Angleton, Texas.

Construction Estimates

Commencement Date:	9/1/2011	If Modernization	N/A
Construction Man Years:	12 mnths	Estimated Economic Life of Existing Plant in years:	N/A
Completion Date:	9/1/2012	Added Economic Life from Modernization in years:	N/A
Peak Construction Jobs:	U/K		

ACTUAL APPRAISED VALUE ON SITE		ESTIMATED VALUE OF NEW VALUE ADDED	
Land	\$1,115,150 (est.)	Land	\$1,115,150
Building and Improvements	\$0	Building and Improvements	\$8,750,000
Fixed Equipment	\$0	Fixed Equipment	\$5,000,000
Personal Property & Inventory	\$0	Personal Property & Inventory	\$3,500,000
Total of Pre-existing Value	\$0	Total of New Value Added	\$18,365,150
Total Value of Pre-existing and New Value			

Project Budget

AMOUNTS BUDGETED			
Use of Funds	Cost	Source	Commitment Status
Land Acquisition	\$2,000,000	In-place financing	Available
Site Preparation	\$250,000	In-place financing	Available
Cost of Utilities to Site	\$100,000	In-place financing	Available
Building Acquisition	\$		
Building Construction	\$8,750,000	In-place financing	Available
Building Remodeling	\$		
Machinery & Equip.	\$3,000,000	In-place financing	Available
Computer Hardware	\$		
Computer Software	\$		
Furniture & Fixtures	\$250,000	In-place financing	Available
Working Capital	\$		
Moving Expenses	\$250,000	In-place financing	Available
Job Training	\$		
TOTAL	\$14,600,000		

Does the Business plan to lease the facility? ☐ Yes ☒ No

If yes, please provide the Annual Base Rent Payment (lease payment minus property taxes, insurance, and operating/maintenance expenses) and the length of the lease agreement.

Financial assistance is need-based, please explain why assistance is needed:

Merit Medical is currently considering other locations for the operation. As noted earlier, Merit currently has under construction a new 260,000 square foot facility on its Utah campus which would easily accommodate the Angleton operation and state and local grants are in place under which Merit will benefit from the relocation.

Finally, due to the cost structure in Texas which is considerably higher than in Utah, in order for the Angleton operation to be cost effective, incentives and/or abatements will be required. The facility is transitioning to a higher margin product line which will help the facility be competitive with other Merit facilities. However, the process is a multi-year project in which up-front, short-term incentives are needed to offset the transition costs.

In short, Merit has in place significant incentives from the State of Utah under which Merit will benefit if the Angleton operation was to be consolidated in to Utah.

Any recipient of tax abatement is expected to provide security to the City. The security will be exercised, when necessary, due to non-performance. In addition to a lien and/or mortgage, personal guarantees are expected for businesses not publicly traded, and corporate guarantees are expected when the business recipient has a parent (or holding) company. What security will be offered to secure financial assistance and describe what seniority or position the City will have on any lien or mortgage?

Promissory note, Letter of Credit, or other personal property or real property assets

Attachments

Please attach the following documents:

- A1 Completed Economic Impact Data Sheet (If requested)
- A2 Business Plan (If requested)
- A3 Copy of the most recent payroll report for one pay period must be in Excel format and include the following information:
 - Company name, date of payroll and source of payroll information
 - Employee name and/or employee identification number
 - Current hourly wage - do not include bonuses or other benefit values
 - Indicate if the employee is full time (40 hours per week, 52 weeks per year) or part time
- A4 Financial Information
 - Audited profit and loss statements and balance sheets for past three year-ends;
 - Current YTD profit and loss statement and balance sheet; and
 - Schedule of aged accounts receivable;
 - Schedule of aged accounts payable; and
 - Schedule of debts.
- A5 Map showing boundaries of proposed site.
- A6 Statement explaining general nature and extent of the project, describing existing site and improvements; describe all proposed improvements and provide a list of all improvements and equipment for which abatement is requested.
- A7 Proposed timeline for undertaking and completing the planned implements.
- A8 Variance Request (if applicable)

Certification & Release of Information

I hereby give permission to the City of Pearland and the Pearland Economic Development Corporation (PEDC) to research the Business' history, make credit checks, contact the Business' financial institutions, insurance carriers, and perform other related activities necessary for reasonable evaluation of this application.

I understand that all information submitted to the City and PEDC related to this application is subject to Texas Public Information Act.

I understand this application is subject to final approval by the City of Pearland City Council and the Project may not be initiated until final approval is secured.

I understand that the City reserves the right to negotiate the financial assistance. Furthermore, I am aware that tax abatement is not available until an agreement is executed within a reasonable time period following approval.

I certify the Business has not, within the last five years, been cited or convicted for violating any state or federal statutes, rules, and regulations, including environmental, worker safety and immigration regulations, or, if such violations have occurred, that there were mitigating circumstances or such violations did not seriously affect public health or safety or the environment.

I hereby certify that all representations, warranties, or statements made or furnished to the City and PEDC in connection with this application are true and correct in all material respect. I understand that it is a violation under Texas law to engage in deception and knowingly make, or cause to be made, directly or indirectly, a false statement in writing for the purpose of procuring economic development assistance.

For the Business:

Signature

Date

Name and Title (typed or printed)

EXHIBIT "C"

FORM OF ANNUAL EMPLOYMENT COMPLIANCE VERIFICATION



CITY OF PEARLAND
TAX ABATEMENT ANNUAL INVESTMENT AND EMPLOYMENT
COMPLIANCE VERIFICATION

Verification should be submitted to the Pearland Economic Development Corporation President, 1200 Pearland Parkway, Suite 200, Pearland, Texas 77581, 281.997.3000, www.pearlandedc.com. Please attach exhibits and additional information.

Company Information

Name of Business:

Date:

Address:

City:

State:

Zip:

Contact Person:

Title:

Phone:

Fax:

Email:

Annual Compliance Verification

Please check the box that applies:

☐ First Time Filing

☐ Subsequent Filing

If subsequent, date last compliance submitted:

Report Covers Period: Begin Date:

End Date:

This is compliance of

Employment-Position Information

All positions must be full-time (2,000 hours or more annually) and permanent, with the Company.

1. Total Number of Employment Positions Reported (previously certified and new):
2. Total Number of Employment Positions Previously Certified:
3. Total Number of New Employment Positions Submitted for Certification (line 1 – line 2):
4. Total Payroll for all Employment Positions Reported this Claim Period: \$
5. Average annual gross compensation at this Company/Project Facility (line 3/line 4):

Did the Company meet the "Job Target" for this reporting period? ☐ Yes ☐ No
If no, please explain why:

Does the Company provide medical and dental benefits to all employees? ☐ Yes ☐ No

Investment Information

1. Total new value previously certified:
2. Total new value submitted for certification this claim period:
3. Total value reported (previously certified and new line 1 and 2):

Generally describe the improvements existing as of December 31 of the preceding year?

Did the Company install or construct all improvements before the Improvements Completion Date? ☐ Yes ☐ No
If no, please explain why:

TAXABLE VALUE ON SITE	20__ ORIGINAL BASE VALUE	TAX YEAR 20__	TOTAL INCREASE OVER 20__ BASE
Land	\$	\$	\$
Building and Improvements	\$	\$	\$
Fixed Equipment	\$	\$	\$
Personal Property	\$	\$	\$
Inventory	\$	\$	\$
Total Value	\$	\$	\$

Please attach the Business Personal Property Rendition form submitted to the Appraisal District.

Attachments

Please attach the following documents:

A1 Employment Verification

A2 Certified copy of the appraised and settled value of the Improvements as shown by the appropriate Central Appraisal District supported by all correspondence, renditions, appeals or contests and settlement of appraised value and shall provide appropriate back-up data for the Improvements exclusive of other investments made at the Premises.

A3 Business Personal Property Rendition of Taxable Property Form

Certification

I certify the appraised value of the improvements as defined in our agreement with the City of Pearland.

I certify the Business has not, within the reporting period, been cited or convicted for violating any state or federal statutes, rules, and regulations, including environmental, worker safety and immigration regulations

Under penalty of perjury, I declare that the information in this document and any attachments are true and correct to the best of my knowledge and belief.

For the Business:

Signature

Date

Name and Title (typed or printed)

ANNUAL EMPLOYMENT COMPLIANCE VERIFICATION

ABC Company, Inc.
Project Approved: 10/23/98

Job Certification Period: January 1, 2000 through December 31, 2000

ABC Company
114 Oak Drive
Bluebonnet, Texas 77777

Job No.	Position Title	Social Security Number	Employee Name	Wages During Claim Period	Hours Worked During Claim Period	Date Hired to Position/Date Left Position	City of Pearland Resident
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PREVIOUSLY CERTIFIED JOBS (updated):

001	Division Director	###-##-####	Dennis Director	\$68,987	2,318	09/01/98 to Present	N
002	Office Manager	###-##-####	Mary Worker	\$15,236	1,200	01/15/98 to 8/31/98	Y
002A		###-##-####	Lindsey Sellsmith	\$12,008	900	9/1/98 to Present	Y

NEW JOBS THIS CERTIFICATION:

003	Sales Manager	###-##-####	Delores Incharge	\$29,695	2,080	09/01/99 to Present	N
004	Print Shop Manager	###-##-####	Adam Typeset	\$32,450	2,056	09/01/99 to Present	Y

Total Jobs Created: 4
Total Payroll: \$###,###
Vacant Positions: 0

TOTAL # OF JOBS ON THIS PAGE 4

PAGE # 1 of 1

TOTAL # OF JOBS ON THIS CLAIM 4



HARRIS COUNTY, TEXAS

COMMISSIONERS COURT:

ED EMMETT

COUNTY JUDGE

EL FRANCO LEE

COMMISSIONER, PRECINCT 1

JACK MORMAN

COMMISSIONER, PRECINCT 2

STEVE RADACK

COMMISSIONER, PRECINCT 3

JERRY EVERSOLE

COMMISSIONER, PRECINCT 4

c/o Community Services Dept.
8410 Lantern Point Drive
Houston, Texas 77054
(713) 578-2000

GUIDELINES & CRITERIA FOR GRANTING TAX ABATEMENT IN A REINVESTMENT ZONE CREATED IN HARRIS COUNTY

Whereas, the creation and retention of job opportunities that bring new wealth is the highest civic priority; and

Whereas, new jobs and investment will benefit the area economy, provide needed opportunities, strengthen the real estate market and generate tax revenue to support local services; and

Whereas, the communities within Harris County must compete with other localities across the nation currently offering tax inducements to attract jobs and investments; and

Whereas, any tax incentives offered in Harris County would reduce needed tax revenue unless strictly limited in application to those new and existing industries that bring new wealth to the community; and

Whereas, any tax incentives should not have a substantial adverse effect on the competitive position of existing companies operating in Harris County; and

Whereas, tax incentives should not be used to attract those industries that have demonstrated a lack of commitment to protecting our environment, but should be used to encourage projects designed to protect our environment; and

Whereas, the abatement of property taxes, when offered to attract primary jobs in industries which bring in money from outside a community instead of merely recirculating dollars within a community, has been shown to be an effective method of enhancing and diversifying an area's economy; and

Whereas, Texas law requires any eligible taxing jurisdiction to establish Guidelines and Criteria as to eligibility for tax abatements prior to granting any tax abatement, said Guidelines and Criteria to be unchanged for a two-year period unless amended by a three-quarters vote; and

Whereas, to assure a common, coordinated effort to promote our communities' economic development, any such Guidelines and Criteria should be adopted only through the cooperation of municipalities, taxing jurisdictions, and Harris County; and

Whereas, Harris County Commissioners Court has approved the circulation of Guidelines and Criteria to affected taxing jurisdictions for consideration as a common policy for all jurisdictions choosing to participate in tax abatement agreements;

Now, therefore, be it resolved that Harris County does hereby adopt these Guidelines and Criteria for granting tax abatements within reinvestment zones created in Harris County.

SECTION 1 DEFINITIONS

- (a) **"Abatement"** means partial exemption from ad valorem taxes of certain real property (including fixed-in-place machinery & equipment) in a reinvestment zone designated for economic development purposes.
- (b) **"Eligible Jurisdiction"** means Harris County ("the County") and any municipality or other taxing jurisdiction eligible to abate its taxes according to Texas law that levies ad valorem taxes upon and provides services to property located within the proposed or existing reinvestment zone.
- (c) **"Agreement"** means a contractual agreement between a property owner and/or lessee and an eligible jurisdiction for the purposes of tax abatement.
- (d) **"Base Year Value"** means the appraised value in the reinvestment zone on January 1 preceding the effective date of the tax abatement agreement, plus the agreed upon value of eligible property improvements made after January 1 but before the effective date of the agreement, or the sales price, if the property was conveyed subsequent to January 1, whichever is greater.
- (e) **"Competitively-Sited Project"** means a project where the applicant has completed a written evaluation of competing locations for expansion; relocation, or new operations, including identification of specific sites in those locations.
- (f) **"Economic Life"** means the number of years a property improvement is expected to be in service in a reinvestment zone.
- (g) **"Employee"** means a person whose employment is both permanent and fulltime, who works for and is an employee of the Owner or an employee of a Contractor, who works a minimum of 1,750 hours per year exclusively within the reinvestment zone, who receives industry-standard benefits, and whose employment is reflected in the Owner's (and Contractor's, if applicable) quarterly report filed with the Texas Workforce Commission("TWC"); but *excluding* any direct contract (seasonal, part-time, and full-time equivalent).
- (h) **"Expansion"** means the addition of buildings, structures, fixed machinery or equipment for purposes of increasing production capacity.
- (i) **"Facility"** means property improvements completed or in the process of construction which together comprise an integral whole.

- (j) **"Manufacturing Facility"** means buildings and structures, including fixed-in-place machinery and equipment, the primary purpose of which is or will be the manufacture of tangible goods or materials or the processing of such goods or materials by physical or chemical change.
- (k) **"New Facility"** means a property, previously undeveloped, which is placed into service by means other than or in conjunction with expansion or modernization.
- (l) **"Other Basic Industry Facility"** means buildings and structures including fixed machinery and equipment not elsewhere described, used or to be used for the production of products or services which primarily serve a market in the creation of new permanent employment and bring in new wealth.
- (m) **"Regional Distribution Center Facility"** means buildings and structures, including fixed machinery and equipment, used or to be used primarily to receive, store, service or distribute goods or materials owned by the facility operator where a majority of the goods or services are distributed to points at least 100 miles from any part of the County.
- (n) **"Regional Entertainment Facility"** means buildings and structures, including fixed machinery and equipment, used or to be used to provide entertainment through the admission of the general public where the majority of users reside at least 100 miles from any part of the County.
- (o) **"Regional Service Facility"** means buildings and structures, including fixed machinery and equipment, used or to be used to service goods where a majority of the goods being serviced originate at least 100 miles from any part of the County.
- (p) **"Research Facility"** means building and structures, including fixed machinery and equipment, used or to be used primarily for research or experimentation to improve or develop new tangible goods or materials or to improve or develop the production processes thereto.
- (q) **"Research & Development Facility"** means buildings and structures, including fixed-in-place machinery and equipment, used or to be used entirely for research or experimentation to improve or develop current technology in biomedicine, electronics or pre-commercial emerging industries.

SECTION 2

ABATEMENT AUTHORIZED

- (a) **Authorized Facility.** A facility may be eligible for abatement if it is a: Manufacturing Facility, Research Facility, Regional Distribution Center Facility, Regional Service Facility, Regional Entertainment Facility, Research and Development Facility or Other Basic Industry Facility.

- (b) **Creation of New Value.** Abatement may only be granted for the additional value of eligible real property (including fixed-in-place machinery and equipment) listed in an agreement between the County and the property owner and lessee (if applicable), subject to such limitations as Commissioners Court and the Texas Property Tax Code may require.
- (c) **Eligible Property.** An abatement may be extended to the value of buildings, structures, fixed machinery and equipment, site improvements plus that office space and related fixed improvements necessary to the operation and administration of the facility. The value of all property shall be the Certified Appraised Value for each year, as finally determined by the Harris County Appraisal District ("HCAD").
- (d) **Ineligible Property.** The following types of property shall be fully taxable and ineligible for abatement: land; inventories; supplies; tools; furnishings, and other forms of movable personal property; vehicles; vessels; aircraft; housing; hotel accommodations; deferred maintenance investments; property to be rented or leased (except as provided in "Leased Facilities," below); property with an economic life of less than 15 years; property owned or used by the State of Texas or its political subdivisions or by any organization owned, operated or directed by a political subdivision of the State of Texas, or any property exempted by local, state or federal law. When such exempted property includes manufacturing machinery and equipment listed in the Investment Budget (as required in "Application"), then the value of such property may not be included toward the achievement of investment or valuation thresholds set out in the Agreement.
- (e) **Leased Facility.** If a leased facility is granted a tax abatement, then the Agreement shall be executed with both the lessor (owner) and the lessee.
- (f) **Value and Term of Abatement.** A tax abatement shall be granted in accordance with the terms of a tax abatement agreement, as follows:
1. Projects are eligible for abatement of new value, subject to an abatement cap: to be calculated as \$1,000,000 per job created/retained times the number of such jobs as required in a tax abatement agreement. Such cap shall not exceed the increased value requirement as set out in the Agreement, and will be adjusted annually. To determine the amount of the abatement each year, the Adjusted Cap shall be multiplied by up to 50 percent, up to a total of 10 years. Under no circumstance will any facility receive the benefit of a tax abatement for more than 10 years. The value of eligible property must remain greater than or equal to the contractually-defined minimum value requirement.
 2. No tax abatement shall be given in any year in which the facility fails to meet the contractually-defined minimum value requirement.
 3. No tax abatement shall be given in any year in which the facility fails to meet the contractually-defined employment creation and retention requirement.

4. The Agreement shall set out in detail the exact method to be used in computing the tax abatement in each year.

(g) Basic Qualifications for Tax Abatement. To be eligible for designation as a reinvestment zone and receive tax abatement the planned improvement:

1. must be shown to increase the appraised value of the property at least **\$1,000,000** upon completion of the contractually-defined construction period;
2. must be shown to directly create or prevent the loss of permanent full-time employment for at least **25** people within the reinvestment zone upon completion of the contractually-defined employment period;
3. must be **competitively-sited**; and
4. must be shown not to solely or primarily have the effect of transferring employment from one part of the County to another.

(h) Taxability. From execution to expiration of Agreement, taxes shall be payable as follows:

1. value of ineligible property in the reinvestment zone shall be fully taxable;
2. non-abatable real property in the reinvestment zone shall be fully taxable each year;
3. additional value of new eligible property shall be taxable in the manner described in "Value and Term of Abatement;"
4. if Base Year Value decreases during the term of a tax abatement or if an additional exemption is granted by the state or federal government, then the maximum amount of abatable value to be used in abatement calculation ("the Cap") will be reduced each year at the same rate; and
5. each year the exemption will be computed by HCAD in the following manner:
 - Current Property Value will be the current appraised value of all Eligible property and existing property within the reinvestment zone for the year in which the Abatement Agreement is executed.
 - Base Year Value will be subtracted from the Current Property Value, the result to be called "Current Amount Eligible for Abatement," provided the result is greater than or equal to the value of Eligible property. In no case may this amount exceed the lower of the Cap (see (h)4.) or the Adjusted Cap (see (f)1.).
 - Current Amount Eligible for Abatement is multiplied by up to 50% to determine the amount of exemption in each year, after adjustment is made to the Cap, if applicable.

(i) **Environmental and Worker Safety Qualification.** In determining whether to grant a tax abatement, consideration will be given to compliance with all state and federal laws designed to protect human health, welfare and the environment ("environmental laws") that are applicable to all facilities in the State of Texas owned or operated by the owner of the facility or lessee, its parent, subsidiaries and, if a joint venture or partnership, every member of the joint venture or partnership ("applicants"). Consideration may also be given to compliance with environmental and worker safety laws by applicants at other facilities within the United States.

(j) **Leadership in Energy and Environmental Design (LEED®) Tax Abatement:** If the owner of new commercial construction has registered with the U.S. Green Building Council ("USGBC") seeking LEED Certification, then the County Community Services Department ("CSD") may recommend approval of a partial tax abatement for the incremental investment associated with obtaining such certification. The Agreement shall be effective up to 10 years, at a percentage based upon the level of certification actually obtained after completion of construction:

- **LEED Certification Level and "Imputed LEED-Related Value Increment:"**

1. Certified (Basic) Level	1.0%
2. Silver Level	2.5%
3. Gold Level	5.0%
4. Platinum Level	10%
- The minimum value increase requirement derived from the "Imputed LEED-Related Value Increment" to meet the eligibility test is **\$100,000**.
- This type of tax abatement may be sought by an applicant of the County's standard economic development tax abatement, or as a stand-alone tax abatement. When an applicant seeks only a LEED Certification Tax Abatement, no job creation target or competitive siting will be required in order to qualify. The investment requirement will be at least **\$1 million** for a commercial structure with Platinum LEED Certification, and at least **\$10 million** for a commercial with the Basic Certification (assumes percentages from preceding table and minimum value increase of **\$100,000**).
- Applicant must be registered with USGBC seeking LEED Certification, prior to submitting its application to the County.
- The application for a LEED Certification Tax Abatement must be submitted to the County prior to commencing construction of the applicable new development. A non-refundable application fee of **\$1,000** specifically for "LEED Certification Tax Abatement," made payable to Harris County, must be provided to the County with an application.

- The Agreement shall become effective in the year the application is approved by Commissioners Court and effective up to 10 years. However, the tax abatement benefit (i.e., partial exemption of value from ad valorem taxes) shall not commence until construction of the project is completed and LEED Certification is obtained by the applicant. The value of the tax abatement shall be calculated on the appraised value after LEED Certification is obtained.
- The value of the tax abatement may be increased by up to **\$1,000** in the final year of the Agreement, at the County's discretion.

(k) Additional Incentive for Locating New Project in HUD-Designated Low Income Target Area in the County. Construction of a new eligible facility in a "HUD-Designated Low-Income Target Area" within the County, as determined on the application date, may enable CSD to recommend that Commissioners Court approve an additional tax abatement up to 10%.

- A qualifying project must nevertheless meet the three basic requirements to for an economic development tax abatement: (1) creation of at least \$1 million in new tax roll value, (2) creation of at least 25 new permanent full-time jobs, and (3) competitive siting.
- A specific "Target Area Project Site Incentive" provision must be contained in the Agreement approved by Commissioners Court and cannot be added at a later date.

(l) Additional Incentive for Full-Time Permanent Job Creation for Residents of HUD-Designated Low Income Target Areas in the County. Construction of a new eligible facility resulting in creation of jobs for residents of "HUD-Designated Low-Income Target Areas" within the County, as determined on application date, may enable CSD to recommend that Commissioners Court approve an additional tax abatement, per the following table:

1. 10 jobs (up to 24)	2.0% increase in tax abatement
2. 25 jobs (up to 49)	5.0% increase in tax abatement
3. 50 jobs (up to 99)	10% increase in tax abatement
4. 100 jobs (or more)	20% increase in tax abatement.

- A qualifying project must nevertheless meet the three basic requirements to for an economic development tax abatement: (1) creation of at least \$1 million in new tax roll value, (2) creation of at least 25 new permanent full-time jobs, and (3) competitive siting.
- Compliance shall be monitored annually based on W-2s and other pertinent employee-specific data to be required/requested from employer as needed. A specific "Target Area Employment Incentive" provision must be contained in the Agreement approved by Commissioners Court and cannot be added at a later date.

SECTION 3 APPLICATION

(a) **Timely application:** Any current or potential owner or lessee of taxable property in the County may request a tax abatement by filing a completed application with the CSD prior to any public expression of a siting decision or any commitment (legal or financial) to the proposed project.

(b) **A complete application package** for consideration of a tax abatement shall consist of:

- a completed Harris County Application form;
- a non-refundable check in the amount of \$1,000 payable to Harris County.
- a completed narrative prepared in accordance with the template provided with the County Application and its instructions;
- an "Investment Budget" detailing components and costs of the real property improvements and fixed-in-place improvements for which tax abatement is requested, including type, number, economic life, and eligibility for a tax exemption granted by the Texas Commission on Environmental Quality ("TCEQ"), if known;
- a map and legal description of the property;
- a time schedule for undertaking and completing the proposed improvements;
- a ten-year environmental and worker safety compliance history for all facilities located within the State of Texas and owned in whole or in part by applicants, as defined in "Environmental and Worker Safety Qualification;"
- a copy of the evaluation of competing locations;
- information pertaining to the reasons that the requested tax abatement is necessary to ensure that the proposed project is built in the County (i.e., documentation supporting assertion that "but for" a tax abatement, the stated project could not be constructed in the County);
- copies of the immediately preceding 4 quarterly reports filed with the TWC, documenting the current number of permanent full-time employees, and full-time Contractor employees, if any, at the time the application is submitted;
- financial and other information, as the County deems appropriate for evaluating the financial capacity and other factors of the applicant;
- certification prepared by County Tax Assessor-Collector stating that all tax accounts within the County are paid on a current basis;
- *for a leased facility*, the applicant shall provide with the application the name and address of the lessor and a draft copy of the proposed lease, or option

contract. In the event a lease or option contract has already been executed with owner of site, the document must include a provision whereby abatement applicant may terminate such contract without penalty or loss of earnest money, in the event that the County does not grant a tax abatement.

- (c) Upon receipt of a completed application, CSD shall determine whether a project qualifies for a tax abatement under these guidelines and criteria. If CSD determines that it qualifies, then the department shall schedule a public hearing, request creation of a reinvestment zone, and request approval of a tax abatement agreement, in accordance with the Tax Code.
- (d) The County shall not establish a reinvestment zone or enter into a tax abatement agreement if it finds that an application was received after a project commenced construction or installation of improvements. Property eligible for abatement includes only new improvements commencing after approval of an agreement with the County.

SECTION 4 PUBLIC HEARING & APPROVAL

- (a) The Commissioners Court may not adopt a resolution designating a reinvestment zone for the purposes of considering approval of a tax abatement Agreement until it has held a public hearing at which interested persons are entitled to speak and present evidence for or against the designation. Notice of the hearing shall be clearly identified on the Commissioners Court agenda at least 13 days prior to the public hearing.
- (b) At the public hearing, interested persons shall be entitled to speak and present written materials for or against the approval of the proposed project or Agreement.
- (c) Any variance to these guidelines must be approved by a vote of at least three-fourths (3/4) of the Commissioners Court.
- (d) In order to enter into a tax abatement agreement, Commissioners Court must find that the terms of the proposed agreement conform to these Guidelines and Criteria and that:
 - 1. there will be no substantial adverse effect on the provision of the jurisdictions' service or tax base; and
 - 2. the planned use of the property will not constitute a hazard to public safety, health or morals.

SECTION 5 AGREEMENT

After approval the County shall formally pass a resolution and execute an Agreement with the owner of the facility (or lessee, where applicable) as required which shall include:

- (a) estimated value to be abated;
- (b) percent of value to be abated each year as provided in "Abatement Authorized";
- (c) the commencement date and the termination date of abatement;
- (d) the proposed use of the facility; nature of construction, time schedule, survey, property description and improvement list;
- (e) contractual obligations in the event of default, violation of terms or conditions, delinquent taxes, recapture, administration and assignment as provided in "Abatement Authorized," "Recapture," "Administration," and "Assignment," or other provisions that may be required for uniformity or by state law;
- (f) amount of investment, increase in appraised value and number of jobs involved, as provided in "Abatement Authorized;"
- (g) a requirement that the applicant annually submit to HCAD and CSD, a January employee count for the abated facility which corresponds to employee counts reported in the facility Employer's Quarterly Report to the TWC for the quarter most recently ended at calendar year-end, and a separate notarized letter certifying the number of jobs created or retained as a direct result of the abated improvements and the number of employees in other facilities located within Harris County and the compliance with the environmental and worker safety requirements in the Agreement for the preceding calendar year, for as of January 1. Submission shall be used to determine abatement eligibility and shall be subject to audit if requested by the governing body. Failure to submit will result in the ineligibility to receive an abatement; and
- (h) a requirement that the owner or lessee will (a) obtain and maintain all required permits and other authorizations from the United States Environmental Protection Agency and the TCEQ for the construction and operation of its facility and for the storage, transport and disposal of solid waste; and (b) seek a permit from the TCEQ for all grandfathered units on the site of the abated facility by filing with the TCEQ, within three years of receiving the abatement, a technically complete application for such a permit.

Such Agreement normally shall be executed within 60 days after the applicant has forwarded all necessary information and documentation to the County.

SECTION 6 RECAPTURE

- (a) If the facility is completed and begins producing product or service, but subsequently discontinues producing product or service for any reason for a period of 180 days while the Agreement is active, or one year in the event of natural disaster, then the Agreement shall terminate and so shall the abatement of the taxes for the calendar year during which the facility no longer produces. The taxes otherwise abated for that

calendar year shall be paid to the County within 60 days from the date of termination. The company or individual shall notify the County in writing at the address stated in the Agreement within 10 days from any discontinuation, stating the reason for the discontinuation and the projected length of the discontinuation. If the County determines that such requirement has not been complied with, the Agreement may be terminated immediately and all taxes previously abated by virtue of the Agreement may be recaptured and paid within 60 days of the termination.

- (b) If the company is in default according to the terms and conditions of its Agreement, the company or individual shall notify the County in writing at the address stated in the Agreement within 10 days from the default, and cure such default within 60 days from the date of the default ("Cure Period"). If the County determines that such requirement has not been complied with, the Agreement may be terminated immediately and all taxes previously abated by virtue of the Agreement may be recaptured, together with interest at 6% per annum calculated from the effective date of the Agreement and paid within 60 days of the termination. If the County does not receive full payment within said 60 days, a penalty may be added, equal to 15% of the total amount abated.
- (c) If the company allows its ad valorem taxes owed the County to become delinquent and fails to timely and properly follow the legal procedures for its protest and/or contest, the Agreement then may be terminated, and all taxes previously abated by the Agreement may be recaptured and paid within 60 days of the termination, and penalties and interest may be assessed as set out in herein.

SECTION 7 ADMINISTRATION

- (a) HCAD annually shall determine an assessment of the real and personal property comprising the reinvestment zone. Each year, the company or individual receiving a tax abatement shall furnish the HCAD and CSD with such information as may be necessary for the abatement. After value has been established, the HCAD shall notify the affected taxing jurisdictions of the certified appraised value.
- (b) The Agreement shall stipulate that employees and/or designated representatives of the County will have access to the reinvestment zone during the term of the abatement to inspect the facility to determine if the terms and conditions of the Agreement are being met. All inspections will be made only after giving 24 hours prior notice and will only be conducted in such manner as to not unreasonably interfere with the construction and/or operation of the facility. All inspections will be made with one or more representatives of the company or individual and in accordance with the facility's safety standards.
- (c) Upon completion of construction, CSD annually shall evaluate each facility receiving an abatement to ensure compliance with its Agreement and report violations to the County Attorney, the Commissioners Court, and affected taxing jurisdictions.

SECTION 8 ASSIGNMENT

A tax abatement Agreement may be assigned to a new owner or lessee of a facility with the written consent of the Commissioners Court, which consent shall not be unreasonably withheld. Any assignment shall provide that the assignee shall irrevocably and unconditionally assume all the duties and obligations of the assignor upon the same terms and conditions as set out in the Agreement. Any assignment shall be to an owner that continues the same improvements or repairs to the property (except to the extent such improvements or repairs have been completed), and continues the same use of the facility as stated in the original Agreement with the initial applicant. No assignment shall be approved if the assignor or the assignee is indebted to the County for past due ad valorem taxes or other obligations.

SECTION 9 NON-COMPETE AGREEMENTS

A tax abatement shall not be granted for projects whose competitive siting consists **only** of counties that have agreed with the County to forego the use of tax incentives to compete for such projects.

SECTION 10 SUNSET PROVISION

These Guidelines and Criteria are **effective January 1, 2010**, and will remain in force **until December 31, 2011**, at which time all tax abatement contracts created pursuant to these provisions will be reviewed by the County to determine whether the goals have been achieved. Based on that review, the Guidelines and Criteria will be modified, renewed, or eliminated.

**Re-adopted by Harris County
Commissioners Court November 24, 2009**

Application for Tax Abatement -Harris County, Texas-

Prior to any public expression of a decision or any commitment (legal or financial) to the proposed project by applicant, a completed original of this application, including supporting documentation of competitive siting, narrative impact statement, and a \$1000.00 application fee (non-refundable) must be submitted to Harris County Community Services Department, Economic Development Division, 8410 Lantern Point Dr., Houston, TX 77054. This application will become part of the Tax Abatement Agreement and any knowingly false representations will be grounds for terminating the application and/or voiding the agreement. The County will forward copies to other taxing jurisdictions, as may be required by Texas statute.

PART I - APPLICANT INFORMATION

Application Date 3 / 28 / 2011

Company Name: Merit Medical Systems, Inc.

Headquarters Address: 1600 Merit Parkway City: So. Jordan State: UT Zip: 84095

Local Address: 1111 S. Velasco, Angleton, TX Zip: 77515 Annual Sales: \$296.8 million

Local Phone Number: 801-230-3365 State of Incorporation: Utah Years in Harris County: 0

Local Fax Number: _____ E-mail: gfredde@merit.com

Total Employees Worldwide: 2,233 Texas: 224 Harris County at Present: 0

** Attach description of Applicant Company, including brief history, corporate structure, financial statement, & annual report. If incorporated in what state corporation designated with copy of legal documents showing incorporation information.*

PART II - PROJECT INFORMATION

Location Address: Kirby Dr. & Spectrum Blvd. City: Pearland Zip: 77047 Key Map # _____

Legal Description*: TRS 27, 27 1/2 28, 28 1/2 Allison Richey Gulf Coast Home County: Harris

School District: Houston ISD College District: Houston

Tax Acct. Numbers: 045-180-000-0001 NAICS #: 33911

** Attach plat survey, with a metes & bounds description, for project site.*

Project Description: ☒ New Construction ☐ Expansion

Attach statement fully explaining project, describe existing site and all proposed improvements, provide complete detailed (line item)

"Investment Schedule/Budget" detailing improvements for which abatement is requested.

Section A - Economic Development

Type of Facility:

- | | | |
|---|---|--|
| <input checked="" type="checkbox"/> Manufacturing | <input type="checkbox"/> Regional Distribution | <input type="checkbox"/> Regional Service Center |
| <input type="checkbox"/> Regional Entertainment | <input type="checkbox"/> Research & Development | <input type="checkbox"/> Other Basic Industries |

Describe product or service to be provided and to what purpose: Merit Medical Systems, Inc. is considering the construction of a new facility: a new 90,000 - 100,000 square foot, ten acres of land, \$10-12 million.

**For regional facilities, provide market studies, business plans, or other materials demonstrating that the facility is intended to serve a primary market which lies at least 100 miles outside of Harris County.*

Section B - Variance

Is the applicant seeking a variance to Guidelines? ☐ Yes ☒ No

If "yes" attach letter requesting and justifying the variance, with supplemental information.

Application - Page 1 of 4

EXHIBIT C

PART III - ECONOMIC INFORMATION

Construction Estimate:

Start Date July / 1 / 2011

Contract Amount \$ 8-10 million

Completion Date July / 1 / 2012

Peak Construction Jobs TBD Construction Man-Years TBD

If Modernization:

Estimated current economic life of structure NA years

Added economic life from modernization NA years

Permanent Job Creation/Retention of existing permanent jobs in Harris County:

- Current employment: 0
- Jobs to be Retained: NA
- Jobs to be created after 3 years from contract inception 200 at Jan 1, 20 15

Estimated Appraised Value On Site	Land	Improvements	Total
Value on January 1 preceding abatement (Per Harris County Appraisal District Records and Account Number)	\$1,115,150	\$0	\$1,115,150
Estimated value of new abatable investment: Building		\$8,750,000	\$8,750,000
Estimated value of new abatable fixed and in place Machinery and Equipment		\$5,000,000	\$5,000,000
Estimated value not subject to abatement (e.g., Inventory)		\$3,500,000	\$3,500,000
Estimated value of property subject to ad valorem tax at end of abatement		\$17,250,000	\$18,365,150

Company Representative Authorized For Contact:


Name: Greg A Fredde

Title: VP - Government Affairs

Telephone #: 801-230-3365

E-mail: gfredde@merit.com

Authorized Company Official:

Authorized Signature: 

Name: Kent Stanger

Title: CEO

Telephone #: 801-253-1600

E-mail: kent@merit.com



MERIT MEDICAL SYSTEMS, INC.
1600 WEST MERIT PARKWAY
SOUTH JORDAN, UTAH 84095
PHONE 801-253-1600
FAX 801-253-1688
www.merit.com

Wednesday, May 11, 2011

Nancy Powell
Economic Development Director
Harris County
Community Services Department
Office of Economic Development
8410 Lantern Point Drive
Houston, Texas 77054

Dear Ms. Powell:

Thank you for considering Merit Medical Systems, Inc.'s recent Application for Tax Abatement for Harris County, Texas. We look forward to the opportunity to invest in Harris County and provide additional employment opportunities.

The purpose of this letter is to clarify Merit's ongoing efforts to identify locations in which we can secure the most favorable environment for future investment and growth. With current U.S. operations in Utah, Virginia, and Massachusetts, Merit has a number of places to locate future operations. Moreover, Merit currently operates significant international manufacturing and distribution operations in Galway, Ireland; Maastricht, The Netherlands; Tijuana, Mexico; and Beijing, China.

Merit Medical Systems, Inc. has made a decision to vacate its current manufacturing facility located in Angleton, Texas. This decision will require the investment of approximately \$17 - \$18 million in a new facility, machinery and equipment. In addition, the new facility will provide approximately 160 new jobs immediately, growing to 221 jobs within five years.

The only question yet to be answered is where the new facility – and the 160 jobs – will be located.

For nearly ten years, Merit has aggressively negotiated with local and state taxing authorities to establish tax abatements and incentives. This strategy has resulted in increased capital which is available for reinvestment in communities in which we have operations. These positive, mutual relationships have been forged not only from Merit's stellar performance but on a basis of mutual trust.

Merit is a publicly held company whose reputation is well known not only in the medical device industry but throughout the business community in general. Our investment in communities in which we live and work is significant and undeniable.

Merit is respectfully requesting that Harris County – and other local jurisdictions – consider a short-term tax abatement because, frankly, the cost structure in Texas is significantly higher than in other jurisdictions in which we operate. Moreover, under Merit's existing agreements with the State of Utah and the City of South Jordan, any relocation or expansion of facilities to accommodate the Angleton operation would be eligible for incentives and abatements.

Merit currently has under construction a new 260,000squarefoot facility in South Jordan, Utah which will provide flexibility, growth, or consolidation capacity for Merit's worldwide operations. The facility will be on-line by the middle of next year.

First, let me help put in perspective the cost differential between locating the operation in Texas versus Utah. The estimated property tax rate in the City of Pearland is 2.650581. By comparison, the property tax rate in Utah is 1.2986, or less than half of the rate in Pearland. In addition, the State of Utah does not impose a tax on inventory.

In short, for every \$1 million in both real and personal property and inventory, Merit would be assessed an annual tax of \$53,011 in real and personal property and inventory taxes, compared to only \$12,986 in property taxes in Utah, pre-incentives in both Texas and Utah.

Moreover, Utah has one of the most aggressive research & development tax credits in the country. The State of Texas recently repealed their state R&D tax credit. Hence, for every \$1 million qualified as R&D expense, Merit receives a Utah credit of \$142,000.

Finally, other expenses, including employee healthcare, utility costs, and unemployment insurance, are almost twice as much in Texas when compared to similar services in Utah.

While we recognize that the State of Texas does not impose an individual income tax, this provides little to no benefit directly to Merit.

Please allow me to be more specific on how Merit's existing incentives and abatements in Utah are direct competition to our decision to build a new facility in Texas versus Utah. Merit currently enjoys two specific and one general economic development incentives.

The direct incentives include: 1) a 10-year, \$4.36 million State of Utah Economic Development Tax Incentive Fund (EDTIF) award (2010); and 2) a 15-year, \$12.65 million South Jordan City RDA economic development area (EDA) (2006). Both agreements are job creation and investment based. That is, they are not specifically project based. As a result, the relocation of the Angleton facility to Utah would count towards those contract milestones and Merit would benefit under the existing contract.

2010 EDTIF Incentives: On April 9, 2010, an Economic Development Tax Increment Financing Agreement (EDTIF) was executed between the State of Utah and Merit . Under the agreement, Merit committed to create 392 new, full-time positions, including

221 qualified positions over the ten-year term. In addition, Merit is committed to invest \$11 million in real and personal property over the period.

In return, the State of Utah will, for the period January 1, 2010 – December 31, 2019, rebate to Merit 30% on incremental state sales and use taxes, corporate income taxes, and 25% of employee withholding taxes generated above the base year of 2009. The total rebate will not exceed \$4,360,000.

Relocation of the Texas operation to Utah – and the required investment in facilities, machinery and equipment, and job growth – would not only count towards meeting the milestones contained in the agreement but would also result in direct rebates to Merit. Based on anticipated investment and job creation, if Merit chooses to relocate the Angleton operation to Utah, Merit would receive approximately \$580,000 in EDTIF rebates over the term of the agreement.

2006 EDA Incentives: In 2006, an Economic Development Area (EDA) was created around Merit's South Jordan facilities. An agreement was executed between the South Jordan City Redevelopment Agency (RDA) and Merit. Under the agreement, Merit committed to create 500 new, full-time positions over the 15-year term. In addition, Merit committed to invest \$147.8 million in real and personal property over the period.

In return, the South Jordan City RDA will, for the period January 1, 2007 – December 31, 2021, rebate to Merit 65% of the incremental property taxes generated from the project area over the base year of 2005. The total rebate will not exceed \$12,652,890.

Again, the relocation of the Texas operation to Utah will not only count towards meeting the milestones contained in the agreement but will also result in direct rebates to Merit. Based on the anticipated investment, Merit would receive approximately \$1.5 million in rebates over the remaining term of the agreement.

The indirect incentive is a newly created "Technology and Life Science Economic Development Act" (2011 – HB 496).

HB 496: The Technology and Life Science Economic Development Act was passed by the Utah Legislature during its annual 2011 general session. The legislation creates a refundable tax credit for investment by life science companies which have 50% of their employees located in Utah. The refundable credit is for 100% of the incremental increases in state sales and use, corporate income, and employee withholding taxes for a period of three years.

Based on the anticipated investment, if Merit chooses to relocate the Angleton operation to Utah, Merit would receive approximately \$750,000 in rebates over the rebates under our EDTIF award.

In summary, if Merit relocates the Angleton operation to Utah, we anticipate receiving incentives and rebates totaling approximately \$2.83 million over the next 12 years. These

incentives are in place and eligible for use without any additional action by state or local governments. Moreover, the total operating cost differential between Texas and Utah is many times that total amount.

You may ask yourself, "Why is Merit considering building a new facility in Texas if it is so financially advantageous to transfer the operation to Utah?" The answer is simple. Merit's Texas workforce is among the company's most knowledgeable, efficient, and technically trained. To replicate this workforce in Utah would be a time-consuming process. Moreover, the products that are manufactured in Texas are among the company's fastest growing. The relocation of the operation would risk this growth in the short term.

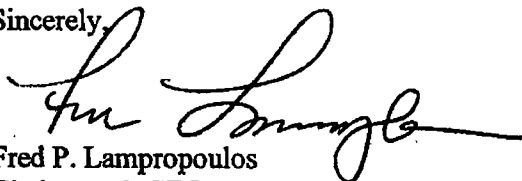
Merit has worked hard to develop a business strategy which will allow us to continue to operate in the State of Texas. We have met with state and local officials in an attempt to identify incentives or abatements which make operation in Texas sustainable long-term. Merit is ready to make significant investments in Texas both in infrastructure and job creation IF agreement can be reached regarding the required abatements. Failure to meet an agreement will likely mean that the business model we have developed will be unsustainable and will require the relocation – and loss of 160 jobs – to Utah.

Let me be frank: Without approval of the tax abatements by Harris County and the City of Pearland, along with the financial assistance from the Pearland Economic Development Corporation, Merit cannot, and will not continue to operate a facility in the State of Texas.

We are confident that with this explanation of the in-place incentives in Utah, Harris County will recognize the competitive nature of Merit's decision to build a new facility. It is our sincere hope and desire that Harris County will recognize the investment Merit can make in Texas and approve the Application for Tax Abatement.

We look forward to your favorable response.

Sincerely,

A handwritten signature in black ink, appearing to read "Fred P. Lampropoulos", with a stylized, flowing script.

Fred P. Lampropoulos
Chairman & CEO
Merit Medical Systems, Inc.



MERIT MEDICAL SYSTEMS, Inc.

PRODUCTION WAREHOUSE FACILITY, HOUSTON, TX - CONTROL ESTIMATE - 27-May 2011

CONTROL ESTIMATE SUMMARY - SYSTEM FORMAT

Based On Design Development Drawings

ESTIMATE DATE - 27 May 2010

ESTIMATE DATE - 27 May 2010					Area = 125,085 GSF...					
Line Number	System Number	COST TYPE	CSI Code	DESCRIPTION	Quantity	UOM	Unit Cost	Total	System Totals	Comments
1 - FOOTING AND FOUNDATION										
1	1			Earthwork						
2	1	1		Excavate 2.5 ft building pad 84,000 sq ft include 5 ft overexcavate	8,704	TCY	9.00	78,334		REI
4	1	1		Install 6 in. of select fill for building pad 84,000 sq ft	21,759	TCY	16.00	348,144		REI
Concrete										
5	1	1		Building concrete 50g 6"	87,500	SF	3.50	306,250		TAS/ Inc Rebar
6	1	1		Pave concrete 50g 6"	790	SF	0.50	395		TAS/ Inc Rebar
7	1	1		Building drilled piers 30"x15'-60" deep @ 25' spacing	75	EA	937.50	70,313		TAS/ Inc Rebar
8	1	1		Truck wall walls	320	WSF	20.00	10,400		TAS/ Inc Rebar
9	1	1		Truck wall wall grade beams	130	LF	35.00	4,550		TAS/ Inc Rebar
10	1	1		Truck wall drilled piers 30"x12'-00"	8	EA	500.00	4,000		TAS/ Inc Rebar
11	1	1		Elevator pit	1	EA	7,500.00	7,500		TAS/ Inc Rebar
12				SUBTOTAL SYSTEM 1					832,262	6.85' SF
2 - STRUCTURE										
Concrete										
14	2	1		Exterior 34"x25" wall 1' long 11' up walls with 2' parapet	49,800	WSF	11.25	559,000		TAS/ Inc Rebar
15	2	1		Lightweight concrete on metal deck 5"	37,315	SF	3.00	111,945		TAS/ Inc Rebar
Structural Steel										
16	2	1		Structural steel 7.5 (61) SF	460	TH	2,900.00	1,360,200		
19	2	1		Steel decking 2nd floor	37,315	SF	2.65	98,885		
20	2	1		Steel decking roof	87,500	SF	2.65	231,875		
Miscellaneous Metals										
22	2	1		Guardrail at level 2	66	lin	275.00	17,875		
23	2	1		Steel stairs	2	Stairs	7,500.00	15,000		
24	2	1		Unit-mur grt System	0	SF	0.91	0		
25	2	1		Misc metals allowance 0.25 Lbs/SF	31,271	Lbs	2.50	78,178		
26				SUBTOTAL SYSTEM 2					2,372,057	18.97' SF
3 - EXTERIOR CLOSURE										
Storefront & Windows										
28	3	1		Windows	4,173	SF	35.00	146,055		
29	3	1		Storefront frame & windows	665	SF	40.00	26,600		
30	3	1		Storefront doors	5	EA	2,500.00	12,500		
Exterior Doors										
32	3	1		Sectional overhead doors	5	EA	10,425.00	52,125		Texas Overhead Door
Other Finishes										
34	3	1		Painting of 1st panels	40,800	SF	1.25	51,000		
35	3	1		Joint sealants, building	87,400	SF	0.25	21,875		
36	3	1		Joint sealants, vertical panel joints	1,688	LF	4.00	6,752		
37	3	1		Covered patio awning	87.0	SF	25.00	2,175		
38				SUBTOTAL SYSTEM 3					352,955	2.82' SF
4 - ROOFING SYSTEM										
Roof System										
40	4	1		UL Class 'A' Roof System	87,500	SF	5.25	459,375		
42	4	1		Pre finished parapet caps	1,200	LF	10.00	12,000		
43				SUBTOTAL SYSTEM 4					471,375	3.77' SF
5 - INTERIOR FINISHES										
Midwork										
44	5	1		Architectural midwork - reception desk / vanities / breakroom	87,500	SF	0.25	21,875		
Insulation										
46	5	1		Misc building insulation	87,500	SF	0.10	8,750		
49	5	1		Flareproofing	0	SF	2.00	0		
Doors & Hardware										
51	5	1		Main doors	45	EA	1,100.00	49,500		
52	5	1		Per man doors	42	EA	2,500.00	105,000		
53	5	1		Interior high speed overhead door	1	EA	17,000.00	17,000		
Dry wall & Metal Framing \$ 3.97 /bsf										
55	5	1		Interior lining with insulation	10,606	SF	4.00	42,424		
56	5	1		Clean room walls	4,023	SF	13.63	54,812		
57	5	1		Interior partition with insulation	68,190	SF	5.60	381,456		
Building Flooring										
59	5	1		Carpet	25,154	SF	2.75	69,173		
60	5	1		Entry mat	90	SF	50.00	4,500		
61	5	1		Epoxy Flooring	5,185	SF	7.00	36,295		
62	5	1		Sealed concrete	82,400	SF	0.65	53,560		
63	5	1		VCT	24,993	SF	2.00	49,986		
Suspended Ceilings										
65	5	1		Clean room ceilings	10,782	SF	7.50	80,865		
66	5	1		Acoustic ceilings	59,026	SF	2.00	118,052		
67	5	1		Hard ceilings	1,680	SF	3.75	6,300		
Tile										
69	5	1		Floor tile	3,131	SF	9.00	28,179		
70	5	1		Wall tile	3,638	SF	9.00	32,742		
Painting \$ 0.64 /bsf										
72	5	1		Doors	120	EA	125.00	15,000		
73	5	1		Walls	102,178	SF	0.55	56,188		
74	5	1		Ceilings	17,442	SF	0.65	11,337		
Specialties										
76	5	1		Lockers	180	EA	65.00	11,700		
77	5	1		Misc building specialties	125,085	SF	0.15	18,763		
78				SUBTOTAL SYSTEM 5					1,269,182	10.16' SF
6 - CONVEYING SYSTEMS										

[illegible]



MERIT MEDICAL SYSTEMS, Inc.

PRODUCTION/WAREHOUSE FACILITY, HOUSTON, TX - CONTROL ESTIMATE - 27-May 2011

CONTROL ESTIMATE SUMMARY - SYSTEM FORMAT

Based On Design Development Drawings

ESTIMATE DATE = 27 May 2010										Area =	125,085 GSF
Item Number	System Number	COST TYPE	CSI Code	DESCRIPTION	Quantity	UNIT	Unit Cost	Total	System Totals		Comments
162	10	1		6" Concrete paving	53,543	SF	2.75	147,271			TAS
163	10	1		Joint repair to existing concrete sidewalk (12'x12')	117,692	SF	0.20	23,538			
SUBTOTAL SYSTEM 10									1,376,465		11.00 SF
165				11 - OFF-SITE IMPROVEMENTS							
166	11	1		None							0.00 SF
167				SUBTOTAL SYSTEM 11					0		0.00 SF
168				12 - GENERAL CONDITIONS							
169	12			General Conditions							
170	12	1		General conditions	4.12	EA	51,341	462,073			
171	12	1		Existing	0	Mo.	0	0			
SUBTOTAL SYSTEM 12									462,073		3.60 SF
173				13 - TESTING AND INSPECTIONS							
174	13			Testing							
175	13	1		Testing & special inspection	0	LS	0	0			By Owner
SUBTOTAL SYSTEM 13									0		0.00 SF
177				14 - UNDEFINED WORK							
178	14	1		Additional Undefined Work							
SUBTOTAL SYSTEM 14									0		0.00 SF
179				20 - PERMITS / FEES / BONDS / ETC.							
181	20			Building Permit	0	LOT	44,154	0			By Owner
182	20			Plan Check Fee	0	LOT	28,700	0			By Owner
183	20			State Surcharge Fee	0	LOT	442,000	0			By Owner
184	20			Sanitary Sewer Connection Fee	0	LOT	0.00	0			By Owner
185	20			Sanitary Sewer Fixture Fee	0	LOT	0.00	0			
186	20			Storm Sewer Impact Fee	0	LOT	0.00	0			
187	20			Water Connection Fee	0	LOT	0.00	0			
188	20			Temp Power Feed	0	LOT	0.00	0			
189	20			Impact Fee	0	LOT	0.00	0			
190	20			Flood Impact Fee	0	LOT	0.00	0			
191	20			EPA Site Permit	0	LOT	0.00	0			
192	20			General Liability Insurance	0.2877%	%	12,622,699	36,316			
193	20			Excess PL / DLI Insurance	0	YRS	0.00	0			
194	20			Builders Risk Insurance	0	LOT	0.00	0			
195	20			Builders Risk Deductible	0	EA	0.00	0			
196	20			CM Professional Liability Insurance	0	LOT	0.00	0			
197	20			CM Professional Liability 3 Year Tail	0	LOT	0.00	0			
198	20			Payment / Performance Bond	0	LOT	0.00	0			
199	20			Municipal Site Improvement Bond	0	SF	0.00	0			
200	20			Subcontractor Bonding	1.50%	%	4,147,380	62,211			
201	20			Discontinuation Fee	0.00%	%	0	0			
202	20			Contractor's Fee	1.85%	%	11,774,358	217,626			
203	20			Contractor's Fee on Owner Direct Purchases	1.85%	%	n above	0			Rack System
204	20			Pre Construction Services Satisfaction Fee	0	LS	0	0			
205	20			CM Satisfaction Fee	0.25%	%	11,774,358	29,436			
SUBTOTAL SYSTEM 20									345,783		2.76 SF
207				21 - A/E FEES, REIMBURSABLES, etc							
208	21			Architect Design Fee	0	LOT	0.00	0			
209	21			Structural Engineer Design Fee	0	LOT	0.00	0			
210	21			Mechanical Engineer Design Fee	0	LOT	0.00	0			
211	21			Electrical Engineer Design Fee	0	LOT	0.00	0			
212	21			Civil Engineer Design Fee	0	LOT	0.00	0			
213	21			Geotechnical Engineer Fee	0	LOT	0.00	0			
214	21			Landscape Architect Design Fee	0	LOT	0.00	0			
215	21			Topographical Maps - ALTA St	0	LOT	0.00	0			
216	21			A/E Reimbursables	0	LOT	0.00	0			
217	21			Bldg Package Documents Printing	0	LOT	0.00	0			
218	21			Const Documents Printing	0	LOT	0.00	0			
SUBTOTAL SYSTEM 21									0		0.00 SF
220				22 - CONTINGENCY							
221	22			Contingency							
222	22			Contractor's Contingency	5.00%	%	12,021,616	601,081			
SUBTOTAL SYSTEM 22									601,081		4.81 SF
224											
PROJECT TOTAL									12,022,699	12,022,699	100.00 SF

1	OWNER COST TOTAL									
2				Testing & Special Inspection	0	LS	\$0.000	0		By Owner
3				Building Permit	0	LS	44,154	0		By Owner
4				Plan Check Fee	0	LS	28,700	0		By Owner
5				State Surcharge Fee	0	LS	442	0		By Owner
6				City Impact Fees	0	LS	TBD	0		By Owner
7				Other Owner Costs	0	LS	TBD	0		By Owner
8				Landscaping						
9				Landscaping & Irrigation	0	SF	3.00	0		
10				Special Features	0	LS	\$0.000.00	0		
OWNER COST TOTAL									0	0.00 SF
12				OWNER COST TOTAL						0.00 SF



MERIT MEDICAL SYSTEMS, Inc.

PRODUCTION/WAREHOUSE FACILITY, HOUSTON, TX - CONTROL ESTIMATE - 27-May 2011

CONTROL ESTIMATE SUMMARY - SYSTEM FORMAT
Based On Design Development Drawings

ESTIMATE DATE = 27 May 2010										Area =	125,085 GSF
Item Number	System Number	COST TYPE	CSI Code	DESCRIPTION	Quantity	Unit	Estimate Unit Cost	Total	System Totals	Comments	
1				PROJECT COST TOTAL							
2				CONSTRUCTION COST TOTAL	1	LS	12,622,699	12,622,699			
3				OWNER COST TOTAL	1	LS	0	0			
4				PROJECT COST TOTAL				12,622,699	100.91 SF		
5				PROJECT COST TOTAL				12,622,699	12,622,699	100.91 SF	

CLARIFICATIONS:

METES AND BOUNDS DESCRIPTION
11.9337 ACRES
LOCATED IN THE
JAMES HAMILTON SURVEY, A-876
HARRIS COUNTY, TEXAS

Being a tract or parcel of land containing 11.9337 acres of land or 519,832 square feet, located in the James Hamilton Survey, Abstract 876, Harris County, Texas, Said 11.9337 acre tract being out of and a part of a 36.166 acre tract of record in the name of SHT/Kirby, Ltd. In Harris County Clerk's File (H.C.C.F.) Number 20080049996, said 36.166 acre tract being out of and a part of Block "F" of the Allison-Richey Gulf Coast Homes Subdivision of record in Volume 3, Page 40 in the Map Records of Harris County, Texas; Said 11.9337 acre tract being more particularly described as follows (bearings based on said deed):

BEGINNING at a 5/8 inch iron rod found at the northeast end of a Right-of-Way (R.O.W.) transition from the west R.O.W. line of Kirby Drive (width varies) to the north R.O.W. line of Spectrum Boulevard (100 feet wide), being on the east line of aforesaid 36.166 acre tract;

THENCE, coincident aforesaid R.O.W. transition, South 42 Degrees 38 Minutes 32 Seconds West, a distance of 28.11 feet to a 5/8 inch iron rod with "Gruller" cap set on the north R.O.W. line of aforesaid Spectrum Boulevard, being the northeast corner of a 1.3116 acre tract of record in the name of City of Pearland in H.C.C.F. Number 20100435869;

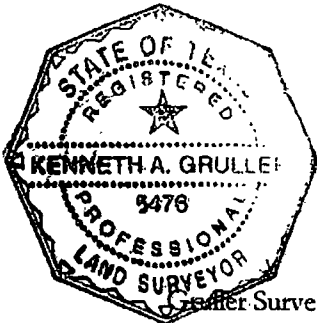
THENCE, coincident the north line of aforesaid Spectrum Boulevard, South 87 Degrees 21 Minutes 30 Seconds West, a distance of 558.09 feet to a 5/8 inch iron rod with "Gruller" cap set for the southwest corner of the herein described tract;

THENCE, through and across aforesaid 36.166 acre tract the following two (2) courses:

1. North 02 Degrees 38 Minutes 00 Seconds West, a distance of 879.16 feet to a 5/8 inch iron rod with "Gruller" cap set for the northwest corner of the herein described tract;
2. North 87 Degrees 22 Minutes 00 Seconds East, a distance of 598.33 feet to a 5/8 inch iron rod with "Gruller" cap set for the northeast corner of the herein described tract, on the west R.O.W. line of aforesaid Kirby Drive;

THENCE, coincident the west R.O.W. line of aforesaid Kirby Drive the following three (3) courses:

1. South 02 Degrees 16 Minutes 57 Seconds East, a distance of 613.59 feet to a 5/8 inch iron rod found;
2. South 14 Degrees 25 Minutes 00 Seconds West, a distance of 52.20 feet to a 5/8 inch iron with "Gruller" cap set;
3. South 02 Degrees 16 Minutes 57 Seconds East, a distance of 195.82 feet to the **POINT OF BEGINNING** and containing 11.9337 acres of land.



Gruller Surveying, LLC

May 25, 2011

Job 36-1109

A handwritten signature in black ink, appearing to read "K. A. Gruller", written over a horizontal line.

EXHIBIT D

EXHIBIT A, continued

2017 Assignment

2. Assignment of Tax Abatement Agreement approved by Harris County Commissioners Court July 22, 2014, with the following exhibits:

Exhibit A Tax Abatement Agreement between Harris County and Merit Medical Systems, Inc. approved by Harris County Commissioners Court October 11, 2011

Exhibit A City of Pearland Resolution No. R2011-12

Exhibit A-1 City of Pearland Ordinance No. 1447

Exhibit A-2 City of Pearland Resolution No. R2011-79

Exhibit B Guidelines and Criteria for Granting Tax Abatement in a Reinvestment Zone Created in Harris County

Exhibit C Application for Tax Abatement, Harris County

Exhibit D Metes and Bounds Description

Exhibit B Special Warranty Deed (20130648991)

Exhibit A Legal Description of Real Property

Exhibit B Permitted Exceptions

ASSIGNMENT OF TAX ABATEMENT AGREEMENT

THE STATE OF TEXAS §
COUNTY OF HARRIS §

This Assignment of Tax Abatement Agreement ("Assignment") is entered into by and between **Merit Medical Systems Inc.**, a Utah corporation and **Pearland Medical L.L.C.**, a Utah limited liability company.

RECITALS:

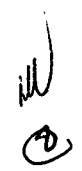
On October 11, 2011, the Commissioners Court of Harris County, sitting as the governing body of Harris County, Texas and on behalf of Harris County, the Harris County Flood Control District, the Harris County Hospital District, and the Port of Houston Authority of Harris County, Texas (collectively, the "County"), approved a tax abatement agreement between the County and Merit Medical Systems, Inc. ("Merit") to abate a portion of any increase in the appraised value of certain property located in the City of Pearland Reinvestment Zone #21 (the "Property") for purposes of ad valorem taxation, a copy of which is attached hereto as **Exhibit A** and made a part hereof (the "Tax Abatement Agreement"); and

Effective as of December 31, 2013, the transactions contemplated by the sale were consummated, and the Property was conveyed by Merit to Pearland by Special Warranty Deed, a copy of which is attached hereto as **Exhibit B** and made a part hereof; and

Merit desires to assign the Tax Abatement Agreement to Pearland and Pearland desires to assume all rights of Merit under the Tax Abatement Agreement;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and confessed, the parties hereto agree as follows:

TERMS:

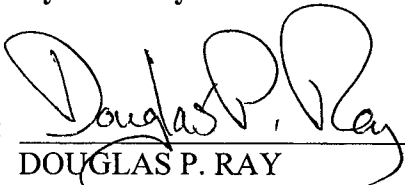
1. **Assignment of Rights.** Merit hereby grants, bargains, sells, transfers, conveys and assigns to Pearland all of its rights, title and interest in and to the Tax Abatement Agreement.
 2. **Non-Assignment of Obligations.** Merit does not assign its duties and obligations of performance under the Tax Abatement Agreement and shall remain a party to the Tax Abatement Agreement with respect to the obligations to perform thereunder.
 3. **Effective Date.** This Assignment shall only become effective upon the date of approval and consent of Harris County.
 4. **No County Indebtedness.** Merit and Pearland each represent and warrant that they have no outstanding indebtedness to the County, or to other political subdivisions who are parties to the Tax Abatement Agreement, for ad valorem taxes or other obligations.
 5. **Successors and Assigns.** This Assignment shall bind and inure to the benefit of the respective legal representatives, successors and permitted assigns of Merit and Pearland.
- 

6. Multiple Counterparts. This Assignment may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute but one instrument.
7. Third Party Beneficiaries. The County shall be third party beneficiaries of this Assignment and shall be authorized to enforce its terms.

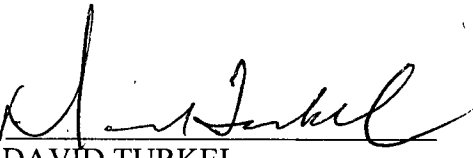
The undersigned join in executing this Assignment of Tax Abatement Agreement for the purpose of evidencing its consent to the terms and provisions herein contained.

APPROVED AS TO FORM:


VINCE RYAN
County Attorney

By: 
DOUGLAS P. RAY
Assistant County Attorney

HARRIS COUNTY

By: 
DAVID TURKEL
Executive Director


Date Signed: 7-9-14



MERIT MEDICAL SYSTEMS, INC.

a Utah corporation

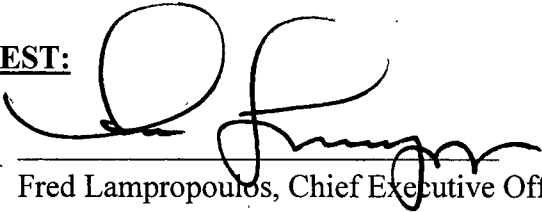
By:


Kent Stanger, Chief Financial Officer

Date Signed: 06-06-2014

ATTEST:

By:


Fred Lampropoulos, Chief Executive Officer

Date Signed: 6 June 2014

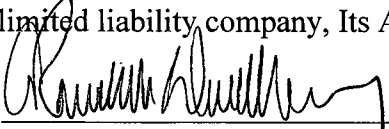
PEARLAND MEDICAL, L.L.C.

a Utah limited liability company

By: Woodbury Strategic Partners Fund, L.P.
a Delaware limited partnership, Its Manager

By: WSP Truffles L.L.C.
a Delaware limited liability company, Its General Partner

By: Woodbury Strategic Partners Management, L.L.C.
a Utah limited liability company, Its Authorized Representative

By: 
O. Randall Woodbury, President

Date Signed: 06/19/2014

ATTEST:

By:


Jeffrey K. Woodbury, Vice President

Date Signed: 06/19/2014

**TAX ABATEMENT AGREEMENT FOR REAL PROPERTY
LOCATED IN CITY OF PEARLAND REINVESTMENT ZONE #21**

THE STATE OF TEXAS §
 §
COUNTY OF TEXAS §

This Tax Abatement Agreement ("**Agreement**") entered into by and among **Harris County**, on behalf of itself, **Harris County Flood Control District**, **Harris County Hospital District**, and **Port of Houston Authority of Harris County**, (collectively "**County**") herein; and **Merit Medical Systems, Inc.**, a Utah Corporation ("**Owner**"), authorized to transact business in the State of Texas.

I. AUTHORIZATION

The Agreement is authorized by: (a) the Texas Property Tax Code, Ch.312, as it exists on the effective date of the **City of Pearland** ("**City**") tax abatement agreement; (b) **City Resolution No. R2011-12**, dated **January 24, 2011**, establishing City property tax abatement program for properties designated in a City reinvestment zone (**Exhibit A**); (c) the requisite public hearing held by **Pearland City Council** on **June 13, 2011**; (d) **City Ordinance No. 1447**, creating **Reinvestment Zone #21** ("**Zone**"), passed and approved **June 27, 2011** (**Exhibit A-1**); (e) **City Resolution No. R2011-79**, authorizing a tax abatement agreement, passed, adopted, and approved **July 11, 2011** (**Exhibit A-2**); (f) *Guidelines and Criteria for Granting Tax Abatement in a Reinvestment Zone Created in Harris County*, re-adopted by the Harris County Commissioners Court on **November 24, 2009** (the "**Guidelines**"), effective January 2010 through December 2011 (**Exhibit B**), and (g) the Order of Commissioners Court authorizing this Agreement on behalf of the County.

II. DEFINITIONS

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

- a. "**Abatement**" means partial exemption from ad valorem taxes for certain new construction of real property located within the Zone designated for economic development purposes.
- b. "**Application**" refers to the signed application and construction budget dated March 28, 2011, submitted by Merit Medical Systems, Inc. (**Exhibit C**).
- c. "**Effective Date**" means **January 1, 2012**.
- d. "**HCAD**" means Harris County Appraisal District.
- e. "**Early Start Date**" means **July 11, 2011**, the date the City authorized its own tax abatement agreement with City Resolution No. **R2011-79**.
- f. "**Base Year Value**" means the **2011** certified appraised value, as determined by HCAD for the property located in the Zone.
- g. "**CSD**" means Harris County Community Services Department Office of Economic Development, and its successors and assigns.
- h. "**Construction**" means material and substantial improvement of the property, representing a separate and distinct construction operation undertaken for the purpose of erecting the Real Property Improvements, as detailed in the Application.

- i. **"End of Construction Period"** refers to **December 31, 2013**, two years from Effective Date of this Agreement, or when the **medical supply manufacturing facility** is available for use, whichever occurs first.
- j. **"Eligible Property"** means construction of a **medical supply manufacturing facility** in the Zone to the extent construction will occur after the Early Start Date but before the End of Construction Period. Eligible Property shall be as detailed in Real Property Improvements. The value of Eligible Property shall be the certified appraised value determined by HCAD each year.
- k. **"Ineligible Property"** means any construction commenced prior to the Early Start Date, or after the End of Construction Period. Ineligible Property also includes: renovations to existing facilities within the Zone; construction of new facilities other than the **new medical supply manufacturing facility** subject to a tax abatement; fixed-in-place business personal property; Real Property Improvements having an economic life less than 15 years; Real Property Improvements fully or partially exempt from ad valorem tax by virtue of local, state, or federal law; land; housing; vehicles; vessels; aircraft; hotels and accommodations; deferred maintenance investments; business personal property such as inventories, supplies, tools, furnishings; and/or any improvements not integral to the operation of the facility. The value of all Ineligible Property each year shall be the HCAD certified appraised value.
- l. **"Real Property Improvements"** means construction of new Eligible Property by the Owner of the **medical supply manufacturing facility (estimated 100,000 square feet)** in the Zone after the Early Start Date and before the End of Construction Period.
- m. **"TWC"** means Texas Workforce Commission.
- n. **"Permanent Employee"** means an employee of the Owner who works a minimum of **2,000** hours per year exclusively within the Zone (excluding any contract employee, seasonal employee, full-time equivalent, or part-time employee), who receives medical benefits, whose employment is both permanent and full-time and is stated in the quarterly TWC report filed by the Owner while this Agreement is in effect.

III. SUBJECT PROPERTY

A. The subject property is a parcel containing **11.9337 acres** situated in the James Hamilton Survey, Abstract 876, Harris County, Texas, as more fully described in the attached **Legal Description of Property (Exhibit D)**.

B. The Zone is an area within Harris County, Texas, also detailed in **City Ordinance No. 1447 passed and approved June 27, 2011 (Exhibit A-1)**.

C. In accordance with TEXAS TAX CODE ANN. §312.204, HCAD shall determine the Base Year Value of the Zone as of **January 1, 2011**. The Chief Appraiser of HCAD shall annually certify the appraised value of the Real Property Improvements located within the Zone.

IV. REPRESENTATIONS AND AGREEMENTS BY OWNER

- A. Owner represents and warrants that it owns fee simple title to the real property located at **14646 Kirby Drive, Pearland, Texas 77047**, within the boundaries of the Zone, at the time of execution of this Agreement and prior to commencement of Construction of the Real Property Improvements.
- B. Owner represents and warrants that the Real Property Improvements will be constructed within the boundaries of the Zone.

- C. Owner commits that the Real Property Improvements described in the Application constitute Eligible Property under this Agreement and did not commence before the Early Start Date.
- D. Owner represents and warrants that it shall maintain Real Property Improvements in good repair and condition throughout the term of the Agreement.
- E. Owner represents and warrants that it shall invest at least **\$8,575,000** in the Real Property Improvements by the End of Construction Period, of which **\$8,575,000** may be subject to the abatement calculation at **50 percent**, as further described in **SECTION V. VALUE AND TERM OF ABATEMENT**, and **SECTION VI. TAXABILITY**.
- F. Owner represents and warrants that the certified appraised value of the Real Property Improvements as determined by HCAD shall be at least **\$8,575,000** on or before **January 1, 2014**.
- G. Owner represents and warrants that it shall create a total of **221** Permanent Employees on its payroll in the Zone, in accordance with the following schedule:
- **200** Permanent Employees by **December 31, 2014** (3 years from Effective Date);
 - **210** Permanent Employees by **December 31, 2015** (4 years from Effective Date);
 - **221** Permanent Employees by **December 31, 2016** (5 years from Effective Date) and continuing through the remaining term of this contract.
- H. If at any time Owner fails to meet above-stated Zone-specific employment requirements for Permanent Employees, Owner agrees to remit to the Director of CSD the full amount of ad valorem taxes previously abated under this Agreement plus applicable interest and penalties, as detailed in **SECTION VII. EVENT OF DEFAULT**.
- I. Owner represents and warrants that at the time of execution of this Agreement, Owner is not indebted to the County for any delinquent ad valorem taxes or other obligations.
- J. Owner represents and warrants that the proposed **medical supply manufacturing facility** will comply with all state and federal laws designed to protect human health and welfare. Further, Owner agrees that construction of the Real Property Improvements and operation of the facility shall comply with all applicable federal, state, and local laws, rules and regulations, including those designated to protect the environment from environmental hazards and degradation.

V. VALUE AND TERM OF AGREEMENT

- A. Owner shall construct the Real Property Improvements in conformity with this Agreement as set out in the Application. Upon completion of the Real Property Improvements, Owner shall use the facility as a **medical supply manufacturing facility**. Owner shall further maintain the Real Property Improvements in good repair and condition throughout the term of this Agreement.
- B. The term of the Abatement shall be for a period not to exceed **10** years beginning with the Effective Date of this Agreement. In no case shall the term of the Abatement, inclusive of Construction, exceed **10** years from the Effective Date.
- C. In no case shall the value of Eligible Property used in the abatement calculation exceed **\$8,575,000**, and in no case shall the value to be abated in any year exceed **\$4,287,500**, which is **50 percent** of the minimum value increase.
- D. Each year the exemption will be computed by HCAD in the following manner:

- If Base Year Value decreases during the term of a tax abatement or if an additional exemption is granted by the state or federal government, then the maximum amount of abatable value to be used in abatement calculation ("the Cap") will be reduced each year at the same rate ("Adjusted Cap").
- The Cap shall initially be **\$8,575,000**, shall not exceed the increased value requirement set out in this Agreement, and shall be adjusted annually. To determine the amount of the abatement each year, the Adjusted Cap shall be multiplied by **50 percent**.
- Current Property Value will be the current appraised value of all Eligible Property and existing property within the Zone for the year in which the Agreement is executed.
- The Current Amount Eligible for Abatement is multiplied by **50 percent** to determine the exemption amount each year, after adjusting the Cap, if applicable.

E. Construction under this Agreement shall be considered complete when the new Real Property Improvements described in the Application are available for occupancy, or at the End of Construction Period, whichever occurs first. If Construction is incomplete two years after the Effective Date, then the Real Property Improvements shall be considered completed for the purpose of compliance monitoring under this Agreement.

VI. TAXABILITY

During the period this Agreement is in effect, ad valorem property taxes shall be payable on the HCAD-certified appraised value in the Zone as follows:

- (1) Base Year Value, Ineligible Property, and non-abatable property, shall be fully taxable at 100 percent;
- (2) Improvements to the Eligible Property in excess of the amount of Eligible Property to be abated, as calculated in **SECTION V. VALUE AND TERM OF ABATEMENT**, shall be fully taxable at 100 percent;
- (3) The Abatement shall apply only Eligible Property, which shall be abated in accordance with the percentage set forth in **SECTION V. VALUE AND TERM OF ABATEMENT**. The tax abatement applied to Eligible Property subject to the abatement calculation cannot exceed the amount by which the value of the property located in the Zone including the Eligible Property and existing property for the year in which the Agreement was executed, as listed on the appraisal roll for the year, exceeds the Base Year Value.

VII. EVENT OF DEFAULT

A. During the period covered by this Agreement, the County may declare a default hereunder upon the occurrence of any one or more of the following circumstances or events:

1. Failure by Owner to construct the Real Property Improvements specified in the Application by the End of Construction Period; or
2. Failure by Owner to invest at least **\$8,575,000** in the Real Property Improvements detailed in the Application; or
3. Failure by Owner to increase the certified appraised value of the Real Property Improvements as determined by HCAD by at least **\$8,575,000** on or before **January 1, 2014**; or
4. Failure by Owner to create at least **160** Permanent Employees by **July 1, 2013**; or **175** Permanent Employees by **December 31, 2013**; or **200** Permanent Employees by **December 31,**

2014; or 210 Permanent Employees by December 31, 2015; or 221 Permanent Employees by December 31, 2016;

5. Failure by Owner to maintain at least **221 Permanent Employees** on its payroll from **December 31, 2016**, throughout the entire duration of this Agreement.
6. Failure by Owner to comply with any of the terms of the Agreement; or
7. Failure by Owner to comply with TEXAS TAX CODE ANN. §22.01, as amended, requiring annual rendition of all personal property with HCAD; or
8. Failure by Owner to pay ad valorem taxes owed to the County or to become delinquent in payment of such ad valorem taxes; or
9. **Failure by the Owner to ensure that any third-party owning assets in the Zone pays taxes in a timely manner; or**
10. Misrepresentation by Owner in the Application or in the Agreement; or
11. If the City declares the Owner to be in default with respect to any of the terms and conditions of the City tax abatement agreement approved **July 11, 2011**, and such default is not cured in accordance with the provisions of that agreement.

B. In the event the County declares Owner to be in default of this Agreement, the Agreement shall terminate unless such default is cured in accordance with Subsection C below. If this Agreement is terminated, the County shall recapture all property taxes that have been abated as a result of this Agreement. Additionally, Owner agrees to pay the County the full amount of recapture owed plus interest at the rate of six percent (6 percent) per annum from the Effective Date. Interest shall be calculated on the basis of a year of 360 days and the actual days elapsed (including the first day but excluding the last day) occurring in the period for which such interest is payable, calculated on the per annum basis of a year of 365 or 366 days, as applicable, and the actual days elapsed (including the first day but excluding the last day).

C. Owner is responsible for notifying the County of any default under this Agreement within 10 days of such default, and must cure such default within 60 days after receipt of said notification of default ("Cure Period"). If the County determines that Owner has failed to notify the County of any default of this Agreement as provided in this paragraph, the County shall terminate the Agreement immediately and all taxes previously abated by virtue of this Agreement will be recaptured from Owner. In such event, such taxes must be paid to the County, within 60 days from the date of termination. If the County does not receive full payment within said 60 days from Owner's receipt of a Notice of Termination from the County, as described in **SECTION VIII. ADMINISTRATION**, a penalty may be added, pursuant to the Texas Tax Code, equal to fifteen percent (15 percent) of the total amount of taxes abated under this Agreement.

D. In the event Owner allows any ad valorem taxes owed to the County to become delinquent or fails to timely and properly follow the legal procedures for protest and/or contest, then this Agreement may be terminated by the County. In such event, all recaptured taxes, interest, and penalties that may be assessed under the terms of this Agreement, must be paid to the County by Owner within 60 days from the date of the Notice of Termination.

E. In the event that a third-party that is not a party to this Agreement owns any assets in the Zone and allows any ad valorem taxes owed to the County to become delinquent or fails to timely and properly follow the legal procedures for protest and/or contest, then this Agreement may be terminated by the County, unless Owner pays all such delinquent taxes plus interest and penalties in a timely manner. In such event of termination, all recaptured taxes, interest, and penalties that may be assessed under this Agreement, must be paid to the County by Owner within 60 days from the date of the Notice of Termination.

F. In the event the Real Property Improvements are completed and Owner begins operation, but subsequently discontinues operation for any reason, for a period of 180 days during the term of the Agreement, or one year in the event of a natural disaster, then this Agreement shall terminate. In the event of termination pursuant to the provisions of this paragraph, the abatement of taxes under this Agreement for the calendar year during which the facility no longer is in operation shall terminate and there shall be full recapture with penalties and interest as set out herein. Further, Owner shall notify the County within 10 days of any discontinuation, stating the reason for the discontinuation and the projected length of discontinuation. Any taxes otherwise abated for the calendar year during which Owner no longer operates the subject facility must be paid directly to Harris County within 60 days from the date of discontinuation.

VIII. ADMINISTRATION

CSD shall administer this Agreement on behalf of the County and all political subdivisions on whose behalf it is entered. Owner shall allow employees or representatives of the County who have been designated by CSD to have access to the Zone during the term of this Agreement to inspect the facility to determine compliance with the terms and conditions of this Agreement. All inspections will be made only after giving 24 hours prior notice and will only be conducted in such manner as to not unreasonably interfere with the construction and/or operation of the subject facility. All inspections will be made with one or more representatives of Owner and in accordance with safety and security standards of Owner.

Upon completion of the Real Property Improvements, CSD shall annually evaluate the facility to ensure compliance with the terms and provisions of this Agreement and shall report possible defaults to the Commissioners Court and the County Attorney. Owner shall annually submit to CSD and to HCAD, beginning on March 1st, in each year this Agreement is in effect, a January 1st count of Permanent Employee positions which shall correspond to employment counts reported in the Employer's Quarterly Report filed by Owner with TWC for the quarter ending on the previous December 31st, and separate notarized letter certifying:

- (1) Number of jobs created in the Zone, and;
- (2) Owner's compliance with all environmental and worker safety requirements for the preceding year.

This information will be used by CSD to determine eligibility for abatement and shall be subject to audit if requested by CSD. Failure by Owner to submit requested information will render Owner ineligible to receive any tax abatement.

Owner shall comply with all federal, state, and local laws applicable to the facility in the Zone, and shall properly obtain and maintain all required permits and authorizations as may be required from federal and state regulatory agencies with respect to such facilities.

HCAD shall annually determine both the abated value and the full taxable value in the appraisal records. The full exemption value listed in the HCAD records shall be used to compute the amount of abated taxes required to be recaptured and paid in the event this Agreement is terminated in a manner that results in recapture. Each year, Owner shall furnish the HCAD Chief Appraiser with such information outlined in Chapter 22, TEXAS TAX CODE, as may be necessary for the administration of the tax abatement specified herein.

If the County terminates this, it shall provide Owner with written notice of such termination. If Owner believes that such termination was improper, Owner may file suit in the Harris County District Court appealing such termination within 60 days after receipt from the County of written notice of termination. If a suit is filed, Owner shall remit to the County within 60 days after receipt of demand for payment any additional or recaptured taxes as may be payable during the pendency of the litigation pursuant to the payment provisions of TEXAS TAX CODE ANN. § 42.08. If the final determination of the appeal increases the tax liability of Owner above the amount of tax paid, Owner shall remit the additional tax to the County and other political

subdivisions that are parties to the Agreement, pursuant to TEXAS TAX CODE ANN. § 42.42. If the final determination of the appeal decreases tax liability of Owner, the County shall refund the difference between the amount of tax paid and the amount of tax for which Owner is liable pursuant to TEXAS TAX CODE ANN. § 42.43.

IX. ASSIGNMENT

Should Owner intend to sell, convey or lease the Real Property Improvements, Owner must request an assignment of this Agreement in writing from CSD. Consent of Commissioners Court shall not be unreasonably withheld. Any assignment shall provide that the assignee shall continue to operate the facility as a medical supply manufacturing facility and shall irrevocably and unconditionally assume all the duties and obligations of the assignor upon the same terms and conditions as set out in this Agreement. Any assignment of this Agreement shall be to an entity that shall continue to operate the facility as a medical supply manufacturing facility and shall maintain all commitments of this Agreement as to Permanent Employee positions and tax roll valuation for each remaining year on all associated Real Property Improvements. No assignment shall be approved if Owner or assignee is indebted to the County for delinquent ad valorem taxes or other obligations.

X. RENDITION

This Agreement is specifically conditioned upon Owner complying with TEXAS TAX CODE ANN. § 22.01, as amended, requiring annual rendition of all personal property with HCAD.

XI. NOTICE

Any notice required to be given under the provisions of this Agreement shall be in writing and shall be duly served when it shall have been deposited, enclosed in an envelope with the proper postage prepaid thereon, and duly registered or certified, return receipt requested, in a United States Post Office, addressed to the County and Owner at the following addresses. If mailed, any notice or communication shall be deemed to be received three (3) days after the date of deposit in the U.S. Mail. Unless otherwise provided in the Agreement, all notices shall be delivered to the following addresses:

To Owner: Merit Medical Systems, Inc.
1600 West Merit Parkway
South Jordan, UT 84095
Attention: Chief Financial Officer

Merit medical Systems, Inc.
14646 Kirby Drive
Pearland, Texas 77047
Attention: Chief Financial Officer

To the County: Harris County Community Services Department
8410 Lantern Point Drive
Houston, TX 77054
Attention: Office of Economic Development

To HCAD: Office of the Chief Appraiser/Abatements
Harris County Appraisal District
P.O. Box 920975
Houston, TX 77292-0975

Any party may designate a different address by giving the other party 10 days written notice.

XII. ALL-INCLUSIVE

The parties agree that this Agreement contains all of the terms and conditions of the understanding of the parties relating to the subject matter hereof. All prior negotiations, discussions, correspondence and preliminary understandings between the parties and others relating hereto are superseded by the Agreement.

XIII. APPLICABLE LAWS

Each party to the Agreement understands and agrees that this Agreement shall be governed and construed according to the laws of the State of Texas.

XIV. SEVERABILITY

The parties agree that if any provision, section, subsection, sentence, clause, or phrase contained in this Agreement is for any reason held to be unconstitutional, void, or invalid, the remaining portions of this Agreement shall not be affected thereby and all provisions contained herein are deemed severable for that purpose.

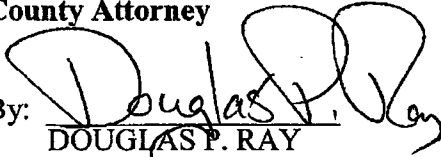
XV. DATE

The County executes this Agreement by and through the Director of CSD acting pursuant to Order of the Harris County Commissioners Court, so authorizing. This Agreement shall not become enforceable until executed by all parties hereto. The Effective Date shall be **January 1, 2012**.

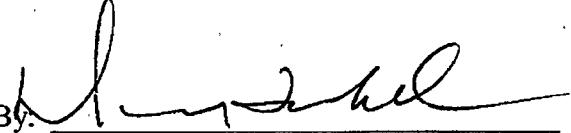
The parties in multiple originals, each, have executed this Agreement having full force and effect.

APPROVED AS TO FORM:


VINCE RYAN
County Attorney

By: 
DOUGLAS P. RAY
Assistant County Attorney

HARRIS COUNTY

By: 
DAVID TURKEL
Director, Community Services Department

MERIT MEDICAL SYSTEMS, INC.
(a UTAH Corporation)

By: 
Fred Lampropoulos, CEO

ATTEST:

Date: 9/6/11

By: Kent W. Stanger CFO
Printed Name and Title
(must be a corporate officer)


Signature

Date: 9/6/11

RESOLUTION NO. R2011-12

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PEARLAND, TEXAS, UPDATING AND APPROVING THE CITY'S GUIDELINES AND CRITERIA FOR GRANTING TAX ABATEMENT IN A REINVESTMENT ZONE CREATED IN THE CITY OF PEARLAND, BRAZORIA COUNTY, FORT BEND COUNTY, AND HARRIS COUNTY, TEXAS; HAVING A SAVINGS CLAUSE, A REPEALER CLAUSE, AND A SEVERABILITY CLAUSE.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PEARLAND, TEXAS:

Section 1. That Resolution No. R2011-12 ("Guidelines and Criteria for Granting Tax Abatement") is hereby adopted in compliance with state law and shall read as follows:

**"GUIDELINES AND CRITERIA FOR GRANTING TAX ABATEMENT
IN A REINVESTMENT ZONE CREATED IN THE CITY OF PEARLAND,
BRAZORIA COUNTY, FORT BEND COUNTY, AND HARRIS COUNTY, TEXAS**

WHEREAS, the creation and retention of job opportunities that bring economic growth is one of the highest civic priorities for the City of Pearland (the "City"); and

WHEREAS, new jobs and capital investment will benefit the area economy, provide needed opportunities; strengthen the real estate market and generate tax revenue to support local services; and

WHEREAS, the City must compete with other localities across the nation currently offering tax inducements to attract new Eligible Projects; and

WHEREAS, any tax incentives offered in the City may reduce needed tax revenue unless strictly limited in application to those new and existing industries that bring new wealth to the community; and

WHEREAS, any tax incentives should not adversely affect the competitive position of existing companies operating in the City; and

RESOLUTION NO. R2011-12

WHEREAS, the abatement of ad valorem property taxes levied by the City, when offered to attract primary jobs in industries which bring job creation and capital investment from outside a community instead of merely circulating dollars within a community, has been shown to be an effective method of enhancing and diversifying an area's economy; and

WHEREAS, effective September 1, 1987, Texas law requires any eligible taxing jurisdiction to establish Guidelines and Criteria as to eligibility for tax Abatement Agreements prior to granting of any future tax abatement, said Guidelines and Criteria to be unchanged for a two year period unless amended by a three-quarters vote of the City Council; and

Now, therefore, be it resolved that the City Council of the City does hereby propose for consideration and adoption these Guidelines and Criteria for granting tax abatement in reinvestment zones in the City, as amended.

DEFINITIONS Section 1

- (a) **"Abatement"** means the full or partial exemption from ad valorem taxes of certain real property in a reinvestment zone designated by the City for economic development purposes.
- (b) **"Abatement Agreement" and "Agreement"** mean a contractual agreement between a property owner and/or lessee and the City for the purposes of permitting abatement of a portion of ad valorem property taxes assessed to the Premises and Improvements as defined herein and otherwise owed to the City.
- (c) **"Base Value of Premises"** means the assessed value of property located at the Premises at the time of execution of the Agreement, which shall consist of the assessed value of the Premises as of January 1 immediately preceding the execution of the agreement plus the agreed upon value of Improvements made thereafter, but before the execution of the Agreement.
- (d) **"Deferred Maintenance"** means labor and materials necessary for continued operations which are scheduled or periodic in nature.

RESOLUTION NO. R2011-12

- (e) **"Distribution Center Premises"** means buildings and structures, including machinery and equipment, used or to be used primarily to receive, store, service or distribute goods or materials owned by the Premises operator where a majority of the goods or services are distributed to points at least 50 miles from its location in Pearland.
- (f) **"Company"** means the party receiving the benefit of the abatement of ad valorem property taxes levied by the City pursuant to an Abatement Agreement for which this Resolution shall govern and may include a corporation, limited liability company, partnership, limited partnership, sole proprietorship, joint venture, natural person(s) or any other form of business association that may be formed or is recognized by the State of Texas.
- (g) **"Employment Positions"** means new full-time employment positions of at least 2,000 hours per employee in the City with the Company at the Premises, with a specified average annual gross compensation (excluding benefits), which shall adjust upward by 3% per year over the term of the Agreement to take account of inflation, and for which medical benefits must be provided.
- (h) **"Expansion"** means the addition of buildings, structures, machinery or equipment for purposes of increasing production capacity.
- (i) **"Headquarters Facility"** means Premises used primarily as the executive offices for a Company the primary purpose of which is to provide support services to other entities affiliated through common ownership with the Company.
- (j) **"Improvements"** means Fixed Improvements and Fixed Machinery and Equipment.
- (k) **"Fixed Improvements"** means real property and/or leasehold improvements.
- (l) **"Fixed Machinery and Equipment"** means Tangible Personal Property excluding vehicles, vessels or aircraft.

RESOLUTION NO. R2011-12

- (m) **"Funding Conditions"** means capital improvements and job creation conditions outlined in the Agreement. The capital improvements conditions shall specifically set forth value of the Improvements which must be made by the Improvement Completion Date. The job creation conditions shall specifically set forth the number and quality of Employment Positions.
- (n) **"Hotel and Convention Premises"** means buildings and structures, including machinery and equipment, the primary purpose of which is to provide a destination conference facility with 250 or more hotel rooms and more than 25,000 square feet of contiguous conference space. This shall also include facilities with 25,000 square feet or more of contiguous conference space without the requirement of a related hotel.
- (o) **"Improvement Completion Date"** means the date upon which the Fixed Improvements and Fixed Equipment shall be substantially completed by the Company.
- (p) **"Manufacturing Premises"** means buildings and structures, including machinery and equipment, the primary purpose of which is or will be the manufacture of tangible goods or materials or the processing of such goods or materials by physical or chemical change.
- (q) **"Modernization"** means the replacement and upgrading of existing facilities which increases the productive input or output, updates the technology or substantially lowers the unit cost of the operation. Modernization may result from the construction, alteration or installation of building, structures, fixed machinery or equipment. Modernization shall not be for the purpose of reconditioning, refurbishing or repairing including scheduled and periodic maintenance of real property or Tangible Personal Property.
- (r) **"New Premises"** means a property previously undeveloped which is placed into service by means other than or in conjunction with Expansion or Modernization.

RESOLUTION NO. R2011-12

- (s) **"Office Premises"** means one or more multi-level office buildings each one of which consists of 80,000 square feet of office space no more than 20% of which is dedicated to retail industry.
- (t) **"Other Basic Industry"** means buildings and structures including Tangible Personal Property machinery and equipment not elsewhere described, used or to be used for the production of products or services which serve a market primarily outside the City and result in the creation of new permanent jobs and create new wealth in the City.
- (u) **"Premises"** means property Improvements completed or in the process of construction which together comprises an integral whole and which are the subject of the Agreement and shall be designated in that Agreement by metes and bounds or other substantially similar description.
- (v) **"Productive Life"** means the number of years a property improvement is expected to be in service.
- (w) **"Regional Entertainment Premises"** means buildings and structures, including machinery and equipment, used or to be used to provide entertainment through the admission of the general public where the majority of users reside at least 50 miles from its location in the City.
- (x) **"Research Premises"** means building and structures, including machinery and equipment, used or to be used primarily for research or experimentation to improve or develop new tangible goods or materials or to improve or develop the production processes thereto.
- (y) **"Regional Service Premises"** means buildings and structures, including machinery and equipment, used or to be used to service goods where a majority of the goods being serviced originate at least 50 miles from the Premises' location in the City.

RESOLUTION NO. R2011-12

- (z) **"Tangible Personal Property"** means (i) personal property that can be seen, weighed, measured, felt, or otherwise perceived by the senses, (ii) that is owned for its role in contributing directly to the business's ability to generate profit but does not include, office furniture and fixtures such as laptop computers, desktop computers, printers, chairs, desks, decorations, reprographics devices, and other similar office appurtenances which may indirectly contribute to the business' ability to generate a profit. Tangible Personal Property also does not include: intangibles which shall include a document or other perceptible object that constitutes evidence of a valuable interest, claim, or right and has negligible or no intrinsic value, inventory and/or supplies and Tangible Personal Property that was located in the reinvestment zone prior to execution of the Agreement with the City or located in the reinvestment zone subsequent to the execution of the Agreement with the City but not specifically identified in the Agreement.

ABATEMENT AUTHORIZED Section 2

- (a) **Eligible Premises.** Premises may be eligible for abatement if it is a: Hotel and Convention Premises, Manufacturing Premises , Office Premises, Research Premises , Distribution Center Premises, Headquarters Premises, Regional Service Premises , Regional Entertainment Premises or Other Basic Industry.
- (b) **Creation of New Value.** Abatement may only be granted for the additional value of eligible property and Improvements incorporated into the Premises subsequent to and specified in an Abatement Agreement between the City and the property owner, lessee or member of an affiliated group which includes the property owner and the lessee in which a controlling interest (more than 50%) is owned by a common owner, subject to such limitations as the City Council may require.
- (c) **New and Existing Facilities at the Premises.** Abatement may be granted for new facilities and improvements to existing facilities at the Premises for purposes of Modernization or Expansion.

RESOLUTION NO. R2011-12

- (d) **Eligible Property.** Abatement may be extended to all or a portion of the value of Fixed Improvements and Fixed Machinery and Equipment as defined herein, at the Premises.
- (e) **Ineligible Property.** The following types of property shall be ineligible for abatement: land; inventories; supplies; tools; furnishings, and other forms of movable personal property which do not meet the definition of Tangible Personal Property set forth above; vehicles; vessels; aircraft; housing and dwellings; retail facilities and Deferred Maintenance
- (f) **Leased Facilities. Leasehold Interest:** Abatement may be granted to the owner of a leasehold interest in real property, including tax-exempt real property, located in a reinvestment zone designated to exempt all or a portion of the value of the leasehold interest in the real property Tax Code, Section 312.402 (a-1).

Lessee Interest: Abatement may be granted to a lessee of taxable real property located in a reinvestment zone to exempt from taxation all or a portion of the value of Improvements that meet the criteria of Eligible Property set forth above owned by the lessee and located on the property that is subject to the lease.
- (g) **Owned/Leased Facilities.** If a leased facility is granted abatement, the agreement shall be executed with the lessor and the lessee. The Lessee shall be required to submit, with its abatement application, a copy of the executed lease agreement with the lessor demonstrating a minimum lease term of 5 years. Under no circumstance will the term of the abatement be longer than the term of the lease. Publicly owned land leased to private entities shall be eligible if otherwise qualified.
- (h) **Value and Term of Abatement.** Abatement from ad valorem property taxes levied by the City shall be granted effective with the January 1 valuation date immediately following the date of execution of the Agreement. Up to one hundred percent of the value of new eligible property may be abated for up to two years during the period of construction and for up to eight years thereafter. The abatement may be extended through an initial agreement and a subsequent agreement as may be required to comply with state law regarding the term of a

RESOLUTION NO. R2011-12

reinvestment zone. If the period of construction exceeds two years, the Premises shall be considered completed for purposes of abatement and in no case shall the period of abatement inclusive of construction and completion exceed ten years. If it is determined that the abatement period would better benefit the City and the applicant by deferring the commencement date beyond the January 1st following the City's authorization of the abatement, the City may defer the commencement date of the abatement period to a future date certain. The deferral of the commencement date will not allow the duration of the abatement period to extend beyond ten (10) years. Tax Code 312.007(b). If a project includes facility replacement, the abated value shall be the value of the new unit(s) less the value of the old unit(s).

- (i) **Economic Qualification.** In order to be eligible for designation as a reinvestment zone and receive tax abatement, the planned improvement:
 - (1) Must be reasonably expected to increase the value of the property in the amount of \$500,000 or more;
 - (2) Must be expected to retain or create employment positions for at least 10 people on a permanent basis in the City; and
 - (3) Must not be expected to solely or primarily have the effect of transferring employment from one part of the City to another part of the City; and
 - (4) Must be necessary because capacity cannot be provided efficiently utilizing existing improved property.
- (j) **Taxability.** From the execution of the Agreement until its termination, taxes shall be payable as follows;
 - (1) The value of ineligible property as provided herein shall be fully taxable;
 - (2) The Base Value of Premises, as determined herein, shall be fully taxable; and,

RESOLUTION NO. R2011-12

- (3) Only the additional value of new eligible property specifically identified within the Agreement shall be subject to abatement under the Agreement.

APPLICATION Section 3

- (a) Any present or potential owner of taxable property in the City may request the creation of a reinvestment zone and tax abatement by filing a written request with the Pearland Economic Development Corporation.
- (b) The application shall consist of a completed application, provided by the Pearland Economic Development Corporation and shall be accompanied by: a general description of the proposed use and the general nature and extent of the Modernization, Expansion or new Improvements to be incorporated at the Premises; a descriptive list of the Improvements which will be a part of the Premises; a map and property description; and a time schedule for undertaking and completing the planned Improvements. In all cases a statement of the assessed value of the Premises, separately stated for real and personal property, shall be given for the tax year immediately preceding the application. The application form may require such financial and other information as the City Council deems appropriate for evaluating the financial capacity and other factors of the applicant.
- (c) Upon receipt of a completed application, the City Manager or his designee shall notify in writing the presiding officer of the legislative body of each affected jurisdiction of the application and give written notice of a public hearing, not less than 15 days prior to the hearing. Notice of the public hearing shall also be properly posted and published in the City's official newspaper not less than 15 days prior to the hearing. Before acting upon the application, the City shall, through public hearing, afford any interested party an opportunity to show cause why the abatement should, or should not, be granted.
- (d) After receipt of an application for creation of a reinvestment zone and application for abatement, a feasibility study shall be prepared setting out the impact of the proposed reinvestment zone and tax abatement. The feasibility study shall

RESOLUTION NO. R2011-12

include, but not be limited to, an estimate of the economic effect of the creation of the zone, the abatement of taxes, and the proposed benefit to the affected jurisdiction and the property to be included in the zone.

- (e) The City Council shall not establish a reinvestment zone for the purpose of abatement if it finds that the request for the abatement was filed after the announcement or the commencement of construction, alteration, or installation of improvements related to a proposed Modernization, Expansion, or new Premises.
- (f) **Variance.** Requests for variance from the provisions of Section 2 must be made in writing to the City Manager of the City, or his designee, provided, however, the total duration of abatement shall in no instance exceed ten years. The applicant shall include in the variance request a complete description of the circumstances the applicant believes supports the requested variance. Approval of a request for variance requires a three-fourths (3/4) vote of the City Council.

PUBLIC HEARING Section 4

- (a) Should any party be able to show cause in the public hearing why the granting of a tax abatement will have a substantial adverse effect on the City, that showing shall be reason for the City Council to deny designation of the reinvestment zone, the granting of Abatement, or both.
- (b) Neither a reinvestment zone nor Abatement Agreement shall be authorized if it is determined that:
 - (1) There would be a substantial adverse affect on the provision of government service or tax base;
 - (2) The applicant has insufficient financial capacity;
 - (3) Planned or potential use of the property would constitute a hazard to public safety, health, morals, and/or violation of other applicable codes or laws.

RESOLUTION NO. R2011-12

(c) In order for the reinvestment zone to be created, the City must make the following findings:

- (1) find that the Improvements sought are feasible and would be of benefit to the zone after expiration of the Agreement;
- (2) that the zone is reasonably likely to contribute to the retention or Expansion of primary employment or to attract major investment in the City; and

AGREEMENT Section 5

At least 7 days before the City Council grants a tax abatement, it must deliver written notice of its intent to enter into the tax Abatement Agreement to the presiding officer of the legislative body of each affected jurisdiction pursuant to Chapter 312 of the Texas Property Tax Code. Said notice must include a copy of the proposed tax Abatement Agreement.

(a) After proper notice has been given to the affected jurisdictions, the City Council shall, at a regularly scheduled meeting, cast a vote concerning the adoption of the tax Abatement Agreement, which may be adopted only by a majority vote of the City Council and, if adopted, the City Council shall then authorize the City Manager to execute an Agreement with the owner of the Premises and/or lessee, as required. The Agreement may include any of the optional provisions allowed in accordance with Chapter 312 of the Tax Code. The Agreement shall:

- (1) Include a list of the kind, number, and location of Improvements to the property;
- (2) Authorize inspection of the property to ensure compliance with the agreement;
- (3) Limit the use of the property consistent with the City's development goals;

RESOLUTION NO. R2011-12

- (4) Require an Applicant to annually furnish any information necessary for the City's evaluation of Applicant's compliance with the terms of the agreement; and
 - (5) Provide for recapturing property tax revenues that are lost if the owner fails to make the improvements or comply with annual compliance reporting requirements.
- (b) If the City Council fails to adopt the Agreement, the City shall notify the applicant of the disapproval, such notification to be in writing and to be sent within 60 days of the City Council's decision.
- (c) An approved tax Abatement Agreement shall be executed by the City Manager within 60 days after the applicant has forwarded all necessary information and documentation to the City.
- (d) No later than 90 days after a reinvestment zone has been designated or a tax Abatement Agreement has been executed or July 1, whichever occurs first, the City Manager or his designee shall deliver a report to the Comptroller of the State of Texas and the Chief Appraiser of Appraisal District with jurisdiction over the reinvestment zone, briefly describing the terms of the zone or the agreement and including a copy of the agreement
- (e) **Annual Abatement Filings.** The Company may be required to make additional filings with the appropriate County Appraisal District, or other state or local offices or agencies, annually or from time to time, in order for the Agreement to have full force, effect and applicability. These filings shall be the responsibility of the Company and in no way shall the City, its elected officials, officers, employees or assigns, including the Pearland Economic Development Corporation, be responsible for the timely filing of any form or documents, except those set forth by law, on behalf of the Company. These filings may include, but are not limited to, the "Application for Property Tax Abatement Exemption" Comptroller Form No. 50-116 which must be filed with the appropriate County Appraisal District between January 1st and April 30th for property owned as of January 1st of the year in which the abatement is to be applied. Failure of the Company to meet

RESOLUTION NO. R2011-12

any filing obligation with the appropriate County Appraisal District, or other state or local offices or agencies shall not be grounds for extension of the term of the Agreement.

RECAPTURE Section 6

In the event a Tax Abatement Agreement is approved by City Council, the Agreement shall include recapture provision substantially similar to the following:

If a Company fails to meet the capital improvements funding conditions of a Tax Abatement Agreement by the agreed upon improvement completion date, the City may, at its discretion, terminate the Agreement and require the Company to immediately repay the entirety of any amounts abated under the Agreement plus interest at the rate of 4% plus prime, as published in the Wall Street Journal, per year, compounded annually from January 1 of the year following the execution of the Agreement to the date of repayment.

- (a) If after the end of a calendar year a Company fails to provide any annual compliance reports related to a funding condition, to the City or the Pearland Economic Development Corporation, required under the Agreement by the deadline for that year, the abatement for the year for which verification was not timely provided according to the terms of the Agreement may be forfeited, at the discretion of the City, and the Company shall have thirty (30) days to pay the City any outstanding damages for failure to provide verification. If the Company does not make payment to the City during the thirty (30) day period this Agreement shall terminate.
- (b) If a Company fails to meet a funding condition required under the Agreement by the deadline for that year, the abatement for the year for which the funding condition was not met according to the terms of the Agreement may be forfeited, at the discretion of the City, and the Company shall have thirty (30) days to pay the City any outstanding damages for failure to meet the Funding Condition. If the Company does not make payment to the City during the Thirty (30) day period this Agreement shall terminate.

RESOLUTION NO. R2011-12

- (c) In the event a Company allows its ad valorem taxes owed to any taxing jurisdiction to become delinquent and fails to timely and properly follow the legal procedures for protest and/or contest of any such ad valorem taxes then the Agreement shall be in default. In the event that the Company defaults in this manner and has not cured such default within sixty (60) days of said default, the abatement may be modified or terminated by the City. If, at its discretion, the City modifies or terminates an Agreement because a Company allows its ad valorem taxes owed to any taxing jurisdiction to become delinquent and fails to timely and properly follow the legal procedures for protest and/or contest of any such ad valorem taxes the City may, at its discretion require that the Company immediately repay the part or the entirety of any amounts abated under this Agreement plus interest, at the rate of 4% plus prime as published in the Wall Street Journal, per year, compounded annually from January 1 of the year following the execution of the Agreement to the date of repayment.
- (d) In the event a Company shall move the Employment Positions or Improvements outlined in a Agreement from the Premises during the term of the Agreement then all abatements of tax previously earned under this Agreement may be refundable to the City by the Company and the Agreement may terminate at the discretion of the City. After notice, the Company shall have thirty (30) days to pay outstanding damages to the City for failure to meet any of the requirements in this Section. If the Company does not make payment to the City during the Thirty (30) day period this Agreement may terminate at the discretion of the City
- (e) No party shall be required to perform any obligation under an Agreement or be liable or responsible for any loss or damage resulting from its failure to perform so long as performance is delayed by force majeure or acts of God, including but not limited to strikes, lockouts or labor shortages, embargo, riot, war, revolution, terrorism, rebellion, insurrection, flood, natural disaster, or interruption of utilities from external causes.

RESOLUTION NO. R2011-12

- (f) Should the City determine that a Company is subject to any Recapture provision according to the terms and conditions of its Tax Abatement Agreement, the City Manager or his designee need not provide any written notice to the Company of the fact that it is subject to a Recapture provision. Any notice of Recapture provided by the City may be made via electronic mail.
- (g) All taxes abated shall be deemed due and owing to the City at any point that the Company cannot pay its bills as they come due. If after a Company is no longer able to pay its bills as they come due, it files for protection from its creditors by any chapter of the bankruptcy code the City may, at its discretion, pursue the abated taxes as a creditor in the bankruptcy for unpaid property taxes subject to any and all tax liens applicable thereto.

ADMINISTRATION Section 7

- (a) The Agreement shall stipulate that employees and/or designated representatives of the City will have access to the reinvestment zone during the term of the abatement to inspect the Premises to determine if the terms and conditions of the Agreement are being met. All inspections will be made only after the giving of twenty-four (24) hours prior notice and will only be conducted in such manner as to not unreasonably interfere with the construction and/or operation of the Premises. All inspections will be made with one or more representatives of the Company and in accordance with its safety standards.
- (b) Upon completion of construction, the City, or its designee, shall annually evaluate each Premises and prepare a written report of possible violations to the Abatement Agreement to the City Council, the City Manager, and the City Attorney and provide written notice of the report to the applicant that such report has been submitted.

RESOLUTION NO. R2011-12

ASSIGNMENT Section 8

The terms and conditions of an Agreement are binding upon the successors and assigns of all parties hereto. An Agreement may be transferred or assigned by the Company only upon written permission by the City in accordance with Resolution R2011-12, which permission shall not be unreasonably withheld. No assignment shall be approved if the assignor or assignee is indebted to the City for ad valorem taxes or other obligations. The Company, or any legal successor thereto or prior assignee thereof, may assign its rights and obligations under this Agreement, including by merger or operation of law, to any legal successor or any person or entity that acquires all or substantially all of its business and operations. In addition, with the prior written consent of the City, which consent shall not be unreasonably withheld or delayed, the Company, or any legal successor company thereto or prior assignee thereof, may assign its rights and obligations under this Agreement to any parent or wholly owned subsidiary that it currently has in place or later establishes, if it is constituted as a separate legally recognized business entity. Any such assignment will be made without additional consideration being payable to the City. An Agreement shall survive any sale, change of control or similar transaction involving the Company, any successor thereto or prior assignee thereof and no such transaction shall require the consent of the City. The Company shall provide the City written notice of any assignment, sale, change of control or similar transaction pursuant to this section as soon as possible and in no event not later than thirty (30) calendar days following such event.

SUNSET PROVISION Section 9

These Guidelines and Criteria are effective upon the date of their adoption and will remain in force for two (2) years, at which time all reinvestment zones and tax abatement contracts created pursuant to its provisions will be reviewed by the City Council to determine whether the goals have been achieved. Based on that review, the Guidelines and Criteria will be modified, renewed or eliminated providing that such actions shall not affect existing Abatement Agreements.


RESOLUTION NO. R2011-12

Section 2. Savings. All rights and remedies which have accrued in favor of the City hereunder and amendments thereto shall be and are preserved for the benefit of the City of the Pearland.

Section 3. Repealer. All resolutions or portions of resolutions heretofore passed in conflict with the terms hereof are specifically repealed.

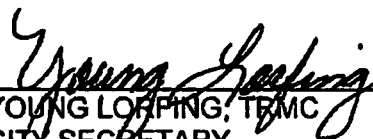
Section 4. Severability. If any section, subsection, sentence, clause, phrase or portion of this Resolution is prohibited by, or unlawful or unenforceable under, any applicable law or jurisdiction is void without invalidating the remaining terms of this Resolution. However, where the provisions of any such applicable law may be waived, they are hereby waived by either party, as the case may be, to the fullest extent permitted by the law, and the affected terms are enforceable in accordance with the parties' original intent.

PASSED, APPROVED, AND ADOPTED this the 24th day of January, A.D., 2011.



TOM REID
MAYOR

ATTEST:



YOUNG LORING, TMC
CITY SECRETARY



APPROVED AS TO FORM:



DARRIN M. COKER
CITY ATTORNEY

ORDINANCE NO. 1447

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PEARLAND, TEXAS, FINDING THAT THE CITY HAS ESTABLISHED *GUIDELINES AND CRITERIA FOR GRANTING TAX ABATEMENT* PURSUANT TO RESOLUTION NO. R2011-12; DESIGNATING AND DESCRIBING A REINVESTMENT ZONE (TO BE KNOWN AS REINVESTMENT ZONE #21), IN ACCORDANCE WITH THE PROPERTY REDEVELOPMENT AND TAX ABATEMENT ACT; FINDING THAT THE IMPROVEMENTS SOUGHT ARE FEASIBLE AND PRACTICAL AND WOULD BE A BENEFIT TO THE LAND TO BE INCLUDED IN THE ZONE AND THE MUNICIPALITY AFTER THE EXPIRATION OF THE TAX ABATEMENT AGREEMENT; AUTHORIZING THE CITY MANAGER TO SIGN TAX ABATEMENT AGREEMENTS WHEN APPROVED BY THE CITY COUNCIL; HAVING A SAVINGS CLAUSE AND A SEVERABILITY CLAUSE; AND AN EFFECTIVE DATE.

WHEREAS, Chapter 312 of the Texas Tax Code (the "Property Redevelopment and Tax Abatement Act") provides for the designation of a Reinvestment Zone or area; and

WHEREAS, the City Council has, pursuant to Resolution No. R2011-12, established *Guidelines and Criteria for Granting Tax Abatement*; and

WHEREAS, a certain area of the City of Pearland meets the criteria and guidelines heretofore established by the City Council required for designation as a Reinvestment Zone; and

WHEREAS, the City Council, on June 13 2011, held a public hearing on the designation of a Reinvestment Zone and finds that the improvements sought are feasible and practical and would be a benefit to the land to be included in the zone and to the municipality after the expiration of an agreement under the Property Redevelopment and Tax Abatement Act; now, therefore,

EXHIBIT A-1

ORDINANCE NO. 1447

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF PEARLAND, TEXAS:

Section 1. That pursuant to the Property Redevelopment and Tax Abatement Act, the City Council of the City of Pearland, Texas, hereby designates as a Reinvestment Zone the area described in Exhibit "A" attached hereto and made a part hereof for all purposes, to be known as Reinvestment Zone #21.

Section 2. That the area described in Exhibit AA@ is reasonably likely, as a result of this designation, to contribute to the retention or expansion of primary employment, or to attract major investment into the zone that would be a benefit to the property and that would contribute to the economic development of the City, and that the improvements sought are feasible and practical and would be a benefit to the land to be included into the zone and to the municipality after the expiration of a Tax Abatement Agreement as authorized by the Property Redevelopment and Tax Abatement Act.

Section 3. That the designation of the Reinvestment Zone herein expires five (5) years from the effective date of this ordinance and may be renewed by a subsequent ordinance of the City Council for a period not to exceed an additional five (5) years. That expiration of the original designation shall not affect an agreement entered into under the provisions of this ordinance.

Section 4. That the City Council hereby authorizes agreements in writing with the owner of any taxable real estate located within the designated Reinvestment Zone, subject to the requirements and optional provisions of the Property Redevelopment and Tax

ORDINANCE NO. 1447

Abatement Act and the conditions of the *Guidelines and Criteria for Granting Tax Abatement* heretofore adopted by the City Council.

Section 5. That any agreement to be entered into under the provisions of this ordinance must be approved by the affirmative vote of a majority of the members of the City Council at a regularly scheduled meeting of the City Council. On approval by the City Council, the agreement may be executed by the City Manager.

Section 6. **Savings.** All rights and remedies which have accrued in favor of the City under this Ordinance shall be and are preserved for the benefit of the City.

Section 7. **Severability.** If any section, subsection, sentence, clause, phrase or portion of this Ordinance is for any reason held invalid, unconstitutional or otherwise unenforceable by any court of competent jurisdiction, such portion shall be deemed a separate, distinct, and independent provision and such holding shall not affect the validity of the remaining portions thereof.

Section 8. **Effective Date.** This Ordinance shall become effective upon passage and approval of its second reading.

ORDINANCE NO. 1447

PASSED and APPROVED ON FIRST READING this the 13th day of June, A.D.,
2011.



TOM REID
MAYOR

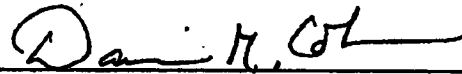
ATTEST:



YOUNG LORING
CITY SECRETARY




APPROVED AS TO FORM:



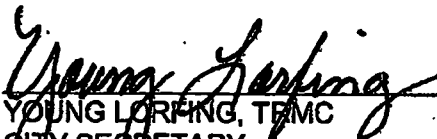
DARRIN M. COKER
CITY ATTORNEY

PASSED and APPROVED ON SECOND AND FINAL READING this the 27th day of June,
A. D., 2011.



TOM REID
MAYOR

ATTEST:



YOUNG LORING, TCMC
CITY SECRETARY



ORDINANCE NO. 1447

APPROVED AS TO FORM:



DARRIN M. COKER
CITY ATTORNEY

METES AND BOUNDS DESCRIPTION
11.9337 ACRES
LOCATED IN THE
JAMES HAMILTON SURVEY, A-876
HARRIS COUNTY, TEXAS

Being a tract or parcel of land containing 11.9337 acres of land or 519,832 square feet, located in the James Hamilton Survey, Abstract 876, Harris County, Texas, Said 11.9337 acre tract being out of and a part of a 36.166 acre tract of record in the name of SHT/Kirby, Ltd. In Harris County Clerk's File (H.C.C.F.) Number 20080049996, said 36.166 acre tract being out of and a part of Block "F" of the Allison-Richey Gulf Coast Homes Subdivision of record in Volume 3, Page 40 in the Map Records of Harris County, Texas; Said 11.9337 acre tract being more particularly described as follows (bearings based on said deed):

BEGINNING at a 5/8 inch iron rod found at the northeast end of a Right-of-Way (R.O.W.) transition from the west R.O.W. line of Kirby Drive (width varies) to the north R.O.W. line of Spectrum Boulevard (100 feet wide), being on the east line of aforesaid 36.166 acre tract;

THENCE, coincident aforesaid R.O.W. transition, South 42 Degrees 38 Minutes 32 Seconds West, a distance of 28.11 feet to a 5/8 inch iron rod with "Gruller" cap set on the north R.O.W. line of aforesaid Spectrum Boulevard, being the northeast corner of a 1.3116 acre tract of record in the name of City of Pearland in H.C.C.F. Number 20100435869;

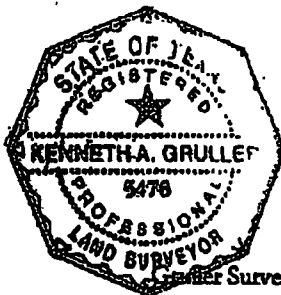
THENCE, coincident the north line of aforesaid Spectrum Boulevard, South 87 Degrees 21 Minutes 30 Seconds West, a distance of 558.09 feet to a 5/8 inch iron rod with "Gruller" cap set for the southwest corner of the herein described tract;

THENCE, through and across aforesaid 36.166 acre tract the following two (2) courses:

1. North 02 Degrees 38 Minutes 00 Seconds West, a distance of 879.16 feet to a 5/8 inch iron rod with "Gruller" cap set for the northwest corner of the herein described tract;
2. North 87 Degrees 22 Minutes 00 Seconds East, a distance of 598.33 feet to a 5/8 inch iron rod with "Gruller" cap set for the northeast corner of the herein described tract, on the west R.O.W. line of aforesaid Kirby Drive;

THENCE, coincident the west R.O.W. line of aforesaid Kirby Drive the following three (3) courses:

1. South 02 Degrees 16 Minutes 57 Seconds East, a distance of 613.59 feet to a 5/8 inch iron rod found;
2. South 14 Degrees 25 Minutes 00 Seconds West, a distance of 52.20 feet to a 5/8 inch iron with "Gruller" cap set;
3. South 02 Degrees 16 Minutes 57 Seconds East, a distance of 195.82 feet to the **POINT OF BEGINNING** and containing 11.9337 acres of land.



[Handwritten signature]

Gruller Surveying, LLC

May 25, 2011

Job 36-1109

RESOLUTION NO. R2011-79

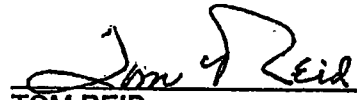
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PEARLAND, TEXAS, AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO ENTER INTO A TAX ABATEMENT AGREEMENT WITH MERIT MEDICAL SYSTEM, INC.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PEARLAND, TEXAS:

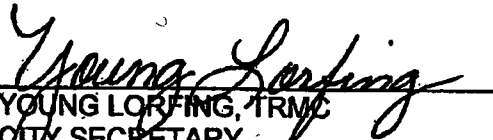
Section 1. That certain Tax Abatement Agreement by and between the City of Pearland and Merit Medical System, Inc., a copy of which is attached hereto as Exhibit "A" and made a part hereof for all purposes, is hereby authorized and approved.

Section 2. That the City Manager or his designee is hereby authorized to execute and the City Secretary to attest a Tax Abatement Agreement with Merit Medical System, Inc.

PASSED, APPROVED and ADOPTED this the 11th day of July, A.D., 2011.


TOM REID
MAYOR

ATTEST:


YOUNG LORING, TRMC
CITY SECRETARY



APPROVED AS TO FORM:


NGHIEM DOAN
DEPUTY CITY ATTORNEY

EXHIBIT A-2

THE STATE OF TEXAS

**COUNTIES OF BRAZORIA,
FORT BEND, AND HARRIS**

TAX ABATEMENT AGREEMENT

This Tax Abatement Agreement ("Agreement") is entered into by and between the City of Pearland, Texas, a home rule city and Municipal Corporation of Brazoria, Fort Bend, and Harris Counties, Texas, duly acting by and through its City Manager ("the City"), and Merit Medical Systems, Inc., a Utah corporation ("the Company"), duly acting by and through Kent Stanger its Chief Financial Officer.

WITNESSETH:

WHEREAS, on the 11th day of July, 2011 the City Council of the City passed Ordinance No. 2011-79 establishing Reinvestment Zone #21 in the City for general business tax abatement, as authorized by Chapter 312, Tax Code, V.A.T.S. as amended ("Code"); and

WHEREAS, the City previously adopted Resolution No. R2011-12, establishing appropriate guidelines and criteria for governing reinvestment zones and tax abatement agreements to be entered into by the City as contemplated by the Code; and

WHEREAS, the City's objective is to maintain and/or enhance the general business economic and employment base of the Pearland area for the long term interest and benefit of the City, in accordance with Resolution No. R2011-12 and the Code; and

WHEREAS, the contemplated use of the Premises, as hereinafter defined, and the contemplated improvements to the Premises in the amount as set forth in this Agreement and the other terms hereof are consistent with encouraging development of said Reinvestment Zone in accordance with the purposes for its creation and are in compliance with Resolution No R2011-12 and the guidelines and criteria adopted by the City and all applicable law; and

WHEREAS, the Improvements, as defined below, constitute a major investment within the Reinvestment Zone that will substantially increase the appraised value of property within the zone and will contribute to the retention or expansion of primary and secondary employment within the City; and

WHEREAS, there will be no substantial adverse affect on the provision of city services or on its tax base and the planned use of the Premises will not constitute a hazard to public safety, health, or welfare; and,

WHEREAS, but for the benefits provided through this Tax Abatement Agreement the Improvements as defined below would not be made in the City; and

WHEREAS, the Company has declared that it will be the sole beneficiary of the benefits provided through this Tax Abatement Agreement and that the Company will not share any portion of the proceeds of the benefits received through this Tax Abatement Agreement with any other party as compensation or award for consulting or other services received by the Company contingent upon the successful execution of this agreement;

T H E R E F O R E: For and in consideration of the mutual agreements and obligations set forth below, the sufficiency of which is hereby acknowledged by the parties hereto, the Company and City mutually agree as follows:

1. **PREMISES**: The property subject to this Agreement shall be only that property described by metes and bounds and map attached hereto as **Exhibit "A"** (the "Premises").

2. **CONFLICT OF INTEREST**: The City represents and warrants that the Premises does not include any property that is owned by a member of its council or boards, agencies, commissions, other governmental bodies or employees approving, or having responsibility for the approval of, this Agreement.

3. **ABATEMENT**: Subject to the terms and conditions of this Agreement, and subject to the rights and holders of any outstanding bonds of the City, a portion of ad valorem property taxes assessed to the Premises and Improvements only as defined herein and otherwise owed to the City shall be abated. The City hereby acknowledges that it is not aware of any terms or conditions of any outstanding bonds which would invalidate this Agreement or would conflict with the provisions of this Agreement. This Agreement shall be effective with the January 1st valuation date immediately following the date of execution of this Agreement (the "Effective Date"). In each year that this Agreement is in effect, the amount of abatement shall be an amount equal to the percentage indicated below of the taxes assessed upon the increased value of the Premises due to the Improvements defined herein, exclusive of future or other capital investment made at the Premises not contemplated herein, over the market value as of January 1st in the year in which this Agreement is executed. The abatement as herein provided shall be for the following years and in the following amounts: 1) One hundred percent (100%) of the taxes assessed upon the increased value of the Fixed Machinery and Equipment and Fixed Improvements set forth below exclusive of future or other

capital investment made at the Premises, annually for a period of three (3) years beginning January 1, 2012 and ending December 31, 2014; 2) Seventy five percent (75%) of the taxes assessed upon the increased value of the Fixed Machinery and Equipment and Fixed Improvements set forth below exclusive of future or other capital investment made at the Premises, annually for a period of three (3) years beginning January 1, 2015 and ending December 31, 2017; and 3) Fifty percent (50%) of the taxes assessed upon the increased value of the Fixed Machinery and Equipment and Fixed Improvements set forth below exclusive of future or other capital investment made at the Premises, annually for a period of four (4) years beginning January 1, 2018 and ending December 31, 2021.

4. FUNDING CONDITIONS: The Company must meet all of the following abatement Capital Improvement and Job Creation conditions ("Funding Conditions"), or Company shall be subject to liquidated damages and/or repayment of abated taxes in accordance with this Agreement:

a. Capital Improvements: The Company shall construct various improvements on the Premises, which when complete shall have a minimum investment value of eight million seven hundred fifty thousand (\$8,750,000) for the real property and/or improvements ("Fixed Improvements") and three million five hundred thousand (\$3,500,000) in other "Ineligible Property" which shall be substantially complete on or before April 1, 2013 (the "Improvement Completion Date"); provided, that the Company shall have such additional time to complete the Improvements as may be required in the event of "force majeure" (as set forth herein) if the Company is diligently and faithfully pursuing completion of the Improvements. The date of completion of the Improvements shall be defined as the date a Final Certificate of Occupancy is issued by the City.

b. Job Creation: The Company shall create a total of 221 "Employment Positions", as defined herein, in accordance with the following schedule:

- 1) Employment Positions 160 total by July 1, 2013;
- 2) Employment Positions 175 total by December 31, 2013;
- 3) Employment Positions 200 total by December 31, 2014;

- 4) Employment Positions 210 total by December 31, 2015;
- 5) Employment Positions 221 total by December 31, 2016.

Company shall demonstrate compliance with this Section by maintaining a minimum of ninety five percent (90%) or more of the required Employment Positions at the Premises for the entire duration of this Agreement. Employment Positions, for purposes of this Agreement, shall only be counted if the number of Employment Positions is greater than the total number of Employment Positions located at the Company's operations in the City at the time this Agreement is executed (the "Threshold"). The parties agree that for purposes of this Agreement, the Threshold shall be zero because no Employment Positions existed in the City prior to execution of this Agreement.

c. Employment Positions. For the purposes of this Agreement, "Employment Positions" shall be defined as the Company's jobs meeting all of the following criteria:

- 1) New full-time employment positions (at least 2000 hours annually per employee) in the City that are located at the Premises; and
- 2) The Employment Positions must have an average annual gross compensation of at least \$31,000.00 per year (excluding benefits); and
- 3) Medical benefits shall be provided for each Employment Position.

5. APPLICATION FOR TAX ABATMENT: The Company agrees and covenants that the information provided in the Application for Tax Abatement attached hereto as Exhibit "B" is true and correct and that any materially false or misleading information provided to applicable taxing jurisdictions shall be an event of default and grounds for termination of this Agreement.

6. GOOD FAITH, COMPLIANCE AND CONSIDERATION: The Company agrees and covenants that it will diligently and faithfully, in a good and workmanlike manner, pursue completion of the Improvements as a good and valuable consideration of this Agreement. The Company further covenants and agrees that all construction of the Improvements will be in accordance with all applicable federal, state and local laws and regulations or valid waiver thereof. In further consideration, the Company shall

thereafter, from the date a Final Certificate of Occupancy is issued until the expiration of this Agreement, continuously operate and maintain the Premises and limit the use of said Premises to that use which is consistent with the terms of this Agreement and the general purpose of encouraging development or redevelopment of the Reinvestment Zone during the period that this Agreement is in effect.

7. ANNUAL COMPLIANCE VERIFICATIONS: No later than 90 days after December 31, 2012, and continuing every year thereafter through 2021, the Company shall deliver to the City an Annual Compliance Verification, in the form of **Exhibit "C"** attached hereto, signed by a duly authorized representative of the Company certifying the following information:

- a. the number Employment Positions created and maintained by the Company on the Premises, the general description the Employment Positions existing as of December 31st of the preceding year and the wage information for all Employment Positions; and
- b. the appraised value, as determined by the Central Appraisal District, of the Improvements as defined herein, supporting evidence that the Improvements were constructed or installed on or before the Improvements Completion Date and a general description of the Improvements existing as of December 31st of the preceding year

There shall be a total of ten (10) Annual Compliance Verifications submitted to the City in years 2012 through 2021. Each Annual Compliance Verification shall include specific back-up information supporting the Employment Position data. Furthermore, all Annual Improvement Compliance Verifications shall consist of a certified copy of the appraised value of the Improvements as shown by the Central Appraisal District supported by all correspondence, renditions, appeals or contests and settlement of appraised value and shall provide appropriate back-up data for the Improvements exclusive of other investments made at the Premises.

8. CERTIFICATION OF GOOD STANDING/DELINQUENT TAXES: By execution of this Agreement, the Company certifies that the company is in good standing under the laws of the State in which it was formed or organized, and has provided the City evidence of such. In addition, the Company certifies that the company owes no delinquent taxes to any taxing unit of the State of Texas, the City or any other local tax levying political subdivision with jurisdiction to levy taxes in or on the operations and property of the Company at the Premises.

9. CERTIFICATION RELATING TO UNDOCUMENTED WORKERS: By execution of this Agreement, the Company, including any business, branch, division, and department of the Company, certifies that it does not and will not knowingly employ an undocumented worker (as defined by Texas Government Code Section 2264.001(4)). If after any abatement of taxes under the Agreement, the Company, or a business, branch, division, or department of the Company, is convicted of a violation under 8 U.S.C. Section 1324a(f), the Company shall repay the amount of any funds disbursed plus interest at the rate of 8% per year. The repayment shall be due and owing not later than the 120th day after the date of the conviction without the requirement of notice from the City.

10. ACCESS TO PREMISES: The Company further agrees that the City, its agents and employees shall have the right during normal business hours and upon prior reasonable notice to enter upon the Premises to inspect the Improvements in order to determine whether the construction of the Improvements is in accordance with this Agreement and all applicable federal, state, and local laws, ordinances, and regulations or valid waiver thereof. After completion of the Improvements, the City shall have the continuing right to enter upon and inspect the Premises during normal business hours, after 48 hours written notice has been given, to determine whether the Premises are thereafter maintained and operated in accordance with this Agreement and all applicable federal, state, and local law, ordinances, and regulations; provided, however, unless the Company is in default under this Agreement, or the City reasonably believes the Premises is not being operated or maintained as required by this Agreement, the City shall limit such entry to one (1) annual inspection in any twelve (12) month period to ensure compliance with the guidelines contained in Resolution No. R2011-12. Any entry or inspection by the City pursuant to the provisions of this Section 10 shall be performed in a manner as to not unreasonably interfere with the operations on the Premises. Notwithstanding any other provision of this Agreement, if the City determines that a violation of a federal, state, or local law, ordinance or regulation exists on the Premises, the City may, in addition to any other authorized enforcement action, provide to the Company written notice of such violation. For the purposes of this Agreement, the Company shall have thirty (30) days from the date of the notice to cure or remedy such violation. If the Company refuses to cure or fails to remedy the violation within the thirty (30) day period the Company shall, at a minimum and in addition to other remedies provided herein, be subject to the forfeiture, at the discretion of the City, of any right to any tax abatement for the year the Company failed to meet the Funding Conditions.

11. LIQUIDATED DAMAGES:

- a. **Funding Condition Targets.** As set forth above, during the term of this Agreement through 2021, the Company shall deliver to the City an Annual Compliance Verification demonstrating compliance with the

Funding Conditions of this Agreement for the preceding year. If the Company fails to timely provide an Annual Compliance Verification or provides an Annual Compliance Verification that demonstrates Company failed to meet a Funding Condition target(s) for that year, then the City may, at its sole discretion and in addition to all other remedies for the recapture of lost tax revenue provided herein, require the Company to pay liquidated damages up to the amount of the abatement received for the year in which the Company did not meet the Funding Conditions.

b. General Provisions Related to Liquidated Damages: Liquidated damages provided for herein shall be construed in accordance with Section 312.205, Tax Code, V.A.T.S., as amended, and shall include all taxes which otherwise would have been paid to the City without the benefit of abatement (but without the addition of penalty; interest will be charged at the statutory rate for delinquent taxes as determined by Section 33.01 of the Tax Code) and shall become a debt to the City and shall be due, owing and paid to the City as liquidated damages subject to the expiration of any cure period or the termination date, whichever is applicable. The City shall retain all remedies for the recapture and collection of the lost tax revenue as provided generally in the Tax Code for the collection of delinquent property taxes and in accordance with Resolution No. R2011-12.

12. DEFAULTS AND REMEDIES:

a. Each of the following acts or omissions of the Company or occurrences shall constitute an act of default under this agreement:

- 1) The Company fails to meet the Capital Improvements Funding Conditions by the Improvement Completion Date.
- 2) The Company fails to provide or submit Annual Compliance Verification Report(s) as required by this Agreement.
- 3) The Company fails to meet any Capital Improvement or Job Creation Funding Conditions of this Agreement.
- 4) The Company allows its ad valorem taxes owed to any taxing jurisdiction to become delinquent, and fails to timely and properly follow the legal procedures for protest and/or contest of any such ad valorem taxes.

b. In the event of a default of the terms of this Agreement, the City shall provide the Company written notice of such default, which notice shall be delivered by personal delivery or certified mail to:

**Kent Stanger
Merit Medical Systems, Inc.
1600 West Merit Parkway
South Jordan, UT 84095**

With courtesy copy to General Counsel at the above address.

c. If Company fails to satisfactorily cure a default under this Agreement within thirty (30) days of the date of receiving written notice, this Agreement may be terminated by the City at its discretion without further notice or liability to Company. In the event Company fails to cure a default within thirty (30) days of receiving notice, the Company shall immediately refund to the City any amounts abated under this Agreement for the year in which the Company defaulted and failed to meet the Funding Conditions ("Default Year"), as well as any amounts abated in the year prior to the Default Year, plus interest at the rate of 8% per year, compounded annually from January 1 of the year prior to the Default Year to the date of payment of the refunded taxes.

d. The Company shall provide the City with thirty (30) days written notice before any of the Employment Positions or Improvements are moved from the Premises, but only if such movement would result in the Company maintaining Employment Positions or Improvements on the Premises below the amounts required by this Agreement. Provided, however, such notice shall not be required with respect to (i) Employment Positions that are replaced by new Employment Positions that meet the requirements of this Agreement (ii) Improvements which are replaced with Improvements of similar value, or (iii) Improvements which are being removed in connection with repairs to such Improvements provided upon completion of such repairs such Improvements shall be returned to the Premises. Except as provided in clauses (i) through (iii) of this subsection d, in the event the Company shall move from the Premises any of the Employment Positions or Improvements which would result in the Company maintaining Employment Positions or Improvements below the Funding Condition amounts required by this Agreement, the City in its sole discretion, may, subject to the notice and cure rights set forth in Section 12.c. above, terminate this Agreement and require the Company to immediately refund to the City any amounts abated under this Agreement for the year in which the Company defaulted and failed to meet the Funding Conditions ("Default Year"), as well as any amounts abated in the year prior to the Default Year plus interest at the rate of 8% per year, compounded annually from January 1 of the year prior to the Default Year the date of payment of the refunded taxes.

e. If after the Company is no longer able to pay its bills as they come due, it files for protection from its creditors by any chapter of the bankruptcy code the City may, at its discretion, pursue the abated taxes as a creditor in the bankruptcy for unpaid property taxes subject to any and all tax liens applicable thereto.

13. CITY AUDIT RIGHTS:

a. **Duty to Maintain Records.** The Company shall maintain adequate records to support its compliance with the terms of this Agreement. The Company shall also maintain such records as are deemed necessary by the City and auditors of City, or such other persons or entities designated by City, to ensure proper accounting for all costs and performances related to this Agreement.

b. **Records Retention.** The Company shall maintain and retain for a period of four (4) years after the submission of the final Annual Compliance Verification report, or until full and final resolution of all audit

or litigation matters which arise after the expiration of the four (4) year period after the submission of the final Annual Compliance Verification report, whichever time period is longer, such records as are necessary to fully disclose the extent of services provided under this Agreement, including but not limited to any daily activity reports and time distribution and attendance records, and other records which may show the basis for the calculation of full time positions.

c. Audit Trails. Appropriate audit trails shall be maintained by the Company to provide accountability for updates and changes to automated personnel and financial systems. Audit trails maintained by the Company shall, at a minimum, identify the changes made, the individual making the change and the date the change was made. An adequate history of transactions shall be maintained by the Company to permit an audit of the system by tracing the activities of individuals through the system. The Company's automated systems provide the means whereby authorized personnel have the ability to audit and establish individual accountability for any action that can potentially cause access to, generation of, or modification of information related to the performances of this Agreement.

d. Access. The Company shall grant the City, or such other persons or entities designated by City for the purposes of inspecting, auditing, or copying such books and records, access to all paper and electronic records, books, documents, accounting procedures, practices or any other items relevant to the performance of this Agreement. All records, books, documents, accounting procedures, practices or any other items relevant to the performance of this Agreement shall be subject to examination or audit by City, or such other persons or entities designated by City in accordance with all applicable state and federal laws, regulations or directives. The Company will direct any subcontractor with whom it has established a contractual relationship to discharge the Company's obligations to likewise permit access to, inspection of, and reproduction of all books and records of the Company's subcontractor(s) which pertain to this Agreement. To the extent allowed by law and subject to the Texas Open Meetings Act, the City agrees to keep, and to cause any and all other persons or entities designated by the City to conduct such audits or examinations to keep, any and all information obtained by the City or such persons or entities strictly confidential. All such financial statements, records, documents, agreements, books and other instruments obtained by the City or such persons or entities, and any reports or information prepared in connection with the review of such financial statements, records, documents, agreements, books and other instruments, are

private business records of the Company and shall not be disclosed or made available to the general public.

e. Location and Reimbursement. Any audit authorized herein shall be conducted at the Company's Premises in the City during normal business hours and at City's expense, provided all costs incurred by City in conducting any such audit shall be reimbursed by the Company in the event such audit reveals an aggregate discrepancy of five percent (5%) or more of the Company's reporting of compliance as required by this Agreement. If any audit or examination reveals that the Company's reports for the audited period are not accurate for such period, the Company shall reimburse the City in accordance with Section 11 of this Agreement.

f. Corrective Action Plan. If an audit reveals any discrepancies or inadequacies which must be remedied in order to maintain compliance with this Agreement, applicable laws, regulations, the Company's responsibilities or performance standards, the Company agrees that within thirty (30) calendar days after the Company's receipt of the audit findings, to propose and submit to the City a corrective action plan to correct such discrepancies or inadequacies subject to the approval of the City. The Company further agrees, at the sole cost of the Company, to complete the corrective action approved by the City within thirty (30) calendar days after the City approves the Company's corrective action plan.

g. Reports. The Company shall provide to the City periodic status reports in accordance with the City's audit procedures regarding the Company's resolution of any audit-related compliance activity for which the Company is responsible.

14. REPORTS AND BRIEFINGS: In a manner consistent with the need to protect privacy and the intellectual property of the Company and third parties, the Company will provide periodic briefings as reasonably requested by the City on the general activities, economic impact and progress of the new project development and business operations in Texas.

15. USE AND RETENTION OF CITY CRAFTSMEN, TRADES AND SUPPLIERS: Although not an event of default or a condition to this Agreement, the City requests that the Company satisfies its need for additional employees from City of Pearland, Texas, residents and purchase all materials, supplies and services necessary to affect the occupancy of the property from City of Pearland merchants and businesses.

16. COMMUNITY INVOLVEMENT: Although not an event of default or condition of any advance hereunder, the Company agrees to actively participate in community and charitable organizations and/or activities, the purpose of which are to improve the quality of life in the City of Pearland, Texas, and to actively encourage its employees to be involved in such organization and/or activities.

17. FINANCIAL INFORMATION: If the Company is no longer a publicly traded company, the Company shall furnish the City, if requested, on an annual basis by April 30, of each year throughout the term of the Agreement, information regarding the general business status, market and general summary financial updates regarding the Company.

18. INDEMNITY AND HOLD HARMLESS: THE COMPANY RELEASES, ACQUITS, INDEMNIFIES, AND HOLDS HARMLESS THE CITY, ITS OFFICERS, AGENTS, EMPLOYEES, SUCCESSORS, AND ASSIGNS, FROM ANY AND ALL KINDS OF CLAIMS, DEMANDS, LOSSES, DAMAGES, INJURIES, RIGHTS, CAUSES OF ACTION, OR JUDGMENTS OF WHATSOEVER CHARACTER OR NATURE, INCLUDING ATTORNEYS' FEES, WHICH MAY ARISE AS A RESULT OF THIS AGREEMENT, EXCEPT TO THE EXTENT ARISING OUT OF THE CITY'S, OR ITS OFFICERS', AGENTS', EMPLOYEES', SUCCESSORS' OR ASSIGNS', NEGLIGENCE, WILLFUL MISCONDUCT, BREACH OF THIS AGREEMENT OR VIOLATION OF APPLICABLE LAW. THE PROVISIONS OF THIS SECTION REFLECT THE EXPRESSED INTENTIONS OF THE COMPANY AND THE CITY AND SHALL SURVIVE THE TERMINATION, EXPIRATION, OR CANCELLATION OF THIS AGREEMENT.

19. EXPRESS NEGLIGENCE. THE INDEMNITY SET FORTH IN THIS AGREEMENT IS INTENDED TO BE ENFORCEABLE AGAINST THE COMPANY AND ITS SUCCESSORS AND ASSIGNS IN ACCORDANCE WITH THE EXPRESS TERMS AND SCOPE HEREOF NOTWITHSTANDING TEXAS' EXPRESS NEGLIGENCE RULE OR ANY SIMILAR DIRECTIVE THAT WOULD PROHIBIT OR OTHERWISE LIMIT INDEMNITIES BECAUSE OF THE NEGLIGENCE (WHETHER SOLE, CONCURRENT, ACTIVE OR PASSIVE) OR OTHER FAULT OR STRICT LIABILITY OF THE CITY, BUT SUBJECT TO THE EXPRESS LIMITATIONS SET FORTH IN SECTION 18 ABOVE.

20. GENERAL PROVISIONS

- a. Authority.** Each party represents that it has obtained all necessary authority to enter into this Agreement.
- b. Relationship of Parties and Disclaimer of Liability.** The parties will perform their respective obligations under this Agreement as

independent contractors and not as agents, employees, partners, joint ventures, or representatives of the other party. Neither party can make representations or commitments that bind the other party. The Company is not a "governmental body" by virtue of this Agreement or the City's granting of an abatement.

c. Limitation of Liability. In no event will either party be liable to the other party for any indirect, special, punitive, exemplary, incidental or consequential damages. This limitation will apply regardless of whether or not the other party has been advised of the possibility of such damages.

d. Term. The term of this Agreement commences on the Effective Date of the Agreement and continues until December 31, 2021 unless terminated earlier pursuant to the terms of this Agreement.

e. Termination for Cause. Either party may terminate this Agreement for Cause upon thirty (30) days prior written notice to the other party. "Cause" is any failure to perform a material obligation under this Agreement within the specified time; including Company's failure to comply with any Funding Conditions contained herein. The sole remedy for any termination for Cause (and for the "cause" giving rise to the termination) shall be that each party is relieved of its obligation to perform hereunder, however, following termination by the City, the Company will continue to be obligated to the City for liquidated damages and/or repayment of abated taxes in accordance with applicable provisions of this Agreement.

f. Dispute Resolution and Applicable Law.

1) Informal Meetings. The parties' representatives will meet as needed to implement the terms of this Agreement and will make a good faith attempt to informally resolve any disputes.

2) Applicable Law and Venue. This Agreement is made and entered into in the state of Texas, and this Agreement and all disputes arising out of or relating thereto shall be governed by the laws of the state of Texas, without regard to any otherwise applicable conflict of law rules or requirements. The Company agrees that any action, suit, litigation or other proceeding (collectively "litigation") arising out of or in any way relating to this Agreement, or the matters referred to therein, shall be commenced exclusively in the State of Texas in any court with proper jurisdiction to hear this matter closest to the City Hall of

the City of Pearland, and hereby irrevocably and unconditionally consent to the exclusive jurisdiction of those courts for the purpose of prosecuting and/or defending such litigation. The Company hereby waives and agrees not to assert by way of motion, as a defense, or otherwise, in any suit, action or proceeding, any claim that (a) the Company is not personally subject to the jurisdiction of the above-named courts, (b) the suit, action or proceeding is brought in an inconvenient forum or (c) the venue of the suit, action or proceeding is improper.

21. MISCELLANEOUS PROVISIONS

a. Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in establishing proof of this Agreement to produce or account for more than one such counterpart.

b. Merger. This document constitutes the final entire agreement between the parties and supersedes any and all prior oral or written communication, representation or agreement relating to the subject matter of this Agreement.

c. Severability. Any term in this Agreement prohibited by, or unlawful or unenforceable under, any applicable law or jurisdiction is void without invalidating the remaining terms of this said Agreement. However, where the provisions of any such applicable law may be waived, they are hereby waived by either party, as the case may be, to the fullest extent permitted by the law, and the affected terms are enforceable in accordance with the parties' original intent.

d. Survival of Promises. Notwithstanding any expiration, termination or cancellation of this Agreement, the rights and obligations pertaining to payment or repayment of abated taxes and/or liquidated damages, confidentiality, disclaimers and limitation of liability, indemnification, and any other provision implying survivability will remain in effect after this Agreement ends.

e. Binding Effect. This Agreement and all terms, provisions and obligations set forth herein shall be binding upon and shall inure to the benefit of the parties and their successors and all other state agencies and any other agencies, departments, divisions, governmental entities, public corporations and other entities which shall be successors to each of the parties or which shall succeed to or become obligated to perform or

become bound by any of the covenants, agreements or obligations hereunder of each of the parties hereto.

f. Successors and Assigns/Notice. The terms and conditions of this Agreement are binding upon the successors and assigns of all parties hereto. This Agreement may be transferred or assigned by the Company only upon written permission by the City in accordance with Resolution R2006-121, which permission shall not be unreasonably withheld. No assignment shall be approved if the assignor or assignee is indebted to the City for ad valorem taxes or other obligations. The Company, or any legal successor thereto or prior assignee thereof, may assign its rights and obligations under this Agreement, including by merger or operation of law, to any legal successor or any person or entity that acquires all or substantially all of its business and operations. In addition, with the prior written consent of the City, which consent shall not be unreasonably withheld or delayed, the Company, or any legal successor company thereto or prior assignee thereof, may assign its rights and obligations under this Agreement to any parent or wholly owned subsidiary that it currently has in place or later establishes, if it is constituted as a separate legally recognized business entity. Any such assignment will be made without additional consideration being payable to the City. This Agreement shall survive any sale, change of control or similar transaction involving the Company, any successor thereto or prior assignee thereof and no such transaction shall require the consent of the City. The Company shall provide the City written notice of any assignment, sale, change of control or similar transaction pursuant to this section as soon as possible and in no event not later than thirty (30) calendar days following such event.

g. Force Majeure. Neither party shall be required to perform any obligation under this Agreement or be liable or responsible for any loss or damage resulting from its failure to perform so long as performance is delayed by force majeure or acts of God, including but not limited to strikes, lockouts or labor shortages, embargo, riot, war, revolution, terrorism, rebellion, insurrection, flood, natural disaster, interruption of utilities from external causes civil commotion, inclement weather, fire or other casualty, court injunction, shortages of labor or materials or any other causes of any kind which are beyond the reasonable control of said party.

h. Notice. All notices, requests, demands and other communications will be in writing and will be deemed given and received (i) on the date of delivery when delivered by hand or via electronic mail, (ii) on the following business day when sent by confirmed simultaneous telecopy and (iii) on

the following business day when sent via overnight courier (e.g., Federal Express).

22. AGRICULTURAL VALUATION: It is understood and agreed by the City and the Company that if the Premises has been designated and taxed as agricultural land pursuant to Chapter 23, Subchapter C, Tax Code, V.A.T.S., that this Agreement shall not be effective and no abatement granted until the Company has removed the agricultural use designation and all taxes due pursuant to Section 23.55, Tax Code, V.A.T.S., as amended, (roll back taxes) have been paid.

23. CITY AUTHORIZATION: This Agreement was authorized by Resolution of the City Council at its council meeting on the 11th day of July, 2011, authorizing the City Manager to execute the Agreement on behalf of the City.

Witness our hands this 20th day of July, 2011.

ATTEST:

CITY

By:

Young Lutz
Young Lutz, TMC
City Secretary

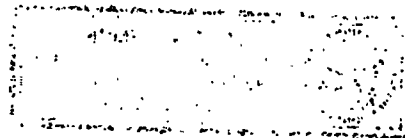
By:

Bill Eisen
Bill Eisen
City Manager

APPROVED AS TO FORM:

By:

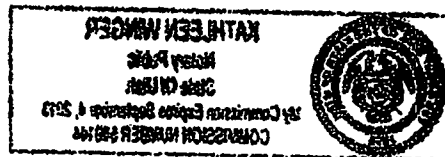
Darrin M. Coker
Darrin M. Coker
City Attorney



MERIT MEDICAL SYSTEMS, INC.

By:

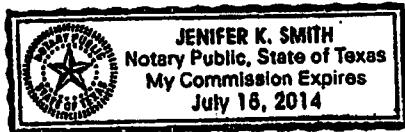
Kent Stanger
Kent Stanger
Chief Financial Officer



THE STATE OF TEXAS
COUNTY OF BRAZORIA

BEFORE ME, the undersigned Notary Public, on this day personally appeared Bill Eisen, City Manager for the City of Pearland, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS 20th DAY OF July, A.D., 20 11.

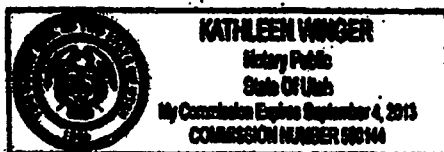


Jenifer K. Smith
NOTARY PUBLIC, STATE OF TEXAS
Printed Name: Jenifer K. Smith
Commission Expires: 7.15.2014

THE STATE OF Utah
COUNTY OF Salt Lake

BEFORE ME, the undersigned Notary Public, on this day personally appeared Kent Stanger, Chief Financial Officer of Merit Medical Systems, Inc, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS 19th DAY OF July, A.D., 20 11.



Kathleen Winger
NOTARY PUBLIC, STATE OF ~~TEXAS~~ Utah
Printed Name: Kathleen Winger
Commission Expires: Sept. 3, 2014

Exhibit "A"

PREMISES

Property Description

METES AND BOUNDS DESCRIPTION
11.9337 ACRES
LOCATED IN THE
JAMES HAMILTON SURVEY, A-876
HARRIS COUNTY, TEXAS

Being a tract or parcel of land containing 11.9337 acres of land or 519,832 square feet, located in the James Hamilton Survey, Abstract 876, Harris County, Texas, Said 11.9337 acre tract being out of and a part of a 36.166 acre tract of record in the name of SHT/Kirby, Ltd. In Harris County Clerk's File (H.C.C.F.) Number 20080049996, said 36.166 acre tract being out of and a part of Block "F" of the Allison-Richey Gulf Coast Homes Subdivision of record in Volume 3, Page 40 in the Map Records of Harris County, Texas; Said 11.9337 acre tract being more particularly described as follows (bearings based on said deed):

BEGINNING at a 5/8 inch iron rod found at the northeast end of a Right-of-Way (R.O.W.) transition from the west R.O.W. line of Kirby Drive (width varies) to the north R.O.W. line of Spectrum Boulevard (100 feet wide), being on the east line of aforesaid 36.166 acre tract;

THENCE, coincident aforesaid R.O.W. transition, South 42 Degrees 38 Minutes 32 Seconds West, a distance of 28.11 feet to a 5/8 inch iron rod with "Gruller" cap set on the north R.O.W. line of aforesaid Spectrum Boulevard, being the northeast corner of a 1.3116 acre tract of record in the name of City of Pearland in H.C.C.F. Number 20100435869;

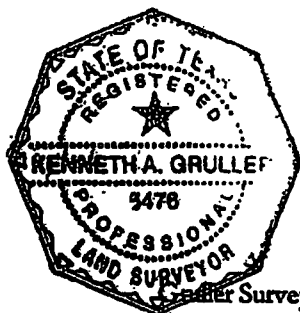
THENCE, coincident the north line of aforesaid Spectrum Boulevard, South 87 Degrees 21 Minutes 30 Seconds West, a distance of 558.09 feet to a 5/8 inch iron rod with "Gruller" cap set for the southwest corner of the herein described tract;

THENCE, through and across aforesaid 36.166 acre tract the following two (2) courses:

1. North 02 Degrees 38 Minutes 00 Seconds West, a distance of 879.16 feet to a 5/8 inch iron rod with "Gruller" cap set for the northwest corner of the herein described tract;
2. North 87 Degrees 22 Minutes 00 Seconds East, a distance of 598.33 feet to a 5/8 inch iron rod with "Gruller" cap set for the northeast corner of the herein described tract, on the west R.O.W. line of aforesaid Kirby Drive;

THENCE, coincident the west R.O.W. line of aforesaid Kirby Drive the following three (3) courses:

1. South 02 Degrees 16 Minutes 57 Seconds East, a distance of 613.59 feet to a 5/8 inch iron rod found;
2. South 14 Degrees 25 Minutes 00 Seconds West, a distance of 52.20 feet to a 5/8 inch iron with "Gruller" cap set;
3. South 02 Degrees 16 Minutes 57 Seconds East, a distance of 195.82 feet to the **POINT OF BEGINNING** and containing 11.9337 acres of land.



Kirby Surveying, LLC

May 25, 2011

Job 36-1109

A handwritten signature in black ink, appearing to read "K. Gruller", located below the professional seal.

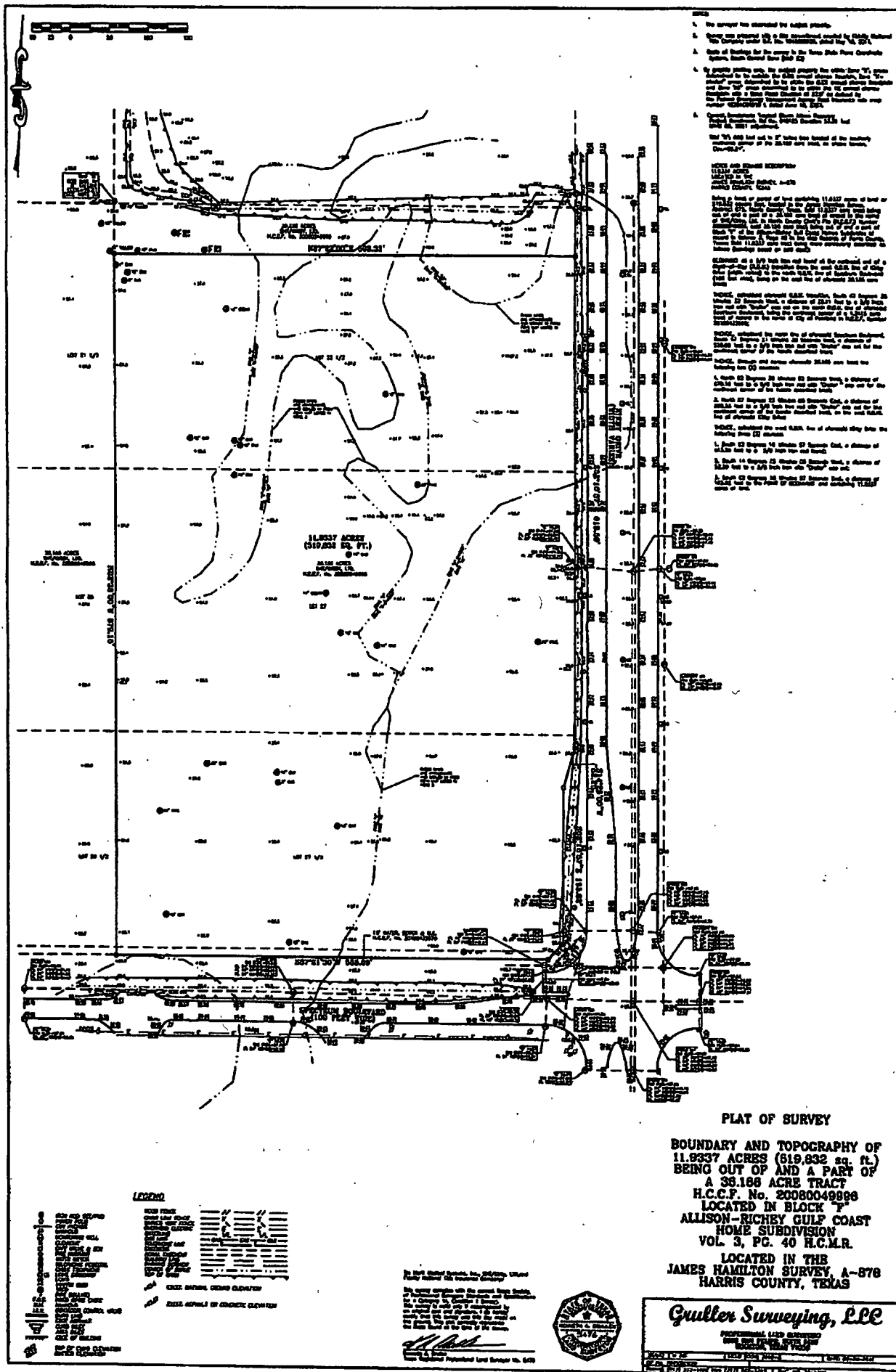


Exhibit "B"

APPLICATION FOR TAX ABATEMENT IN THE CITY

APPLICATION FOR TAX ABATEMENT IN THE CITY OF PEARLAND

It is recommended that this application be filed at least 90 days prior to the beginning of construction or the installation of equipment. The filing of this document acknowledges familiarity and conformance with Guidelines and Criteria for Granting Tax Abatement in a Reinvestment Zone Created in the City of Pearland. This application will become part of the agreement and any knowingly false representations will be grounds for the City to void the agreement. Original copy of this request should be submitted to the Pearland Economic Development Corp. President, 1200 Pearland Parkway, Suite 200, Pearland, Texas 77581, 281.997.3000, www.pearlandedc.com. Please attach exhibits and additional information.

Applicant Information

Name of Business: Merit Medical Systems, Inc.

Date: March 28, 2011

Address: 1600 Merit Parkway

City: South Jordan

State: UT

Zip: 84095

Contact Person: Greg A Fredde

Title: VP - Government Affairs

Phone: 801-230-3365

Fax: 801-253-1688

Email: gfredde@merit.com

NAICS Codes for primary business operations: 33911

Federal Tax ID Number: 87-0447695

Does the Business file a consolidated tax return under a different tax ID number?

☐ Yes

☒ No

If yes, please also provide that tax ID number:

Texas Tax ID Number: 87-0447695

Is the contact person listed above authorized to obligate the Business?

☐ Yes

☒ No

If no, please provide the name and title of a company officer authorized to obligate the Business:

Kent Stanger, Chief Financial Officer

Business Information

Provide a brief description and history of the Business. Include information about the Business' products or services and markets served.

Founded in 1987, Merit Medical Systems, Inc. is engaged in the development, manufacture and distribution of proprietary disposable devices used primarily in cardiology, radiology and endoscopy. Merit serves client hospitals worldwide with a domestic and international sales force totaling approximately 130 individuals. Merit employs approximately 2,233 people worldwide with facilities in Salt Lake City and South Jordan, Utah; Angleton, Texas; Richmond, Virginia; Rockland, Massachusetts; Maastricht and Venlo, The Netherlands; Paris, France; Galway, Ireland; Beijing, China; and Copenhagen, Denmark.

Business Structure:

☐ Cooperative ☒ Corporation ☐ Limited Liability Company ☐ Not for Profit
☐ Partnership ☐ S-Corporation ☐ Sole Proprietorship

State of Incorporation: Utah

Years in business: 24

Identify the Business' owners and percent ownership: Publicly-held (Nasdaq: MMSI)

Annual Sales (Most Recent): \$296.8 million

Projected Total Sales: Year 1: \$341 million (est.) Year 2: \$ Year 3: \$

How many employees are currently employed by the company including all locations, subsidiaries, divisions worldwide? 2,233

List the Business' Texas Locations and the Current Number of full-time equivalent (FTE) Employees at each Location (including Pearland if applicable): Angleton, TX - 224 employees

Current annual payroll of Pearland facility excluding any benefits (if applicable): N/A

Does the Business offer medical and dental insurance? ☒ Yes ☐ No

If yes, please describe. Merit Medical offers health and dental benefits to all employees who work a minimum of 30 hours per week. In 2010, the total annual medical premium for Angleton employees was \$1.03 million, of which Merit paid 66%. In addition, the total annual dental premium was \$148,400, of which Merit paid 67%.

In addition, Merit provides its employees with a health savings account which allows employees to save for future medical expenses tax free. Employees may make pre-tax contributions to the account up to the federal limit. In addition, Merit makes an annual contribution to their accounts. The amount of the annual contributions is dependent on the type of plan employees have selected. In 2010, Merit contribution over \$233,000 to employee health savings accounts.

Of the current employees in Angleton, 27 have selected a family health plan, 50 a two-party plan, 78 a single plan, and the remaining 66 have waived participation.

Does the Business offer a pension plan, 401(k) plan, and/or retirement-plan? ☒ Yes ☐ No

If yes, please describe. Merit Medical Systems encourages employees to save for retirement. The Company matches employee contributions on the first 5%. In addition, Merit offers a deferred compensation plan which allows high income earners otherwise limited by federal restrictions on the amount they can contribute to their 401k to defer up to 100% of their annual wage.

Project Information

Location and legal description of the area to be designated as reinvestment zone (Provide map showing site and metes and bounds description in attachment A5):

TRS 27, 27 1/2 28, 28 1/2 Allison Richey Gulf Coast Homes Sec F ABST 876 D White. OR;
TRS 22 1/2, 27, 27 1/2 Allison Richey Gulf Coast Homes Sec F ABST 876 D White

Type of Business Project

- ☒ New Location ☐ Modernization of Existing Pearland Facility
☐ Expansion of Pearland Facility

Type of Facility:

- ☒ Manufacturing ☐ Reg. Distribution Center
☐ Regional Service ☐ Reg. Entertainment Center
☐ Other Basic Industry

Briefly describe the proposed project for which assistance is being sought. (Include project facility size, infrastructure improvements, proposed products/services, any new markets, etc.)

Merit Medical Systems, Inc. is considering the construction of a new facility at a yet to be determined location in Texas to replace its aging facility located in Angleton, Texas. The facility will be responsible for the research, development, and manufacturing of extrusion-related products including catheters, sheaths, tubing, and other extruded product. In addition, the new facility will become an R&D center for the company and focus of the development of new projects with a significant engineering knowledge base.

The investment will consist of a new 90,000 - 100,000 square foot, tilt-up facility located on no less than ten acres of land. The anticipated investment for the land and facility will be approximately \$10-12 million. In addition, new and existing machinery and equipment will be relocated from the existing facility resulting in an additional increase in taxable value of approximately \$3-5 million.

The project will result in the immediate transfer of 160 jobs from the Angleton facility, growing to at least 221 new positions within five years. The anticipated annual payroll in Year 1 will be approximately \$5.2 million, growing to \$8.3 million by Year 5. This does not include health benefits, company health savings account contributions, nor 401k contributions.

Has any part of the project started? ☐ Yes ☒ No

If yes, please explain.

Identify the Business' competitors. If any of these competitors have Pearland locations, please explain the nature of the competition (e.g. competitive business segment, estimated market share, etc.) and explain what impact the proposed project may have on the Pearland competitor.

Merit competes in several global markets, including diagnostic and interventional cardiology, interventional radiology, vascular surgery, interventional nephrology, cardiothoracic surgery, interventional gastroenterology and pulmonology, anesthesiology and pain management. These markets encompass a large number of suppliers of varying sizes.

In the interventional cardiology and radiology markets, as well as the gastroenterology and pulmonology markets, Merit competes with large international, multi-divisional medical supply companies such as Cordis Corporation (Johnson & Johnson), Boston Scientific Corporation, Medtronic, C.R. Bard, Abbott, Teleflex, Cook and Terumo. Medium-size companies we compete with include AngioDynamics, Vascular Solutions, B. Braun, Olympus, Navilyst, Edwards Lifescience, and ICU Medical.

The primary competitive embolotherapy product has been non-spherical polyvinyl alcohol (or "PVA") particles, a product introduced into the market more than 20 years ago. Currently, the primary products with which Merit's microspheres competes are spherical PVA, sold by Boston Scientific Corporation, Biocompatibles and Terumo Corporation; Embozene sold by CeloNova Biosciences, Inc.; gel foam, sold by Pfizer Inc.; and non-spherical (particle) PVA, sold by Boston Scientific and Cook Incorporated. Merit's principal competitors in UFE are Biocompatibles, Boston Scientific, Cook, Cordis Corporation, a Johnson & Johnson company, Pfizer and Terumo, as well as companies selling or developing non-embolotherapy solutions for UFE.

Will any of the current Pearland employees lose their jobs if this project does not proceed in Pearland? (Existing Pearland Companies only) ☐ Yes ☐ No

If yes, please explain why and identify those jobs as "retained jobs" in the Project Jobs section.

N/A – However, if it is determined that local governments are unable or unwilling to provide incentives and/or abatements for the project, the existing Angleton, Texas operation will likely be consolidated to Salt Lake City, Utah, resulting in a total loss of all 224 Texas positions.

Is the Business actively considering locations outside of Pearland? ☒ Yes ☐ No
If yes, where and what assistance is being offered?

Merit Medical is currently considering at least two other locations within Texas (outside of Pearland) and the complete consolidation of the Texas operation into Merit's Utah operations. Merit currently has under construction a new 260,000 square foot facility on its Utah campus which would easily accommodate the Angleton operation. As part of the construction of this and another facility, the State of Utah has provided an Economic Development Increment Financing Fund (EDTIF) award which allows Merit to have refunded 30% of all incremental increases in employee withholding, state sales and use, and corporate income taxes over ten years.

In addition, Merit has secured the creation of an economic development area around its Utah campus will allows Merit to retain 65% of the incremental increase in state and local property taxes.

Finally, under Merit's leadership, the State of Utah recently passed two pieces of legislation designed to increase investment from the life sciences industry. These include the most aggressive R&D tax credit which allows companies to claim a 14.2% credit on all qualified R&D activities conducted within Utah, plus an additional 5% credit for incremental increases in R&D activity. Second, just this year, the Utah Legislature passed a law allowing companying to retain 100% of the incremental increases in withholding, state sales and use, and corporate income taxes for three years following approval of a new project.

In short, Merit has in place significant incentives from the State of Utah under which Merit will benefit if the Angleton operation was to be consolidated in to Utah.

Will any State or Federal Permits be needed for the project? ☐ Yes ☒ No
If yes, please describe each and current time-frame for receiving each?

Will the project be seeking LEED certification? TBD
If yes, what level of certification is being sought?

Project Jobs

List the jobs that will be created and/or retained as the result of this project. (A retained job is an existing job that would be eliminated or moved to another location if the project does not proceed in Pearland.) For jobs to be created, include the starting and final hourly wage rate. For retained jobs, include the current hourly wage rate.

Is the hourly wage rate based on a 40 hour work week, 52 weeks per year? ☒ Yes ☐ No

If no please explain:

Full-Time CREATED Jobs	(Add additional rows as needed)		
Job Title/Classification	Number of CREATED Jobs	Starting Wage	Wage at End of Year Three
Engineering	19	22.75	26.16
Maintenance	6	25.98	29.88
Labeling	1	12.11	13.92
Purchasing	1	18.14	20.86
Operations	7	50.23	57.77
Planning	3	20.95	24.09
Production Supervisor	4	22.38	25.74
Production	69	10.38	11.93
Extrusion	31	12.13	13.95
Materials	3	7.90	9.08
Extrusion Supervisor	1	32.89	37.82
Quality	5	16.49	18.97
Documentation	2	19.57	22.50
QA Inspectors	3	10.67	12.27
QA Engineers	1	35.02	40.27
Accounting	2	19.86	22.84
ODD	1	19.50	22.42
MIS	1	22.60	25.99
Total CREATED Jobs	160	14.46	16.63

The project will immediately create 160 new positions within the City of Pearland. The number of positions will grow to 221 by Year 5. The average starting wages listed above are estimates and do not include other W-2 income including bonuses, stock options, and contributions to employees health savings accounts. As a result, the averages are very conservative.

In addition, over the next five years, the facility will be retooled to focus on higher margin, more technologically advanced products. This effort will result in greater emphasis on professional level positions including engineering, operations, and extrusion.

Merit currently has a diverse workforce in Texas. Approximately 50% of Merit's existing workforce is non-Caucasian. This includes: Hispanic (60); Black (44); Asian (5); and Pacific Islander (1). Moreover, only 12% of Merit's current workforce is male. The average tenure of the workforce is in excess of 15 years which provides stability and speaks to the loyalty Merit employees have to the Company.

Merit's workforce is drawn from a number of surrounding communities, including Pearland. These communities include: Angleton (92); Lake Jackson (33); Clute (26); Freeport (22); Brazoria (11); Alvin (6); Rossharon (6); West Columbia (5); Danbury (5); Houston (5); Sweeny (4); Pearland (4); and Manvel (2).

Merit Angleton has had a long term commitment to develop and promote our personnel. All positions are posted within and employees are encouraged to seek advancement. The primary development tool is one on one training and mentoring. Employees are frequently given the opportunity to learn new areas of our operations. In addition employees are often given the opportunity to utilize outside development programs.

Merit Medical Systems, Inc. is a growing company which will continue to invest in facilities, projects, and employees. With the establishment of a facility in Pearland – and with the capacity which will be built into the project – Merit will continue to develop, acquire, and transfer new product into the facility. This will provide greater opportunity for employees and additional tax resources to the surrounding community. In it nearly 25-year history, Merit has grown every year. In the first quarter of 2011, Merit's core business grew by almost 17%.

Perhaps even more exciting is the significant growth we have seen in products produced in Texas. Merit's catheter division is one of Merit's strongest performers, a testament to Merit's commitment to the product line and the quality of the employees we have in Texas.

But Merit's commitment does not end with its employees. Merit is a strong support of communities in which we have operations and employees. Merit annually contributes millions of dollars to organizations supporting the arts, schools, and community non-profits. We have opened our facilities to community events, sponsored local community events, and even purchased equipment for local emergency services.

Tax Abatement Information

Description of eligible improvements (real property) to be constructed including fixed equipment fixed equipment, buildings, parking lots, etc (Provide detail in attachment A6):

The investment will consist of a new 90,000 – 100,000 square foot, tilt-up facility located on no less than ten acres of land. The anticipated investment for the land and facility will be approximately \$10-12 million. In addition, new and existing machinery and equipment will be relocated from the existing facility resulting in an additional increase in taxable value of approximately \$3-5 million.

When relocated, the Pearland facility will have over 1,000 additional pieces of machinery, equipment, molds, dies, and office furniture and equipment from the Angleton site. The estimated acquisition value of this equipment was approximately \$9.9 million and the current, depreciated value is estimated at \$5 million. This includes over \$1.5 million in new machinery and equipment which is scheduled to be purchased over the next 18 months.

For a complete listing of all the equipment and furnishings, please refer to the attached spreadsheet entitled "Merit Angleton Assets by Class."

Description of ineligible property to be included in project, including inventory and personal property:

Inventory and non-fixed personal property.

The proposed reinvestment zone is located in:

County: Harris
Drainage District: Harris
School District: Harris ISD
College District: Houston Community College
Other Taxing Jurisdictions: Pearland City, Port of Houston; Harris Co. Hospital; Harris Co. Education Dept.; and Spectrum Management Dist.

What is the parcel(s) tax identification number(s)? Preliminarily, a part of 045-180-000-0001

Tax Abatement Requested: % of eligible property for a term of years (or)
requesting staggered tax abatement terms as follows:

100% for Years 1-3; 75% for Year 4-6; 50% for Years 7-10.

By comparison, Utah's property tax rate for all jurisdictions is 1.29860 per \$100. In addition, Merit has in place a economic development area around its facility which rebates 65% of the incremental increase in property values back to Merit.

As a result, the proposed abatement will help Merit operation in Texas be more cost effective when compared to Merit's Utah operations.

Is the applicant seeking a variance under Section 3 (f) of the Guidelines: Yes ☐ No ☒
If yes, attached required supplementary information in attachment A8.

Has company made application for abatement for this project by another taxing jurisdiction or nearby counties:
Yes ☒ No ☐

If yes, provide dates of application, hearing dates, if held or scheduled, name of jurisdictions and contacts, and letters of intent.

Merit Medical has in place tax incentives and property tax abatements in Utah under which this project would qualify. The incentives were approved by the State of Utah on April 9, 2010 by the Governor's Office of

Economic Development and total \$4.3 million over ten year. In 2006, local taxing jurisdictions approved an economic development area around Merit's Utah campus which totals \$12.5 million over 15 years.

In addition, Merit is considering tax incentives to build a new facilities on Merit's existing 20 acre property in Angleton, Texas.

Construction Estimates

Commencement Date:	9/1/2011	If Modernization	N/A
Construction Man Years:	12 months	Estimated Economic Life of Existing Plant in years:	N/A
Completion Date:	9/1/2012	Added Economic Life from Modernization in years:	N/A
Peak Construction Jobs:	U/K		

ACTUAL APPRAISED VALUE ON SITE		ESTIMATED VALUE OF NEW VALUE ADDED	
Land	\$1,115,150 (est.)	Land	\$1,115,150
Building and Improvements	\$0	Building and Improvements	\$8,750,000
Fixed Equipment	\$0	Fixed Equipment	\$5,000,000
Personal Property & Inventory	\$0	Personal Property & Inventory	\$3,500,000
Total of Pre-existing Value	\$0	Total of New Value Added	\$18,365,150
Total Value of Pre-existing and New Value			
	\$1,115,150		

Project Budget

AMOUNTS BUDGETED			
Use of Funds	Cost	Source	Commitment Status
Land Acquisition	\$2,000,000	In-place financing	Available
Site Preparation	\$250,000	In-place financing	Available
Cost of Utilities to Site	\$100,000	In-place financing	Available
Building Acquisition	\$		
Building Construction	\$8,750,000	In-place financing	Available
Building Remodeling	\$		
Machinery & Equip.	\$3,000,000	In-place financing	Available
Computer Hardware	\$		
Computer Software	\$		
Furniture & Fixtures	\$250,000	In-place financing	Available
Working Capital	\$		
Moving Expenses	\$250,000	In-place financing	Available
Job Training	\$		
TOTAL	\$14,600,000		

Does the Business plan to lease the facility? ☐ Yes ☒ No

If yes, please provide the Annual Base Rent Payment (lease payment minus property taxes, insurance, and operating/maintenance expenses) and the length of the lease agreement.

Financial assistance is need-based, please explain why assistance is needed:

Merit Medical is currently considering other locations for the operation. As noted earlier, Merit currently has under construction a new 260,000 square foot facility on its Utah campus which would easily accommodate the Angleton operation and state and local grants are in place under which Merit will benefit from the relocation.

Finally, due to the cost structure in Texas which is considerably higher than in Utah, in order for the Angleton operation to be cost effective, incentives and/or abatements will be required. The facility is transitioning to a higher margin product line which will help the facility be competitive with other Merit facilities. However, the process is a multi-year project in which up-front, short-term incentives are needed to offset the transition costs.

In short, Merit has in place significant incentives from the State of Utah under which Merit will benefit if the Angleton operation was to be consolidated in to Utah.

Any recipient of tax abatement is expected to provide security to the City. The security will be exercised, when necessary, due to non-performance. In addition to a lien and/or mortgage, personal guarantees are expected for businesses not publicly traded, and corporate guarantees are expected when the business recipient has a parent (or holding) company. What security will be offered to secure financial assistance and describe what seniority or position the City will have on any lien or mortgage?

Promissory note, Letter of Credit, or other personal property or real property assets.

Attachments

Please attach the following documents:

- A1 Completed Economic Impact Data Sheet (If requested)
- A2 Business Plan (If requested)
- A3 Copy of the most recent payroll report for one pay period must be in Excel format and include the following information:
 - Company name, date of payroll and source of payroll information
 - Employee name and/or employee identification number
 - Current hourly wage - do not include bonuses or other benefit values
 - Indicate if the employee is full time (40 hours per week, 52 weeks per year) or part time.
- A4 Financial Information
 - Audited profit and loss statements and balance sheets for past three year-ends;
 - Current YTD profit and loss statement and balance sheet; and
 - Schedule of aged accounts receivable;
 - Schedule of aged accounts payable; and
 - Schedule of debts.
- A5 Map showing boundaries of proposed site.
- A6 Statement explaining general nature and extent of the project, describing existing site and improvements; describe all proposed improvements and provide a list of all improvements and equipment for which abatement is requested.
- A7 Proposed timeline for undertaking and completing the planned implements.
- A8 Variance Request (if applicable)

Certification & Release of Information

I hereby give permission to the City of Pearland and the Pearland Economic Development Corporation (PEDC) to research the Business' history, make credit checks, contact the Business' financial institutions, insurance carriers, and perform other related activities necessary for reasonable evaluation of this application.

I understand that all information submitted to the City and PEDC related to this application is subject to Texas Public Information Act.

I understand this application is subject to final approval by the City of Pearland City Council and the Project may not be initiated until final approval is secured.

I understand that the City reserves the right to negotiate the financial assistance. Furthermore, I am aware that tax abatement is not available until an agreement is executed within a reasonable time period following approval.

I certify the Business has not, within the last five years, been cited or convicted for violating any state or federal statutes, rules, and regulations, including environmental, worker safety and immigration regulations, or, if such violations have occurred, that there were mitigating circumstances or such violations did not seriously affect public health or safety or the environment.

I hereby certify that all representations, warranties, or statements made or furnished to the City and PEDC in connection with this application are true and correct in all material respect. I understand that it is a violation under Texas law to engage in deception and knowingly make, or cause to be made, directly or indirectly, a false statement in writing for the purpose of procuring economic development assistance.

For the Business:

Signature

Name and Title (typed or printed)

Date

EXHIBIT "C"

FORM OF ANNUAL EMPLOYMENT COMPLIANCE VERIFICATION



**CITY OF PEARLAND
TAX ABATEMENT ANNUAL INVESTMENT AND EMPLOYMENT
COMPLIANCE VERIFICATION**

Verification should be submitted to the Pearland Economic Development Corporation President, 1200 Pearland Parkway, Suite 200, Pearland, Texas 77581, 281.997.3000, www.pearlandedc.com. Please attach exhibits and additional information.

Company Information

Name of Business:

Date:

Address:

City:

State:

Zip:

Contact Person:

Title:

Phone:

Fax:

Email:

Annual Compliance Verification

Please check the box that applies:

☐ First Time Filing

☐ Subsequent Filing

If subsequent, date last compliance submitted:

Report Covers Period: Begin Date:

End Date:

This is compliance of

Employment-Position Information

All positions must be full-time (2,000 hours or more annually) and permanent, with the Company.

1. Total Number of Employment Positions Reported (previously certified and new):
2. Total Number of Employment Positions Previously Certified:
3. Total Number of New Employment Positions Submitted for Certification (line 1 – line 2):
4. Total Payroll for all Employment Positions Reported this Claim Period: \$
5. Average annual gross compensation at this Company/Project Facility (line 3/line 4):

Did the Company meet the "Job Target" for this reporting period? ☐ Yes ☐ No
If no, please explain why:

Does the Company provide medical and dental benefits to all employees? ☐ Yes ☐ No

Investment Information

1. Total new value previously certified:
2. Total new value submitted for certification this claim period:
3. Total value reported (previously certified and new line 1 and 2):

Generally describe the improvements existing as of December 31 of the preceding year?

Did the Company install or construct all improvements before the Improvements Completion Date? ☐ Yes ☐ No
If no, please explain why:

TAXABLE VALUE ON SITE	20__ ORIGINAL BASE VALUE	TAX YEAR 20__	TOTAL INCREASE OVER 20__ BASE
Land	\$	\$	\$
Building and Improvements	\$	\$	\$
Fixed Equipment	\$	\$	\$
Personal Property	\$	\$	\$
Inventory	\$	\$	\$
Total Value	\$	\$	\$

Please attach the Business Personal Property Rendition form submitted to the Appraisal District.

Attachments

Please attach the following documents:

A1 Employment Verification

A2 Certified copy of the appraised and settled value of the Improvements as shown by the appropriate Central Appraisal District supported by all correspondence, renditions, appeals or contests and settlement of appraised value and shall provide appropriate back-up data for the Improvements exclusive of other investments made at the Premises.

A3 Business Personal Property Rendition of Taxable Property Form

Certification

I certify the appraised value of the improvements as defined in our agreement with the City of Pearland.

I certify the Business has not, within the reporting period, been cited or convicted for violating any state or federal statutes, rules, and regulations, including environmental, worker safety and immigration regulations

Under penalty of perjury, I declare that the information in this document and any attachments are true and correct to the best of my knowledge and belief.

For the Business:

Signature

Date

Name and Title (typed or printed)

ANNUAL EMPLOYMENT COMPLIANCE VERIFICATION

ABC Company, Inc.
Project Approved: 10/23/98

Job Certification Period: January 1, 2000 through December 31, 2000

ABC Company
114 Oak Drive
Bluebonnet, Texas 77777

Job No.	Position Title	Social Security Number	Employee Name	Wages During Claim Period	Hours Worked During Claim Period	Date Hired to Position/Date Left Position	City of Pearland Resident
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PREVIOUSLY CERTIFIED JOBS (updated):

001	Division Director	###-##-####	Dennis Director	\$68,987	2,318	09/01/98 to Present	N
002	Office Manager	###-##-####	Mary Worker	\$15,236	1,200	01/15/98 to 8/31/98	Y
002A		###-##-####	Lindsey Sellsmith	\$12,008	900	9/1/98 to Present	Y

NEW JOBS THIS CERTIFICATION:

003	Sales Manager	###-##-####	Delores Incharge	\$29,895	2,080	09/01/99 to Present	N
004	Print Shop Manager	###-##-####	Adam Typeset	\$32,450	2,056	09/01/99 to Present	Y

Total Jobs Created: 4
Total Payroll: \$####,###
Vacant Positions: 0

TOTAL # OF JOBS ON THIS PAGE 4

PAGE # 1 of 1

TOTAL # OF JOBS ON THIS CLAIM 4



HARRIS COUNTY, TEXAS

COMMISSIONERS COURT:

ED EMMETT

COUNTY JUDGE

EL FRANCO LEE

COMMISSIONER, PRECINCT 1

JACK MORMAN

COMMISSIONER, PRECINCT 2

STEVE RADACK

COMMISSIONER, PRECINCT 3

JERRY EVERSOLE

COMMISSIONER, PRECINCT 4

c/o Community Services Dept.

8410 Lantern Point Drive

Houston, Texas 77054

(713) 578-2000

GUIDELINES & CRITERIA FOR GRANTING TAX ABATEMENT IN A REINVESTMENT ZONE CREATED IN HARRIS COUNTY

Whereas, the creation and retention of job opportunities that bring new wealth is the highest civic priority; and

Whereas, new jobs and investment will benefit the area economy, provide needed opportunities, strengthen the real estate market and generate tax revenue to support local services; and

Whereas, the communities within Harris County must compete with other localities across the nation currently offering tax inducements to attract jobs and investments; and

Whereas, any tax incentives offered in Harris County would reduce needed tax revenue unless strictly limited in application to those new and existing industries that bring new wealth to the community; and

Whereas, any tax incentives should not have a substantial adverse effect on the competitive position of existing companies operating in Harris County; and

Whereas, tax incentives should not be used to attract those industries that have demonstrated a lack of commitment to protecting our environment, but should be used to encourage projects designed to protect our environment; and

Whereas, the abatement of property taxes, when offered to attract primary jobs in industries which bring in money from outside a community instead of merely re-circulating dollars within a community, has been shown to be an effective method of enhancing and diversifying an area's economy; and

Whereas, Texas law requires any eligible taxing jurisdiction to establish Guidelines and Criteria as to eligibility for tax abatements prior to granting any tax abatement, said Guidelines and Criteria to be unchanged for a two-year period unless amended by a three-quarters vote; and

Whereas, to assure a common, coordinated effort to promote our communities' economic development, any such Guidelines and Criteria should be adopted only through the cooperation of municipalities, taxing jurisdictions, and Harris County; and

Whereas, Harris County Commissioners Court has approved the circulation of Guidelines and Criteria to affected taxing jurisdictions for consideration as a common policy for all jurisdictions choosing to participate in tax abatement agreements;

Now, therefore, be it resolved that Harris County does hereby adopt these Guidelines and Criteria for granting tax abatements within reinvestment zones created in Harris County.

SECTION 1 DEFINITIONS

- (a) **"Abatement"** means partial exemption from ad valorem taxes of certain real property (including fixed-in-place machinery & equipment) in a reinvestment zone designated for economic development purposes.
- (b) **"Eligible Jurisdiction"** means Harris County ("the County") and any municipality or other taxing jurisdiction eligible to abate its taxes according to Texas law that levies ad valorem taxes upon and provides services to property located within the proposed or existing reinvestment zone.
- (c) **"Agreement"** means a contractual agreement between a property owner and/or lessee and an eligible jurisdiction for the purposes of tax abatement.
- (d) **"Base Year Value"** means the appraised value in the reinvestment zone on January 1 preceding the effective date of the tax abatement agreement, plus the agreed upon value of eligible property improvements made after January 1 but before the effective date of the agreement, or the sales price, if the property was conveyed subsequent to January 1, whichever is greater.
- (e) **"Competitively-Sited Project"** means a project where the applicant has completed a written evaluation of competing locations for expansion; relocation, or new operations, including identification of specific sites in those locations.
- (f) **"Economic Life"** means the number of years a property improvement is expected to be in service in a reinvestment zone.
- (g) **"Employee"** means a person whose employment is both permanent and fulltime, who works for and is an employee of the Owner or an employee of a Contractor, who works a minimum of 1,750 hours per year exclusively within the reinvestment zone, who receives industry-standard benefits, and whose employment is reflected in the Owner's (and Contractor's, if applicable) quarterly report filed with the Texas Workforce Commission("TWC"); but *excluding* any direct contract (seasonal, part-time, and full-time equivalent).
- (h) **"Expansion"** means the addition of buildings, structures, fixed machinery or equipment for purposes of increasing production capacity.
- (i) **"Facility"** means property improvements completed or in the process of construction which together comprise an integral whole.

- (j) **"Manufacturing Facility"** means buildings and structures, including fixed-in-place machinery and equipment, the primary purpose of which is or will be the manufacture of tangible goods or materials or the processing of such goods or materials by physical or chemical change.
- (k) **"New Facility"** means a property, previously undeveloped, which is placed into service by means other than or in conjunction with expansion or modernization.
- (l) **"Other Basic Industry Facility"** means buildings and structures including fixed machinery and equipment not elsewhere described, used or to be used for the production of products or services which primarily serve a market in the creation of new permanent employment and bring in new wealth.
- (m) **"Regional Distribution Center Facility"** means buildings and structures, including fixed machinery and equipment, used or to be used primarily to receive, store, service or distribute goods or materials owned by the facility operator where a majority of the goods or services are distributed to points at least 100 miles from any part of the County.
- (n) **"Regional Entertainment Facility"** means buildings and structures, including fixed machinery and equipment, used or to be used to provide entertainment through the admission of the general public where the majority of users reside at least 100 miles from any part of the County.
- (o) **"Regional Service Facility"** means buildings and structures, including fixed machinery and equipment, used or to be used to service goods where a majority of the goods being serviced originate at least 100 miles from any part of the County.
- (p) **"Research Facility"** means building and structures, including fixed machinery and equipment, used or to be used primarily for research or experimentation to improve or develop new tangible goods or materials or to improve or develop the production processes thereto.
- (q) **"Research & Development Facility"** means buildings and structures, including fixed-in-place machinery and equipment, used or to be used entirely for research or experimentation to improve or develop current technology in biomedicine, electronics or pre-commercial emerging industries.

SECTION 2

ABATEMENT AUTHORIZED

- (a) **Authorized Facility.** A facility may be eligible for abatement if it is a: Manufacturing Facility, Research Facility, Regional Distribution Center Facility, Regional Service Facility, Regional Entertainment Facility, Research and Development Facility or Other Basic Industry Facility.

- (b) **Creation of New Value.** Abatement may only be granted for the additional value of eligible real property (including fixed-in-place machinery and equipment) listed in an agreement between the County and the property owner and lessee (if applicable); subject to such limitations as Commissioners Court and the Texas Property Tax Code may require.
- (c) **Eligible Property.** An abatement may be extended to the value of buildings, structures, fixed machinery and equipment, site improvements plus that office space and related fixed improvements necessary to the operation and administration of the facility. The value of all property shall be the Certified Appraised Value for each year, as finally determined by the Harris County Appraisal District ("HCAD").
- (d) **Ineligible Property.** The following types of property shall be fully taxable and ineligible for abatement: land; inventories; supplies; tools; furnishings, and other forms of movable personal property; vehicles; vessels; aircraft; housing; hotel accommodations; deferred maintenance investments; property to be rented or leased (except as provided in "Leased Facilities," below); property with an economic life of less than 15 years; property owned or used by the State of Texas or its political subdivisions or by any organization owned, operated or directed by a political subdivision of the State of Texas, or any property exempted by local, state or federal law. When such exempted property includes manufacturing machinery and equipment listed in the Investment Budget (as required in "Application"), then the value of such property may not be included toward the achievement of investment or valuation thresholds set out in the Agreement.
- (e) **Leased Facility.** If a leased facility is granted a tax abatement, then the Agreement shall be executed with both the lessor (owner) and the lessee.
- (f) **Value and Term of Abatement.** A tax abatement shall be granted in accordance with the terms of a tax abatement agreement, as follows:
1. Projects are eligible for abatement of new value, subject to an abatement cap: to be calculated as **\$1,000,000** per job created/retained times the number of such jobs as required in a tax abatement agreement. Such cap shall not exceed the increased value requirement as set out in the Agreement, and will be adjusted annually. To determine the amount of the abatement each year, the Adjusted Cap shall be multiplied by up to **50** percent, up to a total of **10** years. Under no circumstance will any facility receive the benefit of a tax abatement for more than **10** years. The value of eligible property must remain greater than or equal to the contractually-defined minimum value requirement.
 2. No tax abatement shall be given in any year in which the facility fails to meet the contractually-defined minimum value requirement.
 3. No tax abatement shall be given in any year in which the facility fails to meet the contractually-defined employment creation and retention requirement.

4. The Agreement shall set out in detail the exact method to be used in computing the tax abatement in each year.

(g) Basic Qualifications for Tax Abatement. To be eligible for designation as a reinvestment zone and receive tax abatement the planned improvement:

1. must be shown to increase the appraised value of the property at least **\$1,000,000** upon completion of the contractually-defined construction period;
2. must be shown to directly create or prevent the loss of permanent full-time employment for at least **25** people within the reinvestment zone upon completion of the contractually-defined employment period;
3. must be **competitively-sited**; and
4. must be shown not to solely or primarily have the effect of transferring employment from one part of the County to another.

(h) Taxability. From execution to expiration of Agreement, taxes shall be payable as follows:

1. value of ineligible property in the reinvestment zone shall be fully taxable;
2. non-abatable real property in the reinvestment zone shall be fully taxable each year;
3. additional value of new eligible property shall be taxable in the manner described in "Value and Term of Abatement;"
4. if Base Year Value decreases during the term of a tax abatement or if an additional exemption is granted by the state or federal government, then the maximum amount of abatable value to be used in abatement calculation ("the Cap") will be reduced each year at the same rate; and
5. each year the exemption will be computed by HCAD in the following manner:
 - Current Property Value will be the current appraised value of all Eligible property and existing property within the reinvestment zone for the year in which the Abatement Agreement is executed.
 - Base Year Value will be subtracted from the Current Property Value, the result to be called "Current Amount Eligible for Abatement," provided the result is greater than or equal to the value of Eligible property. In no case may this amount exceed the lower of the Cap (see (h)4.) or the Adjusted Cap (see (f)1.).
 - Current Amount Eligible for Abatement is multiplied by up to 50% to determine the amount of exemption in each year, after adjustment is made to the Cap, if applicable.

(i) **Environmental and Worker Safety Qualification.** In determining whether to grant a tax abatement, consideration will be given to compliance with all state and federal laws designed to protect human health, welfare and the environment ("environmental laws") that are applicable to all facilities in the State of Texas owned or operated by the owner of the facility or lessee, its parent, subsidiaries and, if a joint venture or partnership, every member of the joint venture or partnership ("applicants"). Consideration may also be given to compliance with environmental and worker safety laws by applicants at other facilities within the United States.

(j) **Leadership in Energy and Environmental Design (LEED®) Tax Abatement:** If the owner of new commercial construction has registered with the U.S. Green Building Council ("USGBC") seeking LEED Certification, then the County Community Services Department ("CSD") may recommend approval of a partial tax abatement for the incremental investment associated with obtaining such certification. The Agreement shall be effective up to 10 years, at a percentage based upon the level of certification actually obtained after completion of construction:

- LEED Certification Level and "Imputed LEED-Related Value Increment:"

1. Certified (Basic) Level	1.0%
2. Silver Level	2.5%
3. Gold Level	5.0%
4. Platinum Level	10%
- The minimum value increase requirement derived from the "Imputed LEED-Related Value Increment" to meet the eligibility test is **\$100,000**.
- This type of tax abatement may be sought by an applicant of the County's standard economic development tax abatement, or as a stand-alone tax abatement. When an applicant seeks only a LEED Certification Tax Abatement, no job creation target or competitive siting will be required in order to qualify. The investment requirement will be at least **\$1 million** for a commercial structure with Platinum LEED Certification, and at least **\$10 million** for a commercial with the Basic Certification (assumes percentages from preceding table and minimum value increase of **\$100,000**).
- Applicant must be registered with USGBC seeking LEED Certification, prior to submitting its application to the County.
- The application for a LEED Certification Tax Abatement must be submitted to the County prior to commencing construction of the applicable new development. A non-refundable application fee of **\$1,000** specifically for "LEED Certification Tax Abatement," made payable to Harris County, must be provided to the County with an application.

- The Agreement shall become effective in the year the application is approved by Commissioners Court and effective up to 10 years. However, the tax abatement benefit (i.e., partial exemption of value from ad valorem taxes) shall not commence until construction of the project is completed and LEED Certification is obtained by the applicant. The value of the tax abatement shall be calculated on the appraised value after LEED Certification is obtained.
- The value of the tax abatement may be increased by up to \$1,000 in the final year of the Agreement, at the County's discretion.

(k) Additional Incentive for Locating New Project in HUD-Designated Low Income Target Area in the County. Construction of a new eligible facility in a "HUD-Designated Low-Income Target Area" within the County, as determined on the application date, may enable CSD to recommend that Commissioners Court approve an additional tax abatement up to 10%.

- A qualifying project must nevertheless meet the three basic requirements to for an economic development tax abatement: (1) creation of at least \$1 million in new tax roll value, (2) creation of at least 25 new permanent full-time jobs, and (3) competitive siting.
- A specific "Target Area Project Site Incentive" provision must be contained in the Agreement approved by Commissioners Court and cannot be added at a later date.

(l) Additional Incentive for Full-Time Permanent Job Creation for Residents of HUD-Designated Low Income Target Areas in the County. Construction of a new eligible facility resulting in creation of jobs for residents of "HUD-Designated Low-Income Target Areas" within the County, as determined on application date, may enable CSD to recommend that Commissioners Court approve an additional tax abatement, per the following table:

1. 10 jobs (up to 24)	2.0% increase in tax abatement
2. 25 jobs (up to 49)	5.0% increase in tax abatement
3. 50 jobs (up to 99)	10% increase in tax abatement
4. 100 jobs (or more)	20% increase in tax abatement.

- A qualifying project must nevertheless meet the three basic requirements to for an economic development tax abatement: (1) creation of at least \$1 million in new tax roll value, (2) creation of at least 25 new permanent full-time jobs, and (3) competitive siting.
- Compliance shall be monitored annually based on W-2s and other pertinent employee-specific data to be required/requested from employer as needed. A specific "Target Area Employment Incentive" provision must be contained in the Agreement approved by Commissioners Court and cannot be added at a later date.

SECTION 3 APPLICATION

- (a) **Timely application:** Any current or potential owner or lessee of taxable property in the County may request a tax abatement by filing a completed application with the CSD prior to any public expression of a siting decision or any commitment (legal or financial) to the proposed project.
- (b) **A complete application package** for consideration of a tax abatement shall consist of:
- a completed Harris County Application form;
 - a non-refundable check in the amount of \$1,000 payable to Harris County.
 - a completed narrative prepared in accordance with the template provided with the County Application and its instructions;
 - an "Investment Budget" detailing components and costs of the real property improvements and fixed-in-place improvements for which tax abatement is requested, including type, number, economic life, and eligibility for a tax exemption granted by the Texas Commission on Environmental Quality ("TCEQ"), if known;
 - a map and legal description of the property;
 - a time schedule for undertaking and completing the proposed improvements;
 - a ten-year environmental and worker safety compliance history for all facilities located within the State of Texas and owned in whole or in part by applicants, as defined in "Environmental and Worker Safety Qualification;"
 - a copy of the evaluation of competing locations;
 - information pertaining to the reasons that the requested tax abatement is necessary to ensure that the proposed project is built in the County (i.e., documentation supporting assertion that "but for" a tax abatement, the stated project could not be constructed in the County);
 - copies of the immediately preceding 4 quarterly reports filed with the TWC, documenting the current number of permanent full-time employees, and full-time Contractor employees, if any, at the time the application is submitted;
 - financial and other information, as the County deems appropriate for evaluating the financial capacity and other factors of the applicant;
 - certification prepared by County Tax Assessor-Collector stating that all tax accounts within the County are paid on a current basis;
 - *for a leased facility*, the applicant shall provide with the application the name and address of the lessor and a draft copy of the proposed lease, or option

contract. In the event a lease or option contract has already been executed with owner of site, the document must include a provision whereby abatement applicant may terminate such contract without penalty or loss of earnest money, in the event that the County does not grant a tax abatement.

- (c) Upon receipt of a completed application, CSD shall determine whether a project qualifies for a tax abatement under these guidelines and criteria. If CSD determines that it qualifies, then the department shall schedule a public hearing, request creation of a reinvestment zone, and request approval of a tax abatement agreement, in accordance with the Tax Code.
- (d) The County shall not establish a reinvestment zone or enter into a tax abatement agreement if it finds that an application was received after a project commenced construction or installation of improvements. Property eligible for abatement includes only new improvements commencing after approval of an agreement with the County.

SECTION 4 PUBLIC HEARING & APPROVAL

- (a) The Commissioners Court may not adopt a resolution designating a reinvestment zone for the purposes of considering approval of a tax abatement Agreement until it has held a public hearing at which interested persons are entitled to speak and present evidence for or against the designation. Notice of the hearing shall be clearly identified on the Commissioners Court agenda at least 13 days prior to the public hearing.
- (b) At the public hearing, interested persons shall be entitled to speak and present written materials for or against the approval of the proposed project or Agreement.
- (c) Any variance to these guidelines must be approved by a vote of at least three-fourths (3/4) of the Commissioners Court.
- (d) In order to enter into a tax abatement agreement, Commissioners Court must find that the terms of the proposed agreement conform to these Guidelines and Criteria and that:
 - 1. there will be no substantial adverse effect on the provision of the jurisdictions' service or tax base; and
 - 2. the planned use of the property will not constitute a hazard to public safety, health or morals.

SECTION 5 AGREEMENT

After approval the County shall formally pass a resolution and execute an Agreement with the owner of the facility (or lessee, where applicable) as required which shall include:

- (a) estimated value to be abated;
- (b) percent of value to be abated each year as provided in "Abatement Authorized";
- (c) the commencement date and the termination date of abatement;
- (d) the proposed use of the facility; nature of construction, time schedule, survey, property description and improvement list;
- (e) contractual obligations in the event of default, violation of terms or conditions, delinquent taxes, recapture, administration and assignment as provided in "Abatement Authorized," "Recapture," "Administration," and "Assignment," or other provisions that may be required for uniformity or by state law;
- (f) amount of investment, increase in appraised value and number of jobs involved, as provided in "Abatement Authorized;"
- (g) a requirement that the applicant annually submit to HCAD and CSD, a January employee count for the abated facility which corresponds to employee counts reported in the facility Employer's Quarterly Report to the TWC for the quarter most recently ended at calendar year-end, and a separate notarized letter certifying the number of jobs created or retained as a direct result of the abated improvements and the number of employees in other facilities located within Harris County and the compliance with the environmental and worker safety requirements in the Agreement for the preceding calendar year, for as of January 1. Submission shall be used to determine abatement eligibility and shall be subject to audit if requested by the governing body. Failure to submit will result in the ineligibility to receive an abatement; and
- (h) a requirement that the owner or lessee will (a) obtain and maintain all required permits and other authorizations from the United States Environmental Protection Agency and the TCEQ for the construction and operation of its facility and for the storage, transport and disposal of solid waste; and (b) seek a permit from the TCEQ for all grandfathered units on the site of the abated facility by filing with the TCEQ, within three years of receiving the abatement, a technically complete application for such a permit.

Such Agreement normally shall be executed within 60 days after the applicant has forwarded all necessary information and documentation to the County.

SECTION 6 RECAPTURE

- (a) If the facility is completed and begins producing product or service, but subsequently discontinues producing product or service for any reason for a period of 180 days while the Agreement is active, or one year in the event of natural disaster, then the Agreement shall terminate and so shall the abatement of the taxes for the calendar year during which the facility no longer produces. The taxes otherwise abated for that

calendar year shall be paid to the County within 60 days from the date of termination. The company or individual shall notify the County in writing at the address stated in the Agreement within 10 days from any discontinuation, stating the reason for the discontinuation and the projected length of the discontinuation. If the County determines that such requirement has not been complied with, the Agreement may be terminated immediately and all taxes previously abated by virtue of the Agreement may be recaptured and paid within 60 days of the termination.

- (b) If the company is in default according to the terms and conditions of its Agreement, the company or individual shall notify the County in writing at the address stated in the Agreement within 10 days from the default, and cure such default within 60 days from the date of the default ("Cure Period"). If the County determines that such requirement has not been complied with, the Agreement may be terminated immediately and all taxes previously abated by virtue of the Agreement may be recaptured, together with interest at 6% per annum calculated from the effective date of the Agreement and paid within 60 days of the termination. If the County does not receive full payment within said 60 days, a penalty may be added, equal to 15% of the total amount abated.
- (c) If the company allows its ad valorem taxes owed the County to become delinquent and fails to timely and properly follow the legal procedures for its protest and/or contest, the Agreement then may be terminated, and all taxes previously abated by the Agreement may be recaptured and paid within 60 days of the termination, and penalties and interest may be assessed as set out in herein.

SECTION 7 ADMINISTRATION

- (a) HCAD annually shall determine an assessment of the real and personal property comprising the reinvestment zone. Each year, the company or individual receiving a tax abatement shall furnish the HCAD and CSD with such information as may be necessary for the abatement. After value has been established, the HCAD shall notify the affected taxing jurisdictions of the certified appraised value.
- (b) The Agreement shall stipulate that employees and/or designated representatives of the County will have access to the reinvestment zone during the term of the abatement to inspect the facility to determine if the terms and conditions of the Agreement are being met. All inspections will be made only after giving 24 hours prior notice and will only be conducted in such manner as to not unreasonably interfere with the construction and/or operation of the facility. All inspections will be made with one or more representatives of the company or individual and in accordance with the facility's safety standards.
- (c) Upon completion of construction, CSD annually shall evaluate each facility receiving an abatement to ensure compliance with its Agreement and report violations to the County Attorney, the Commissioners Court, and affected taxing jurisdictions.

SECTION 8 ASSIGNMENT

A tax abatement Agreement may be assigned to a new owner or lessee of a facility with the written consent of the Commissioners Court, which consent shall not be unreasonably withheld. Any assignment shall provide that the assignee shall irrevocably and unconditionally assume all the duties and obligations of the assignor upon the same terms and conditions as set out in the Agreement. Any assignment shall be to an owner that continues the same improvements or repairs to the property (except to the extent such improvements or repairs have been completed), and continues the same use of the facility as stated in the original Agreement with the initial applicant. No assignment shall be approved if the assignor or the assignee is indebted to the County for past due ad valorem taxes or other obligations.

SECTION 9 NON-COMPETE AGREEMENTS

A tax abatement shall not be granted for projects whose competitive siting consists **only** of counties that have agreed with the County to forego the use of tax incentives to compete for such projects.

SECTION 10 SUNSET PROVISION

These Guidelines and Criteria are **effective January 1, 2010**, and will remain in force **until December 31, 2011**, at which time all tax abatement contracts created pursuant to these provisions will be reviewed by the County to determine whether the goals have been achieved. Based on that review, the Guidelines and Criteria will be modified, renewed, or eliminated.

**Re-adopted by Harris County
Commissioners Court November 24, 2009**

Application for Tax Abatement -Harris County, Texas-

Prior to any public expression of a decision or any commitment (legal or financial) to the proposed project by applicant, a completed original of this application, including supporting documentation of competitive siting, narrative impact statement, and a \$1000.00 application fee (non-refundable) must be submitted to Harris County Community Services Department, Economic Development Division, 8410 Lantern Point Dr., Houston, TX 77054. This application will become part of the Tax Abatement Agreement and any knowingly false representations will be grounds for terminating the application and/or voiding the agreement. The County will forward copies to other taxing jurisdictions, as may be required by Texas statute.

PART I - APPLICANT INFORMATION

Application Date 3 / 28 / 2011

Company Name: Merit Medical Systems, Inc.

Headquarters Address: 1600 Merit Parkway City: So. Jordan State: UT Zip: 84095

Local Address: 1111 S. Velasco, Angleton, TX Zip: 77515 Annual Sales: \$296.8 million

Local Phone Number: 801-230-3365 State of Incorporation: Utah Years in Harris County: 0

Local Fax Number: _____ E-mail: gfredde@merit.com

Total Employees Worldwide: 2,233 Texas: 224 Harris County at Present: 0

** Attach description of Applicant Company, including brief history, corporate structure, financial statement, & annual report. If incorporated in what state corporation designated with copy of legal documents showing incorporation information.*

PART II - PROJECT INFORMATION

Location Address: Kirby Dr. & Spectrum Blvd. City: Pearland Zip: 77047 Key Map # _____

Legal Description*: TRS 27, 27 1/2 28, 28 1/2 Allison Richey Gulf Coast Home County: Harris

School District: Houston ISD College District: Houston

Tax Acct. Numbers: 045-180-000-0001 NAICS #: 33911

** Attach plat survey, with a metes & bounds description, for project site.*

Project Description: ☒ New Construction ☐ Expansion

Attach statement fully explaining project, describe existing site and all proposed improvements, provide complete detailed (line item) "Investment Schedule/Budget" detailing improvements for which abatement is requested.

Section A - Economic Development

Type of Facility:

- | | | |
|---|---|--|
| <input checked="" type="checkbox"/> Manufacturing | <input type="checkbox"/> Regional Distribution | <input type="checkbox"/> Regional Service Center |
| <input type="checkbox"/> Regional Entertainment | <input type="checkbox"/> Research & Development | <input type="checkbox"/> Other Basic Industries |

Describe product or service to be provided and to what purpose: Merit Medical Systems, Inc. is considering the construction of a new facility: a new 90,000 - 100,000 square foot, ten acres of land, \$10-12 million.

** For regional facilities, provide market studies, business plans, or other materials demonstrating that the facility is intended to serve a primary market which lies at least 100 miles outside of Harris County.*

Section B - Variance

Is the applicant seeking a variance to Guidelines? ☐ Yes ☒ No
If "yes" attach letter requesting and justifying the variance, with supplemental information.

Application - Page 1 of 4

EXHIBIT C

PART III - ECONOMIC INFORMATION

Construction Estimate:

Start Date July / 1 / 2011

Contract Amount \$ 8-10 million

Completion Date July / 1 / 2012

Peak Construction Jobs TBD Construction Man-Years TBD

If Modernization:

Estimated current economic life of structure NA years

Added economic life from modernization NA years

Permanent Job Creation/Retention of existing permanent jobs in Harris County:

- Current employment: 0
- Jobs to be Retained: NA
- Jobs to be created after 3 years from contract inception 200 at Jan 1, 20 15

Estimated Appraised Value On Site	Land	Improvements	Total
Value on January 1 preceding abatement (Per Harris County Appraisal District Records and Account Number)	\$1,115,150	\$0	\$1,115,150
Estimated value of new abatable investment: Building		\$8,750,000	\$8,750,000
Estimated value of new abatable fixed and in place Machinery and Equipment		\$5,000,000	\$5,000,000
Estimated value not subject to abatement (e.g., Inventory)		\$3,500,000	\$3,500,000
Estimated value of property subject to ad valorem tax at end of abatement		\$17,250,000	\$18,365,150

Company Representative Authorized For Contact:


Name: Greg A Fredde

Title: VP - Government Affairs

Telephone #: 801-230-3365

E-mail: gfredde@merit.com

Authorized Company Official:

Authorized Signature: 

Name: Kent Stanger

Title: CEO

Telephone #: 801-253-1600

E-mail: kent@merit.com



MERIT MEDICAL SYSTEMS, INC.
1600 WEST MERIT PARKWAY
SOUTH JORDAN, UTAH 84095
PHONE 801-253-1600
FAX 801-253-1688
www.merit.com

Wednesday, May 11, 2011

Nancy Powell
Economic Development Director
Harris County
Community Services Department
Office of Economic Development
8410 Lantern Point Drive
Houston, Texas 77054

Dear Ms. Powell:

Thank you for considering Merit Medical Systems, Inc.'s recent Application for Tax Abatement for Harris County, Texas. We look forward to the opportunity to invest in Harris County and provide additional employment opportunities.

The purpose of this letter is to clarify Merit's ongoing efforts to identify locations in which we can secure the most favorable environment for future investment and growth. With current U.S. operations in Utah, Virginia, and Massachusetts, Merit has a number of places to locate future operations. Moreover, Merit currently operates significant international manufacturing and distribution operations in Galway, Ireland; Maastricht, The Netherlands; Tijuana, Mexico; and Beijing, China.

Merit Medical Systems, Inc. has made a decision to vacate its current manufacturing facility located in Angleton, Texas. This decision will require the investment of approximately \$17 - \$18 million in a new facility, machinery and equipment. In addition, the new facility will provide approximately 160 new jobs immediately, growing to 221 jobs within five years.

The only question yet to be answered is where the new facility – and the 160 jobs – will be located.

For nearly ten years, Merit has aggressively negotiated with local and state taxing authorities to establish tax abatements and incentives. This strategy has resulted in increased capital which is available for reinvestment in communities in which we have operations. These positive, mutual relationships have been forged not only from Merit's stellar performance but on a basis of mutual trust.

Merit is a publicly held company whose reputation is well known not only in the medical device industry but throughout the business community in general. Our investment in communities in which we live and work is significant and undeniable.

Merit is respectfully requesting that Harris County – and other local jurisdictions – consider a short-term tax abatement because, frankly, the cost structure in Texas is significantly higher than in other jurisdictions in which we operate. Moreover, under Merit's existing agreements with the State of Utah and the City of South Jordan, any relocation or expansion of facilities to accommodate the Angleton operation would be eligible for incentives and abatements.

Merit currently has under construction a new 260,000squarefoot facility in South Jordan, Utah which will provide flexibility, growth, or consolidation capacity for Merit's worldwide operations. The facility will be on-line by the middle of next year.

First, let me help put in perspective the cost differential between locating the operation in Texas versus Utah. The estimated property tax rate in the City of Pearland is 2.650581. By comparison, the property tax rate in Utah is 1.2986, or less than half of the rate in Pearland. In addition, the State of Utah does not impose a tax on inventory.

In short, for every \$1 million in both real and personal property and inventory, Merit would be assessed an annual tax of \$53,011 in real and personal property and inventory taxes, compared to only \$12,986 in property taxes in Utah, pre-incentives in both Texas and Utah.

Moreover, Utah has one of the most aggressive research & development tax credits in the country. The State of Texas recently repealed their state R&D tax credit. Hence, for every \$1 million qualified as R&D expense, Merit receives a Utah credit of \$142,000.

Finally, other expenses, including employee healthcare, utility costs, and unemployment insurance, are almost twice as much in Texas when compared to similar services in Utah.

While we recognize that the State of Texas does not impose an individual income tax, this provides little to no benefit directly to Merit.

Please allow me to be more specific on how Merit's existing incentives and abatements in Utah are direct competition to our decision to build a new facility in Texas versus Utah. Merit currently enjoys two specific and one general economic development incentives.

The direct incentives include: 1) a 10-year, \$4.36 million State of Utah Economic Development Tax Incentive Fund (EDTIF) award (2010); and 2) a 15-year, \$12.65 million South Jordan City RDA economic development area (EDA) (2006). Both agreements are job creation and investment based. That is, they are not specifically project based. As a result, the relocation of the Angleton facility to Utah would count towards those contract milestones and Merit would benefit under the existing contract.

2010 EDTIF Incentives: On April 9, 2010, an Economic Development Tax Increment Financing Agreement (EDTIF) was executed between the State of Utah and Merit. Under the agreement, Merit committed to create 392 new, full-time positions, including

221 qualified positions over the ten-year term. In addition, Merit is committed to invest \$11 million in real and personal property over the period.

In return, the State of Utah will, for the period January 1, 2010 – December 31, 2019, rebate to Merit 30% on incremental state sales and use taxes, corporate income taxes, and 25% of employee withholding taxes generated above the base year of 2009. The total rebate will not exceed \$4,360,000.

Relocation of the Texas operation to Utah – and the required investment in facilities, machinery and equipment, and job growth – would not only count towards meeting the milestones contained in the agreement but would also result in direct rebates to Merit. Based on anticipated investment and job creation, if Merit chooses to relocate the Angleton operation to Utah, Merit would receive approximately \$580,000 in EDTIF rebates over the term of the agreement.

2006 EDA Incentives: In 2006, an Economic Development Area (EDA) was created around Merit's South Jordan facilities. An agreement was executed between the South Jordan City Redevelopment Agency (RDA) and Merit. Under the agreement, Merit committed to create 500 new, full-time positions over the 15-year term. In addition, Merit committed to invest \$147.8 million in real and personal property over the period.

In return, the South Jordan City RDA will, for the period January 1, 2007 – December 31, 2021, rebate to Merit 65% of the incremental property taxes generated from the project area over the base year of 2005. The total rebate will not exceed \$12,652,890.

Again, the relocation of the Texas operation to Utah will not only count towards meeting the milestones contained in the agreement but will also result in direct rebates to Merit. Based on the anticipated investment, Merit would receive approximately \$1.5 million in rebates over the remaining term of the agreement.

The indirect incentive is a newly created "Technology and Life Science Economic Development Act" (2011 – HB 496).

HB 496: The Technology and Life Science Economic Development Act was passed by the Utah Legislature during its annual 2011 general session. The legislation creates a refundable tax credit for investment by life science companies which have 50% of their employees located in Utah. The refundable credit is for 100% of the incremental increases in state sales and use, corporate income, and employee withholding taxes for a period of three years.

Based on the anticipated investment, if Merit chooses to relocate the Angleton operation to Utah, Merit would receive approximately \$750,000 in rebates over the rebates under our EDTIF award.

In summary, if Merit relocates the Angleton operation to Utah, we anticipate receiving incentives and rebates totaling approximately \$2.83 million over the next 12 years. These

incentives are in place and eligible for use without any additional action by state or local governments. Moreover, the total operating cost differential between Texas and Utah is many times that total amount.

You may ask yourself, "Why is Merit considering building a new facility in Texas if it is so financially advantageous to transfer the operation to Utah?" The answer is simple. Merit's Texas workforce is among the company's most knowledgeable, efficient, and technically trained. To replicate this workforce in Utah would be a time-consuming process. Moreover, the products that are manufactured in Texas are among the company's fastest growing. The relocation of the operation would risk this growth in the short term.

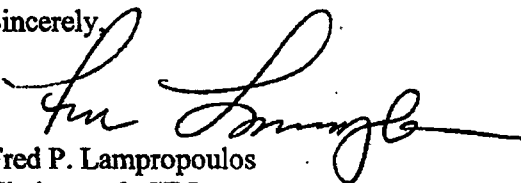
Merit has worked hard to develop a business strategy which will allow us to continue to operate in the State of Texas. We have met with state and local officials in an attempt to identify incentives or abatements which make operation in Texas sustainable long-term. Merit is ready to make significant investments in Texas both in infrastructure and job creation IF agreement can be reached regarding the required abatements. Failure to meet an agreement will likely mean that the business model we have developed will be unsustainable and will require the relocation – and loss of 160 jobs – to Utah.

Let me be frank: Without approval of the tax abatements by Harris County and the City of Pearland, along with the financial assistance from the Pearland Economic Development Corporation, Merit cannot, and will not continue to operate a facility in the State of Texas.

We are confident that with this explanation of the in-place incentives in Utah, Harris County will recognize the competitive nature of Merit's decision to build a new facility. It is our sincere hope and desire that Harris County will recognize the investment Merit can make in Texas and approve the Application for Tax Abatement.

We look forward to your favorable response.

Sincerely,



Fred P. Lampropoulos
Chairman & CEO
Merit Medical Systems, Inc.

System Number	System Number	COST TYPE	CSI Code	DESCRIPTION	Quantity	Unit	Unit Cost	Total	System Totals	Comments
1				1 - FOOTING AND FOUNDATION						
2	1			Earthwork						
3	1	1		Excavate 2.5 ft building pad 94.000 ft include 5 ft overexc	8,704	TCY	9.00	78,334		REI
4	1	1		Install 5 ft of compact fill for building pad 44.000 sq ft	21,759	TCY	16.00	348,144		REI
5	1			Concrete						
6	1	1		Building concrete 30g 5'	87,500	SF	3.50	306,250		TAS/ Inc Rebar
7	1	1		Patio concrete 30g 5'	790	SF	3.50	2,765		TAS/ Inc Rebar
8	1	1		Building drilled piers 30"x15'-60" deep @ 25' spacing	75	EA	937.50	70,313		TAS/ Inc Rebar
9	1	1		Truck well walls	320	WSF	20.00	6,400		TAS/ Inc Rebar
10	1	1		Truck well wall grade beams	120	LF	35.00	4,200		TAS/ Inc Rebar
11	1	1		Truck well drilled piers 30"x12'-00"	8	EA	500.00	4,000		TAS/ Inc Rebar
12	1	1		Elv. 2000.00	1	FA	7,500.00	7,500		TAS/ Inc Rebar
13				SUBTOTAL SYSTEM 1				832,252		6.65 SF
14	2			2 - STRUCTURE						
15	2	1		Concrete						
16	2	1		Exterior 34x25' wts 1' concrete tilt up walls with 2' parapet	40,800	WSF	11.25	459,000		TAS/ Inc Rebar
17	2	1		Lightweight concrete on metal deck 5'	27,315	SF	3.00	81,945		TAS/ Inc Rebar
18	2			Structural Steel						
19	2	1		Structural steel 7.5 lbs/SF	469	TH	2,900.00	1,360,299		
20	2	1		Metal decking 2nd floor	37,315	SF	2.65	98,885		
21	2	1		Metal decking roof	87,500	SF	2.65	231,875		
22	2	1		Miscellaneous Metals						
23	2	1		Guardrail at level 2	66	Lnft	275.00	18,270		
24	2	1		Steel Slat	2	Hgts	7,500.00	15,000		
25	2	1		Unit strut grid System	0	SF	0.91	0		
26	2	1		Misc metal allowance 0.25 lbs/SF	31,271	Lbs	2.50	78,178		
27				SUBTOTAL SYSTEM 2				2,373,057		18.97 SF
28				3 - EXTERIOR CLOSURE						
29	3			Storefront & Windows						
30	3	1		Windows	2,173	SF	23.20	50,406		
31	3	1		Storefront frame & windows	250	SF	40.00	10,000		
32	3	1		Storefront doors	6	EA	2,500.00	15,000		
33	3	1		Exterior Doors						
34	3	1		Sectional overhead doors	5	EA	10,435.00	52,175		Trans Overhead Door
35	3	1		Other Finishes						
36	3	1		Painting of 1st panels	40,800	SF	1.25	51,000		
37	3	1		Joint sealants: building	87,600	SF	0.25	21,900		
38	3	1		Joint sealants: vertical panel joints	1,000	LT	4.00	4,000		
39	3	1		Covered patio awning	100	SF	25.00	2,500		
40				SUBTOTAL SYSTEM 3				95,905		2.82 SF
41				4 - ROOFING SYSTEM						
42	4			Roof System						
43	4	1		UL Class "A" Roof System	87,600	SF	5.25	459,375		
44	4	1		Pre-finished parapet caps	1,200	LF	17.00	20,400		
45				SUBTOTAL SYSTEM 4				479,775		3.77 SF
46				5 - INTERIOR FINISHES						
47	5	1		Milwork						
48	5	1		Architectural milwork: reception desk / vanities / breakroom	87,500	SF	0.25	21,875		
49	5	1		Insulation						
50	5	1		Mac building insulation	87,200	SF	5.50	479,600		
51	5									

DECLASSIFIED BY: 6032
DATE: 03-01-2011



MERIT MEDICAL SYSTEMS, Inc.

PRODUCTION/WAREHOUSE FACILITY, HOUSTON, TX - CONTROL ESTIMATE - 27-May 2011

CONTROL ESTIMATE SUMMARY - SYSTEM FORMAT

Based On Design Development Drawings

ESTIMATE DATE = 27 May 2010										Area =	125,085 GSF
Item Number	System Number	COST TYPE	CSI Code	DESCRIPTION	Quantity	UM	Unit Cost	Total	System Total	Comments	
162	10	1		6" Concrete paving	53,553	SF	2.75	147,271		TAS	
163	10	1		Joint sealants: parking,driveway and walk runs: flatwork	117,592	SF	0.20	23,518			
164				SUBTOTAL SYSTEM 10					1,376,463	11.00 SF	
165				11 - OFF-SITE IMPROVEMENTS							
166	11	1		None					0	0.00 SF	
167				SUBTOTAL SYSTEM 11					0		
168				12 - GENERAL CONDITIONS							
169	12			General Conditions							
170	12	1		General conditions	4.12	9	14.1	462,073			
171	12	1		Holding	0	Mo	0	0			
172				SUBTOTAL SYSTEM 12					462,073	3.60 SF	
173				13 - TESTING AND INSPECTIONS							
174	13			Testing							
175	13	1		Testing & special inspection	0	LS	0	0		By Owner	
176				SUBTOTAL SYSTEM 13					0	0.00 SF	
177				14 - UNDEFINED WORK							
178	14	1		Additional Undefined Work					0	0.00 SF	
179				SUBTOTAL SYSTEM 14					0		
180				20 - PERMITS / FEES / BONDS / ETC.							
181	20			Building Permit	0	LOT	44,154	0		By Owner	
182	20			Plan Check Fee	0	LOT	28,700	0		By Owner	
183	20			State Surcharge Fee	0	LOT	442.00	0		By Owner	
184	20			Sanitary Sewer Connection Fee	0	LOT	0.00	0			
185	20			Sanitary Sewer Fixture Fee	0	LOT	0.00	0			
186	20			Storm Sewer Impact Fee	0	LOT	0.00	0			
187	20			Water Connection Fee	0	LOT	0.00	0			
188	20			Temp Power Feed	0	LOT	0.00	0			
189	20			Impact Fee	0	LOT	0.00	0			
190	20			Flood Impact Fee	0	LOT	0.00	0			
191	20			EPA Site Permit	0	LOT	0.00	0			
192	20			General Liability Insurance	0.9877%	%	12,422,629	36,316			
193	20			Excess PL/PO Insurance	0	YRS	0.00	0			
194	20			Builders Risk Insurance	0	LOT	0.00	0			
195	20			Builders Risk Deductible	0	Ex	0.00	0			
196	20			CMA Professional Liability Insurance	0	LOT	0.00	0			
197	20			CMA Professional Liability 3 Year Tail	0	LOT	0.00	0			
198	20			Payment / Performance Bond	0	LOT	0.00	0			
199	20			Municipal Site Improvement Bond	0	SF	0.00	0			
200	20			Subcontractor Bonding	1.00%	%	4,147,393	62,811			
201	20			Discontinuation Fee	0.00%	%	0	0			
202	20			Contractor's Fee	1.85%	%	11,774,358	217,826			
203	20			Contractor's Fee on Owner Direct Purchases	1.85%	%	in above	0		Back System	
204	20			Pre Construction Services Satisfaction Fee	0	LS	0	0			
205	20			CMA Satisfaction Fee	0.41%	%	11,774,358	29,436			
206				SUBTOTAL SYSTEM 20					345,789	2.78 SF	
207				21 - A/E FEES, REIMBURSABLES, etc							
208	21			Architect Design Fee	0	LOT	0.00	0			
209	21			Structural Engineer Design Fee	0	LOT	0.00	0			
210	21			Mechanical Engineer Design Fee	0	LOT	0.00	0			
211	21			Electrical Engineer Design Fee	0	LOT	0.00	0			
212	21			Civil Engineer Design Fee	0	LOT	0.00	0			
213	21			Geotechnical Engineer Fee	0	LOT	0.00	0			
214	21			Landscape Architect Design Fee	0	LOT	0.00	0			
215	21			Topographical Maps - ALTA Su	0	LOT	0.00	0			
216	21			A/E Reimbursables	0	LOT	0.00	0			
217	21			Del Package Documents Printing	0	LOT	0.00	0			
218	21			Cont Documents Printing	0	LOT	0.00	0			
219				SUBTOTAL SYSTEM 21					0	0.00 SF	
220				22 - CONTINGENCY							
221	22			Contingency							
222	22			Contractor's Contingency	5.00%	%	12,021,616	601,081			
223				SUBTOTAL SYSTEM 22					601,081	4.81 SF	
224											
225				PROJECT TOTAL				12,022,699	12,022,699	100.00 SF	

1			OWNER COST TOTAL						
2			Testing & Special Inspection	0	LS	50,000	0		By Owner
3			Building Permit	0	LS	44,154	0		By Owner
4			Plan Check Fee	0	LS	28,700	0		By Owner
5			State Surcharge Fee	0	LS	442	0		By Owner
6			City Impact Fees	0	LS	TBD	0		By Owner
7			Other Owner Costs	0	LS	TBD	0		By Owner
8			Landscaping						
9			Landscaping & Irrigation	0	SF	3.00	0		
10			Special Features	0	LS	50,000.00	0		
11						OWNER COST TOTAL	0		0.00 SF
12			OWNER COST TOTAL						0.00 SF



MERIT MEDICAL SYSTEMS, Inc.

PRODUCTION/WAREHOUSE FACILITY, HOUSTON, TX - CONTROL ESTIMATE - 27-May 2011

CONTROL ESTIMATE SUMMARY - SYSTEM FORMAT
Based On Design Development Drawings

ESTIMATE DATE = 27 May 2011									
								Area =	125,085 GSF
Item Number	System Number	COST TYPE	CSI Code	DESCRIPTION	Quantity	Unit	Estimate Unit Cost	Total	System Totals
1				PROJECT COST TOTAL					
2				CONSTRUCTION COST TOTAL	1	LS	12,622,699	12,622,699	
3				OWNER COST TOTAL	1	LS	0	0	
4				PROJECT COST TOTAL				12,622,699	100.91 SF
5				PROJECT COST TOTAL				12,622,699	100.91 SF

CLARIFICATIONS:

METES AND BOUNDS DESCRIPTION
11.9337 ACRES
LOCATED IN THE
JAMES HAMILTON SURVEY, A-876
HARRIS COUNTY, TEXAS

Being a tract or parcel of land containing 11.9337 acres of land or 519,832 square feet, located in the James Hamilton Survey, Abstract 876, Harris County, Texas, Said 11.9337 acre tract being out of and a part of a 36.166 acre tract of record in the name of SHT/Kirby, Ltd. In Harris County Clerk's File (H.C.C.F.) Number 20080049996, said 36.166 acre tract being out of and a part of Block "F" of the Allison-Richey Gulf Coast Homes Subdivision of record in Volume 3, Page 40 in the Map Records of Harris County, Texas; Said 11.9337 acre tract being more particularly described as follows (bearings based on said deed):

BEGINNING at a 5/8 inch iron rod found at the northeast end of a Right-of-Way (R.O.W.) transition from the west R.O.W. line of Kirby Drive (width varies) to the north R.O.W. line of Spectrum Boulevard (100 feet wide), being on the east line of aforesaid 36.166 acre tract;

THENCE, coincident aforesaid R.O.W. transition, South 42 Degrees 38 Minutes 32 Seconds West, a distance of 28.11 feet to a 5/8 inch iron rod with "Gruller" cap set on the north R.O.W. line of aforesaid Spectrum Boulevard, being the northeast corner of a 1.3116 acre tract of record in the name of City of Pearland in H.C.C.F. Number 20100435869;

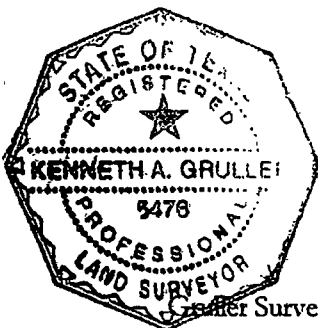
THENCE, coincident the north line of aforesaid Spectrum Boulevard, South 87 Degrees 21 Minutes 30 Seconds West, a distance of 558.09 feet to a 5/8 inch iron rod with "Gruller" cap set for the southwest corner of the herein described tract;

THENCE, through and across aforesaid 36.166 acre tract the following two (2) courses:

1. North 02 Degrees 38 Minutes 00 Seconds West, a distance of 879.16 feet to a 5/8 inch iron rod with "Gruller" cap set for the northwest corner of the herein described tract;
2. North 87 Degrees 22 Minutes 00 Seconds East, a distance of 598.33 feet to a 5/8 inch iron rod with "Gruller" cap set for the northeast corner of the herein described tract, on the west R.O.W. line of aforesaid Kirby Drive;

THENCE, coincident the west R.O.W. line of aforesaid Kirby Drive the following three (3) courses:

1. South 02 Degrees 16 Minutes 57 Seconds East, a distance of 613.59 feet to a 5/8 inch iron rod found;
2. South 14 Degrees 25 Minutes 00 Seconds West, a distance of 52.20 feet to a 5/8 inch iron with "Gruller" cap set;
3. South 02 Degrees 16 Minutes 57 Seconds East, a distance of 195.82 feet to the **POINT OF BEGINNING** and containing 11.9337 acres of land.



Gruller Surveying, LLC

May 25, 2011

Job 36-1109

A handwritten signature in black ink, appearing to read "K. A. Gruller", written over a horizontal line.

EXHIBIT D

6
WD
K

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

KNOW ALL MEN BY THESE PRESENTS:

SPECIAL WARRANTY DEED

MERIT MEDICAL SYSTEMS, INC., a Utah corporation, whose address is 1600 West Merit Parkway, South Jordan, Utah, 84095 ("Grantor"), for and in consideration of the sum of Ten and No/100 Dollars (\$10.00) cash and other good and valuable consideration in hand paid by PEARLAND MEDICAL L.L.C., a Utah limited liability company ("Grantee") whose address is 2733 East Parleys Way, Suite 300, Salt Lake City, Utah, 84109, the receipt and sufficiency of which are hereby acknowledged, and the further consideration of the execution and delivery by Grantee of the following: 1ee

That one certain Promissory Note secured by Deed of Trust of even date herewith in the original principal amount of \$18,000,000.00 (the "Note") executed by Grantee and payable to the order of Wells Fargo Bank, National Association ("Lender"), bearing interest and being payable as therein provided, which Note is secured by a Vendor's Lien herein reserved and by the lien of a Deed of Trust With Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing of even date herewith to Charter Title Company, Trustee, for the benefit of Lender, covering the Property (hereinafter defined) to be recorded in the Official Public Records of Real Property of Harris County, Texas,

has GRANTED, BARGAINED, SOLD and CONVEYED, and by these presents does GRANT, BARGAIN, SELL and CONVEY unto Grantee all of that certain real property described on Exhibit "A" attached hereto and made a part hereof for all purposes (the "Land"), together with, if any, (i) any and all improvements located on the Land; (ii) all appurtenances belonging or appertaining thereto; (iii) all of Grantor's right, title and interest in and to any and all mineral rights and interests thereto; (iv) Grantor's right, title and interest in and to all easements or rights-of-way directly affecting said Land and any of Grantor's rights to use same, including but not limited to the easements and other rights set forth in those certain Driveway Easement Agreements listed as item number 4 and item number 5 on Exhibit "B" attached hereto and made a part hereof for all purposes, provided however, Grantor shall retain the right to use said easements in common with Grantee to the extent such easements affect any land owned by Grantor; (v) all rights of ingress and egress to and from said Land; (vi) any and all rights to the present or future use of wastewater, wastewater capacity, drainage, water or other utility facilities

EXHIBIT B

1320174482/CC/107

to the extent same pertain to or benefit said Land, including, without limitation, all reservations of or commitments or letters covering any such use in the future; and (vii) all right, title and interest of Grantor in and to (a) any and all roads, streets, alleys and ways (open or proposed) located within or bounding the boundaries of the Land, and (b) any and all strips, gores or pieces of property which are appurtenant to the Land (whether owner or claimed by deed, limitations or otherwise) (all the foregoing herein being collectively referred to as the "Property").

TO HAVE AND TO HOLD the Property, together with all and singular the rights and appurtenances in anywise belonging to the Land unto Grantee, and Grantee's legal representatives, successors and assigns FOREVER; and Grantor does hereby bind Grantor and Grantor's legal representatives, successors and assigns, to WARRANT AND FOREVER DEFEND, all and singular, the Property unto Grantee and Grantee's legal representatives, successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof, by, through or under Grantor, but not otherwise.

This conveyance is made and accepted subject only to those easements, reservations, covenants and restrictions listed on Exhibit "B" attached hereto and made a part hereof for all purposes, to the extent, and only to the extent, same are now in force and effect and affect the Property (the "Permitted Exceptions").

There is expressly reserved from the conveyance herein and retained by Grantor (i) that certain Tax Abatement Agreement for Real Property located in the City of Pearland Reinvestment Zone 21, dated effective January 1, 2012, by and among Harris County, Harris County Flood Control District, Harris County Hospital District and Port of Houston Authority of Harris County and Grantor, as amended, and (ii) that certain Tax Abatement Agreement dated July 20, 2012 by and between the City of Pearland, Texas and Grantor.

Taxes for the year 2013 have been pro-rated between Grantor and Grantee.

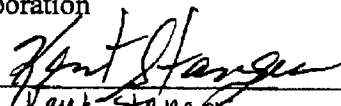
It is expressly agreed and stipulated that a Vendor's Lien and superior title are hereby reserved and retained by Grantor (such Vendor's Lien being hereby assigned by Grantor to Lender, without recourse); and title to the Property in Grantee will not become absolute until the Note and all interest and other charges therein stipulated are fully paid in accordance with the terms thereof, when this Deed shall become absolute.

IN WITNESS WHEREOF, Grantor has executed this Special Warranty Deed as of the
31st day of December, 2013.

GRANTOR:

MERIT MEDICAL SYSTEMS, INC.,
a Utah corporation

10R

By: 
Name: Kent Stanger
Title: Chief Financial Officer

THE STATE OF UTAH §
 §
COUNTY OF SALT LAKE §

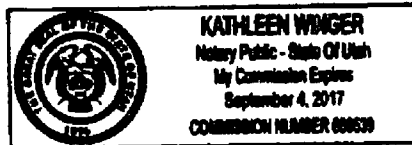
BEFORE ME, the undersigned authority, on this day personally appeared Kent Stanger, proved to me by identification card issued by the State of Utah that contained the photograph and signature of Kent Stanger to be the CEO of MERIT MEDICAL SYSTEMS, INC., a Utah corporation, whose name is subscribed to the foregoing instrument, and acknowledged to me that he/she executed the instrument as the act of the corporation for the purposes and consideration expressed therein.

Given under my hand and seal of office this 30th day of December, 2013.

[Seal]

My Commission Expires:
Sept. 4, 2017

Kathleen Winger
Notary Public, State of Utah



AFTER RECORDING RETURN TO: ✓

Woodbury Corporation
Attention: Office of the General Counsel
2733 East Parleys Way, Suite 300
Salt Lake City, Utah 84109

EXHIBIT A

Legal Description of Real Property

A tract of land containing 7.7018 acres (335,491 square feet), more or less, and being all of Lot 1 of Amending Plat #1 of Merit Medical, a subdivision located in the James Hamilton Survey, Abstract 876, City of Pearland, in Harris County, Texas, according to the map or plat thereof recorded in/under Film Code No. 659291 of the Map/Plat Records of Harris County, Texas. D

EXHIBIT B

Permitted Exceptions

1. Restrictive covenants of record as recorded in/under Film Code No. 642257 of the Map Records of Harris County, Texas.
2. A Water Sewer Easement 25 feet in width located along the East property line as set forth and reflected under Film Code No. 642257 of the Real Property Records of Harris County, Texas.
3. Water and sewer easement 10 feet in width granted to City of Pearland as set forth and defined in instrument filed for record under Harris County Clerk's File No. 20100435870.
4. Driveway Easement Agreement dated August 2, 2011 by and between SHT/Kirby, Ltd., a Texas limited partnership and Merit Medical Systems, Inc., a Utah corporation as set forth and described in instrument recorded under Clerk's File No. 20110322715 of the Real Property Records of Harris County, Texas.
5. Driveway Easement Agreement dated December 18, 2012 by and between SHT/Kirby, Ltd., a Texas limited partnership and Dover Energy, Inc., a Delaware corporation as set forth and described in instrument recorded under Clerk's File No. 20120585313 of the Real Property Records of Harris County, Texas.
6. Easement granted to CenterPoint Energy Houston Electric, LLC as set forth and described in instrument recorded under Clerk's File No. 20130150438 of the Real Property Records of Harris County, Texas.
7. Declaration of Covenants, Restrictions and Easements, dated December 31, 2013, executed by Merit Medical Systems, Inc., a Utah corporation, as set forth and described in instrument recorded in the Real Property Records of Harris County, Texas.

FILED

2013 DEC 31 PM 4:00

Stan Stewart
COUNTY CLERK
HARRIS COUNTY, TEXAS

ANY PROVISION HEREIN WHICH RESTRICTS THE SALE, RENTAL, OR USE OF THE DESCRIBED REAL
PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.
THE STATE OF TEXAS
COUNTY OF HARRIS

I hereby certify that this instrument was FILED in File Number Sequence on the date and at the time
stamped herein by me, and was duly RECORDED, in the Official Public Records of Real Property of Harris
County, Texas

DEC 31 2013



Stan Stewart
COUNTY CLERK
HARRIS COUNTY, TEXAS

EXHIBIT B
2017 Assignment

List of Items:

- 1. Special Warranty Deed (RP-2017-5332)**

Exhibit "A"

Exhibit "B" (Permitted Exceptions)

Upon recordation return to:

Levenfeld Pearlstein, LLC
2 N. LaSalle, Suite 1300
Chicago, Illinois 60601
Attn: Linsey R. Neyt, Esq.

SPECIAL WARRANTY DEED

PEARLAND MEDICAL L.L.C., a Utah limited liability company ("**Grantor**"), acting through its duly appointed manager, Woodbury Strategic Partners Fund, L.P., located at 2733 East Parleys Way, Suite 300, Salt Lake City, Utah 84109, for the consideration of Ten and 00/100 (\$10.00) Dollars, and other good and valuable consideration, in hand paid by SE Pearland Transitory, LLC a Delaware limited liability company ("**Grantee**"), located at c/o Syndicated Equities Group, LLC, 350 North LaSalle Street, Suite 800, Chicago, Illinois 60654, the receipt of such consideration which is hereby acknowledged, has GRANTED, SOLD, and CONVEYED, and by these presents does GRANT, SELL, and CONVEY, unto the said Grantee that certain real property, together with buildings and improvements located thereon situated in the City of Pearland, County of Harris, State of Texas, commonly known as:

14646 Kirby Drive

which is legally described in **Exhibit "A"** attached hereto, together with any and all rights, benefits, privileges, easements, tenements, hereditaments, rights-of-way and other appurtenances thereon or in any way appertaining thereto (the "**Property**").

This conveyance is made subject only to the matters set forth on **Exhibit "B"** attached hereto and incorporated herein by this reference for all purposes.

TO HAVE AND TO HOLD the Property, together with, all and singular, the rights and appurtenances thereto in anywise belonging, to Grantee and Grantee's successors and assigns forever; and subject to matters of record, Grantor does hereby bind Grantor and Grantor's successors and assigns to warrant and forever defend, all and singular, the Property unto the Grantee and Grantee's successors and assigns, against every person whomsoever lawfully claiming or to claim the same, or any part thereof by, through or under Grantor, but not otherwise.

[Signatures Begin on following Page]

RP-2017-53352

RP-2017-53352

PEARLAND MEDICAL L.L.C., a Utah limited liability company

By: **WOODBURY STRATEGIC PARTNERS
MANAGEMENT L.L.C.**, a Utah limited liability
company, Its Manager

By: Lore Coffey
Lore Coffey, Manager

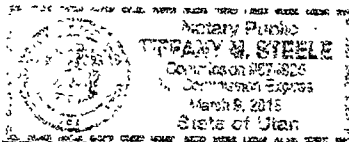
•

STATE OF UTAH)

: SS.

COUNTY OF SALT LAKE)

On the 3rd day of Feb. 2017 before me personally appeared D. Randall Alondary to me personally known, who being by me duly sworn did say that he is a Manager of WOODBURY STRATEGIC PARTNERS MANAGEMENT L.L.C., a Utah limited liability company, Manager of WSP TRUFFLES L.L.C., a Delaware limited liability company, General Partner of WOODBURY STRATEGIC PARTNERS FUND, L.P., a Delaware limited partnership, the company that executed the within instrument, known to me to be the persons who executed the within instrument on behalf of said company therein named, and acknowledged to me that such company executed the within instrument pursuant to its Amended and Restated Agreement of Limited Partnership.



Tiffany W. Steele
Notary Public

STATE OF UTAH)

: SS.

COUNTY OF SALT LAKE)

On the 3rd day of February 2017, before me personally appeared Jonathan W. Butler, to me personally known, who being by me duly sworn did say that he is a Manager of WOODBURY STRATEGIC PARTNERS MANAGEMENT L.L.C., a Utah limited liability company, Manager of WSP TRUFFLES L.L.C., a Delaware limited liability company, General Partner of WOODBURY STRATEGIC PARTNERS FUND, L.P., a Delaware limited partnership, the company that executed the within instrument, known to me to be the persons who executed the within instrument on behalf of said company therein named, and acknowledged to me that such company executed the within instrument pursuant to its Amended and Restated Agreement of Limited Partnership.



Yvonne M. Schenk
Notary Public

[Acknowledgments Continue on Following Page]

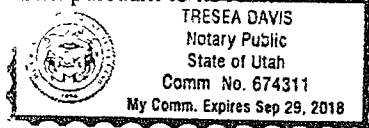
RP-2017-53352

STATE OF UTAH)

: ss.

COUNTY OF SALT LAKE)

On the 3rd day of February 2017, before me personally appeared John R. Miller, to me personally known, who being by me duly sworn did say that he is a Manager of WOODBURY STRATEGIC PARTNERS MANAGEMENT L.L.C., a Utah limited liability company, Manager of WSP TRUFFLES L.L.C., a Delaware limited liability company, General Partner of WOODBURY STRATEGIC PARTNERS FUND, L.P., a Delaware limited partnership, the company that executed the within instrument, known to me to be the persons who executed the within instrument on behalf of said company therein named, and acknowledged to me that such company executed the within instrument pursuant to its Amended and Restated Agreement of Limited Partnership.



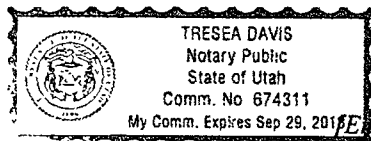
Tresea Davis
Notary Public

STATE OF UTAH)

: ss.

COUNTY OF SALT LAKE)

On the 3rd day of February 2017, before me personally appeared Lane Critchfield, to me personally known, who being by me duly sworn did say that he is a Manager of WOODBURY STRATEGIC PARTNERS MANAGEMENT L.L.C., a Utah limited liability company, Manager of WSP TRUFFLES L.L.C., a Delaware limited liability company, General Partner of WOODBURY STRATEGIC PARTNERS FUND, L.P., a Delaware limited partnership, the company that executed the within instrument, known to me to be the persons who executed the within instrument on behalf of said company therein named, and acknowledged to me that such company executed the within instrument pursuant to its Amended and Restated Agreement of Limited Partnership.



Tresea Davis
Notary Public

End of Acknowledgments]
[Exhibit "A" Begins on Following Page]

RP-2017-53352

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EXHIBIT "A"

TRACT 1:

A tract of land containing 7.7018 acres (335,491 square feet), more or less, being all of Lot One (1), in Block One (1) of Amending Plat #2 MERIT MEDICAL, a subdivision in Harris County, Texas; according to the Map or Plat thereof, recorded under Film Code 675091, Map Records, Harris County, Texas.

TRACT 2:

A Non-exclusive easements for pedestrian and vehicular ingress and egress, storm drain improvements, detention facilities, utility lines, and parking purposes, as established by that certain Declaration of Covenants, Restrictions and Easements, recorded under Harris County Clerk's File No. 20130648990, Real Property Records, Harris County, Texas.

TRACT 3:

A Non-exclusive easement for pedestrian and vehicular, for ingress and egress purposes as set out in Driveway Easement Agreement, recorded under Harris County Clerk's File No. 20110322715.

[End of Exhibit "A"]

RP-2017-53352

EXHIBIT "B"

(Permitted Exceptions)

1. Restrictive covenants as set forth in Film Code No. 675091 of the Map Records of Harris County, Texas, and by instrument(s) filed for record under Harris County Clerk's File No(s). 20130648990, **BUT OMITTING ANY COVENANT OR RESTRICTION BASED ON RACE, COLOR, RELIGION, SEX, HANDICAP, FAMILIAL STATUS, OR NATIONAL ORIGIN.**

2. The following matters reflected on the recorded plat filed under Film Code No. 675091, of the Map Records of Harris County, Texas:
 - A Water and Sewer Easement Twenty-five (25) feet in width along the East property line.
 - A Water and Sewer Donation Easement and Utility Easement Ten (10) feet in width along the South property line, and as set out in instrument recorded under Clerk's File No. 20100435870.
 - Access rights to parking areas and driveways are granted to all adjoining commercial properties.

3. Driveway Easement Agreement filed on August 3, 2011, under Harris County Clerk's File No. 20110322715, by and between SHT/KIRBY, LTD., and MERIT MEDICAL SYSTEMS, INC.

4. Blanket Easement dated February 5, 2013, filed on April 2, 2013, under Harris County Clerk's File No. 20130150438, granted to CenterPoint Energy Houston Electric, LLC.

5. Easements granted to CenterPoint Energy Houston electric, LLC, as set out in instrument dated May 29, 2014, filed on July 21, 2014, under Harris County Clerk's File No. 20140317020.

6. Tax Abatement Agreement as reserved by Grantor in instrument dated December 31, 2013, filed on December 31, 2013 under Harris County Clerk's File No. 20130648991, from Merit Medical Systems, Inc. to Pearland Medical LLC.

7. Memorandum of Lease Agreement by and between PEARLAND MEDICAL L.L.C. a Utah limited liability company, as Lessor, and MERIT MEDICAL SYSTEMS, INC., a Utah corporation, as Lessee, dated December 31, 2013, filed for record on January 27, 2014, under Harris County Clerk's File No. 20140032735.

8. All leases, grants, exceptions or reservations of coal, lignite, oil, gas and other minerals, together with all rights, privileges, and immunities relating thereto, appearing in the Public Records.

[End of Exhibit "B"]
[End of Instrument]



RP-2017-53352

RP-2017-53352
Pages 7
02/07/2017 08:46 AM
e-Filed & e-Recorded in the
Official Public Records of
HARRIS COUNTY
STAN STANART
COUNTY CLERK
Fees \$36.00

RECORDERS MEMORANDUM

This instrument was received and recorded electronically
and any blackouts, additions or changes were present
at the time the instrument was filed and recorded.

Any provision herein which restricts the sale, rental, or
use of the described real property because of color or
race is invalid and unenforceable under federal law.

THE STATE OF TEXAS
COUNTY OF HARRIS

I hereby certify that this instrument was FILED in
File Number Sequence on the date and at the time stamped
hereon by me; and was duly RECORDED in the Official
Public Records of Real Property of Harris County, Texas.



Stan Stanart

COUNTY CLERK
HARRIS COUNTY, TEXAS