

City of Houston, Texas, Ordinance No. 2024 - 978

AN ORDINANCE APPROVING AND AUTHORIZING A TAX ABATEMENT AGREEMENT BETWEEN THE CITY OF HOUSTON, TEXAS, INTEGRA MISSION CRITICAL LLC, WAYFAIR, LLC, AND PROLOGIS LOGISTICS SERVICES INCORPORATED, FOR THE DEVELOPMENT OF A MANUFACTURING FACILITY; CONTAINING OTHER PROVISIONS RELATING TO THE FOREGOING SUBJECT; AND DECLARING AN EMERGENCY.

* * * * *

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

Section 1. That the City Council hereby approves and authorizes the contract, agreement, or other undertaking described in the title of this Ordinance, in substantially the form as shown in the document attached hereto as **Exhibit "A"** and incorporated herein by this reference. The Mayor is hereby authorized to execute such document and all related documents on behalf of the City. The City Secretary is hereby authorized to attest to all such signatures and to affix the City seal to all such documents.

Section 2. That the City Council hereby finds that the terms of the Agreement authorized by this Ordinance meet the guidelines and criteria of Chapter 44 of the City of Houston Code of Ordinances ("Code") relating to tax abatement; that the property subject to abatement under the Agreement authorized by this Ordinance lies within the Prologis-Wayfair Reinvestment Zone, a designated reinvestment zone authorized by Chapter 312 of the Texas Tax Code and Section 44-127 of the Code; that this agreement will result in no substantial potential adverse effect on the provision of City services or the tax base; and that the investment in the project will likely attract major investment in the zone that would be a benefit to the land.

Section 3. That the City Attorney is hereby authorized to take all action necessary to enforce all legal obligations under such contract, agreement, or other undertaking without further authorization from the City Council.

Section 4. That there exists a public emergency requiring that this Ordinance be passed finally on the date of its introduction as requested in writing by the Mayor; therefore, this Ordinance shall be passed finally on such date and shall take effect immediately upon its passage and approval by the Mayor, however, in the event that the Mayor fails to sign this Ordinance within five days after its passage and adoption, it shall take effect in accordance with Article VI, Section 6, Houston City Charter.

PASSED AND ADOPTED this 11th day of December, 2024.

APPROVED this _____ day of _____, 2024.

Mayor of the City of Houston, Texas

Pursuant to Article VI, Section 6, Houston City Charter, the effective date of the foregoing Ordinance is DEC 17 2024.

A. J. Daniel
City Secretary

(Prepared by Legal Department
(KK:gd November 20, 2024
(Requested by Gwendolyn F. Tillotson-Bell, Chief Economic Development Officer, Office
of the Mayor)
(LD-RE-0000003317)

DocuSigned by:
Kent Kelsey
720888C91C14CC
Senior Assistant City Attorney

Meeting 12/11/2024

Aye	No	
✓		Mayor Whitmire
....	Council Members
✓		Peck
✓		Jackson
✓		Kamin
✓		Evans-Shabazz
✓		Flickinger
✓		Thomas
✓		Huffman
✓		Castillo
✓		Martinez
✓		Pollard
✓		Castex-Tatum
	✓	Ramirez
✓		Davis
✓		Carter
Absent on personal business		Plummer
✓		Alcorn
Caption	Adopted	

Captions Published in DAILY COURT REVIEW

Date: 12/17/2024

Exhibit "A"

Tax Abatement Agreement

TAX ABATEMENT AGREEMENT

This **TAX ABATEMENT AGREEMENT** ("Agreement") is made by and between the **CITY OF HOUSTON, TEXAS**, a municipal corporation and home-rule city ("City"), **INTEGRA MISSION CRITICAL LLC**, a Texas limited liability company (the "Company" or "Subtenant"), **WAYFAIR, LLC**, a Delaware limited liability company ("Tenant"), and **PROLOGIS LOGISTICS SERVICES INCORPORATED**, ("Landowner") a Delaware corporation authorized to transact business in the State of Texas which presently owns the taxable real property described in **EXHIBIT 1** (the "Property"). The City, the Company, the Tenant and the Landowner may be referred to singularly as "Party" and collectively as the "Parties." Capitalized terms have the meanings defined in the first section of this Agreement. This Agreement shall be effective as of the date of the City Controller's countersignature hereto ("Effective Date").

RECITALS

WHEREAS, the encouragement of new and existing development through investment investment in the City is paramount to the City's continued economic development; and

WHEREAS, in accordance with the requirements of Section 44-127(a)-(d) of the Code, as defined below, the Landowner has constructed or caused to be constructed a new "manufacturing facility" as defined in Section 44-121 of the Code, which is leased to the Tenant pursuant to a lease (the "Lease") and subleased to the Company pursuant to a sub-lease (the "Sublease"), to be operated, occupied and used by the Company and its affiliates ("the Project") pursuant to the sub-lease of the Project; and

WHEREAS, in accordance with Section 44-123 of the Code, the Landowner and the Company have filed a written application for tax abatement dated April 10, 2024; and

WHEREAS, the City Council finds that it is reasonably likely that the Landowner and the Company, if granted the tax abatement described in this Agreement, will contribute to the retention, expansion, and creation of primary employment and will attract major investment in the Prologis-Wayfair Reinvestment Zone for Tax Abatement Purposes ("Zone") (as more particularly described in EXHIBIT 2 of this Agreement) that will benefit property in the Zone and contribute to the economic development of the City; and

WHEREAS, the City Council finds that the Landowner Improvements and the Company Improvements (as each are defined below) are practical and are of benefit to the area within the Zone and to the City; and

WHEREAS, the City Council finds that there will be no substantial potential adverse effect on the provision of City services or on the tax base caused by this Agreement; and

WHEREAS, the Landowner and the Company, have each represented that their respective Improvements at the Facility will be designed, constructed, and installed according to all applicable federal, State, and local environmental regulations; and

WHEREAS, the City Council finds that the terms of this Agreement meet the applicable requirements of Chapter 44, Article IV, of the Code;

NOW, THEREFORE, for and in consideration of the premises and mutual promises stated herein, the Parties agree as follows:

1. Definitions

As used in this Agreement, the following capitalized terms shall have the meanings assigned to them below, unless otherwise defined or the context clearly requires otherwise.

“Abated Property” means improvements to the following types of property made subsequent to this Agreement: buildings, structures, fixed machinery and equipment, site improvements, office space and related fixed improvements necessary to the operation and administration of the Facility, and tangible personal property.

“Abatement Effective Date” means the January 1st immediately following the date upon which all the following have been completed:

- i. The Company has achieved a minimum capital investment of \$10,000,000 for the Project.
- ii. The City receives confirmation that the certificate of occupancy for the Project (which may be temporary) or its equivalent has been issued.
- iii. The Company is operational within the Real Property.

“Abatement Period” means the period of time the Property is subject to an abatement beginning as of the Abatement Effective Date and ending the earlier of ten (10) years or the date at which the total of abated property taxes abated to the Company equals the Maximum Tax Abatement Benefit.

“Base Year Value” means \$7,205,393.00, which is the appraised value of the Real Property as of January 1, 2022.

“Chapter 44” means Article IV of Chapter 44 of the Code, approved by City Council on August 28, 2024, by City Ordinance No. 2024-624, which sets forth the property tax abatement program guidelines and criteria for properties in designated reinvestment zones, and by the Ordinance.

"City Council" means the City Council of the City.

"Code" means the Code of Ordinances of the City, as amended from time to time.

"Construction Code" means the City of Houston Construction Code, which sets forth requirements relating to building construction and safety, and consists of various components, such as the Building Code, the Plumbing Code, the Electrical Code, and the Mechanical Code.

"Department" means the City's Mayor's Office of Economic Development, or its successor.

"Director" means the Chief Economic Development Officer of the City, or his or her designee, or the director of any City department that the Mayor may designate in writing to perform the functions delegated to the Director in this Agreement, but only for so long as the designations remain in effect.

"Effective Date of Abatement" means the January 1st immediately following the date that the City has received satisfactory evidence that all the following have occurred: (a) final certificate of compliance for the Landowner's construction of the shell building has been issued; (b) Company shall have received a temporary or final certificate of occupancy for the Facility, including the improvements constructed by the Company; and (c) the Company is operational within the Facility.

"EXHIBIT 1" attached to this Agreement and made a part hereof is a boundary map and aerial map of the Real Property.

"EXHIBIT 2" attached to this Agreement and made a part hereof is a legal description of the Real Property and the HCAD account number for the Real Property.

"EXHIBIT 3" attached to this Agreement and made a part hereof is a description of the Improvements, Real Property Improvements and Business Personal Property that comprise the Facility.

"Facility" means an "manufacturing facility" as defined in Section 44-121 of the Code.

"FTE" means a job within the Project equaling to thirty-five (35) or more hours per week, on a cumulative basis, performed by one or more individuals.

"HCAD" means the Harris County Appraisal District.

“Improvements” means the buildings, structures, fixed machinery and equipment, site improvements, office space and related fixed improvements necessary to the operation and administration of the Facility (including the Company Improvements as defined below), as further described in **EXHIBIT 3**, that are developed, constructed, or installed in the Zone by or on behalf of the Landowner and the Company pursuant to the terms of this Agreement.

“Maximum Tax Abatement Benefit” means \$4,007,000.00 in total abated property taxes to the Company, including the Real Property Tax Abatement and the Personal Property Tax Abatement.

“Ordinance” means City Ordinance No. 2022-961, adopted on December 14, 2022, creating the Zone.

“Permanent Employee” has the meaning assigned by Section 44-121 of the Code.

“Personal Property Tax Abatement” means the tax abatement on business personal property as set forth in Sec. 7 below.

“Real Property Tax Abatement” means the tax abatement on real property as set forth in Sec. 7 below.

“Real Property” means the land in the Zone and all improvements thereon, which land is owned by the Landowner. The Real Property is more specifically described on **EXHIBITS 1 and 2**.

“Tax Code” means the Texas Tax Code, as amended.

“Total Annual Salary Requirement” shall have the meaning set forth in Sec. 5(b)(4) below.

2. Authorization

This Agreement is authorized by Chapter 312 of the Texas Tax Code, as amended, and Chapter 44 of the Code.

3. Property

The legal description, street address, and HCAD tax account numbers of the Real Property are listed on **EXHIBIT 2**.

4. Termination of Abatement and Agreement

Notwithstanding any other provision in this Agreement, in the event (i) if the Tenant and the Company fail to enter into a lease for the Company to occupy Improvements, or (ii) the Company fails to install the Abated Personal Property and/or fails to begin operating its business from the Project, either Party will provide a written termination notice to the City and the Parties will sign a letter agreement acknowledging the termination of this Agreement in a form reasonably acceptable to both Parties. Upon execution of the letter agreement, this Agreement and all rights and obligations of the Parties shall cease and terminate and neither the Landowner nor the Company shall be entitled to any tax abatement pursuant to this Agreement. The Director is authorized to sign the letter agreement on behalf of the City.

Also, during the Abatement Period, the Landowner and the Company shall have the option and right at any time to jointly agree to give the City written notice that the Parties have elected to terminate this Agreement and the Parties right to tax abatement on the Improvements effective as of the year in which the termination notice is given; provided, however, at the time the termination notice is given, no event of default shall exist which has not been cured. Upon delivery to the City of a termination notice and subject to the provision of the preceding sentence, this Agreement and all rights and obligations of the Parties shall cease and terminate and the Landowner and the Company shall not be entitled to any tax abatement pursuant to this Agreement for the tax year in which the termination notice is given and for all years remaining in the Abatement Period.

5. Representations and Warranties

(a) By Landowner:

(1) The Landowner represents that it owns the Real Property.

(2) Landowner represents that it has completed of the Facility on the Real Property and has received all permits and other approvals to allow the Company to occupy and commence installing Company's manufacturing equipment and constructing its Tenant improvements.

(3) The Landowner represents that the execution and delivery of this Agreement and the Lease have been duly authorized by all requisite actions of its corporate officers that are necessary for it to have force and effect and that the person signing this Agreement on behalf of the Landowner is authorized to do so.

(4) The Landowner represents that the Real Property is comprised of approximately 71.54 acres of land.

(5) The Landowner represents that, to the best of its knowledge, no direct interest in the Real Property or the Improvements is held or leased by a member of the City Council or a member of the City's Planning Commission.

(6) Unless this Agreement is terminated earlier pursuant to Section 4 hereof, the Landowner represents and warrants that it has invested approximately \$100,000,000.00 in designing, constructing, and installing the Improvements on the Real Property. The building shell is valued at \$156,409,357.00 as of January, 1, 2024, as determined by the Harris Central Appraisal District.

(7) The Landowner represents and warrants that the Improvements were designed, developed, constructed, and installed (i) in accordance with all applicable federal, state, and local environmental laws and regulations; and (ii) substantially in conformity with the description, plans, and specifications described in **EXHIBIT 3** and applicable provisions of the Construction Code.

(8) The Landowner represents that developing, constructing and installing the Improvements in the Zone will contribute to the retention, expansion, and creation of primary employment and will attract major investment in the Zone that would be a benefit to property within the Zone and that would contribute to the economic development of the City.

(b) By Company:

(1) The Company will invest a minimum of \$10,000,000.00 in capital improvements within the Project including business personal property, machinery and equipment (the "Company Improvements").

(2) Unless terminated earlier pursuant to Section 4 hereof, the Company represents and warrants that the Company will create, and will continue to employ at the Project at least 291 new FTE jobs by 2027, on a cumulative basis in accordance with the schedule set forth below and maintain the 291 jobs throughout the Abatement Period (the "Job Creation Requirement"):

Year	2024	2025	2026
Annual Hiring Goal (FTE Jobs)	100	150	41
Cumulative Hiring Goal (FTE Jobs)	100	250	291

(3) The Company represents that developing, constructing and installing the Company Improvements in the Zone will contribute to the retention, expansion, and creation of primary employment and will attract major investment in the Zone that would be a benefit to property within the Zone and that would contribute to the economic development of the City.

(4) The company will have a total annual salary of at least \$19,861,200.00 by December 31, 2027 (the "Total Payroll Requirement")

(c) By Sub-Tenant:

(1) Sub-Tenant represents and warrants that the both the Lease and the Sublease are in full force and effect and that, to tenant's knowledge, no default has occurred by any party to either lease.

(2) Sub-Tenant represents and warrants that it will not take any action to cause the Lease or the sublease to terminate prior to its expiration without first giving all parties written notice in accordance with the terms of the Sub-Lese.

6. Terms of the Agreement

(a) In case of any conflict between the description, plans, and specifications of the Improvements described in **EXHIBIT 3** and the Construction Code, the Construction Code shall prevail. In addition, the Landowner shall comply with Chapter 42 of the Code, if applicable (platting regulations), and all other laws and regulations applicable to the construction and installation of the Improvements.

(b) Facility shall be used for the proposed uses specified in this paragraph during the Abatement Period; provided, however, the Director may approve a change from those proposed uses, if the Director determines that the change is consistent with Chapter 44 and with the City's general purpose of encouraging development or redevelopment of the Zone during the Abatement Period. The proposed use of the Facility (unless the Director approves a change in use) is as a manufacturing facility as defined in Chapter 44 of the Code.

(c) The Landowner and the Company shall maintain the Improvements in good repair and condition during the Abatement Period, subject to casualty and force majeure.

(d) The Landowner, and the Company shall allow City employees, and/or designated representatives, full access to the Real Property in the Zone during the term of this Agreement, for the purpose of inspecting the Improvements to ensure that the Facility and Improvements are completed, installed, renovated, and maintained in accordance with the terms of this Agreement. All inspections will be made only after

giving the Landowner and the Company at least three (3) business day's advance notice, and will be conducted during normal business hours in such manner as to not unreasonably interfere with the construction, development and/or operation of the Facility. All inspections will be made with one (1) or more representatives of the Landowner and the Company and in accordance with the Company's safety and security procedures. The above shall not act as a limitation on the City's ability to otherwise perform any inspections or to otherwise enter the Facility pursuant to the Code, the Construction Code, or otherwise.

(e) The Landowner and the Company shall each provide and cause its affiliates to provide City employees and/or designated representatives full access to all records related to the Agreement and necessary for the purpose of determining, by audit or otherwise, that the Landowner and the Company are and have been in full compliance with this Agreement. Any such inspection and audit shall be made only after giving the Landowner and the Company at least ten (10) business days advance notice, and will be conducted during normal business hours in such a manner as to not unreasonably interfere with the construction, development and/or operation of the Facility. Documents and materials provided by the Landowner and the Company or their affiliates to the City in connection with any audit or other inspections under this Agreement which contain information that is, or which themselves are, confidential or proprietary to either the Landowner and/or the Company shall not be removed from the Facility nor shall the information contained in them be used or disclosed by the City other than for the sole purpose of determining the Landowner's compliance with the terms and conditions of this Agreement, unless disclosure is otherwise required by state or federal law.

In the event that the City receives any request for information relating to this Agreement pursuant to the Texas Public Information Act or similar provision of federal law, the City agrees to promptly give the Landowner and the Company notice of that request. If the Landowner or the Company, for itself or one or more of its affiliates, advises the City that it believes that the right of the City to withhold information from disclosure is allowed by the Texas Public Information Act or other applicable state or federal statute, rule or regulation, the City agrees to withhold the information or to immediately request an opinion from the Texas Attorney General or other appropriate public official with authority under law to render such decision on the right of the City to withhold the information. If the decision rendered is to the effect that disclosure is not required to be made, then the City agrees to withhold disclosure of the information unless thereafter authorized by the Landowner or the Company, whichever party is the owner of the information, to be disclosed. The City agrees that during any period after request but before the rendering of a decision by the Texas Attorney General or other appropriate public official regarding the obligation of the City to make disclosure of information deemed confidential, proprietary or both by the Landowner or the Company, it will not

disclose the requested information unless ordered to do so by a court of competent jurisdiction.

(f) This Agreement or an abstract of this Agreement may be recorded in the Official Real Property Records of Harris County, Texas, and will be associated with the land.

(g) Each year that the Agreement is in effect, not later than February 1st, the chief financial officer (or his or her designee) of the Company shall submit to the Director a sworn statement of the number of Permanent Employees, contract employees and part-time employees of the Company or its affiliates as of the immediately preceding December 1st, who report to work at the Project. The employee count submitted shall correspond to the employee count reported by the Company or their affiliate in its "Employer's Quarterly Report" to the Texas Workforce Commission. The employee count submitted by the Landowner shall be used to determine abatement eligibility for that year and be subject to audit, if requested by the Director, pursuant to the provisions of Code Section 44-135(b). The Company, if requested by the Director, shall have an independent audit prepared informing the employment/employee count documentation and shall submit the audit to the Director for use in complying with the requirements of Code Section 44-135(b). Not later than March 31st of each year during the Abatement Period, the Director shall certify to the Chief Appraiser of HCAD whether the Landowner and the Company are in compliance with the employment requirements of this Agreement.

(h) This Agreement may be amended at any time upon the mutual written consent of all Parties hereto subject to approval by the City Council.

(i) Not later than April 15th (or such other date as required by HCAD) of each year during the Abatement Period, the Landowner shall file the appropriate form with HCAD to qualify for the real property tax abatement granted under this Agreement for that year.

(j) Contract employees and part-time employees may be used to comply with the Company's contractual obligation to create/retain jobs on a full-time equivalency basis for any number of jobs; provided that full-time equivalent jobs shall only be used to satisfy the Company's contractual obligation if the Company maintains a minimum of twenty-five (25) Permanent Employees.

(k) Commencing on the Effective Date of Abatement, and on or before January 1st, or February 1st in the event the information is not reasonably available, of each subsequent year during the Abatement Period, the chief financial officer (or his or her designee) of the Owner shall provide the Director a sworn statement that the Owner is and has been in compliance with all provisions of this Agreement in the prior year.

(l) If the chief financial officer (or his or her designee) of the Company cannot make the sworn statement required by paragraph (k) above on any January 1st, or February 1st in the event the information is not reasonably available, he or she shall provide the Director with a written statement identifying any provision of the Agreement with which the Company is not or has not been in full compliance.

(m) Failure by the chief financial officer (or his or her designee) of the Company to timely provide the Director with either the sworn statement required by paragraph (k) above or the written statement required by paragraph (l) above will result in a default under Section 8(b) of this Agreement.

(n) To the extent Company performs any construction in relation to its tenant improvement work prior to commencing its operations within the Facility, Landowner shall do the following:

(1) Provide all construction workers contracted to work on the Project with a minimum of ten(10) hours of OSHA-approved safety training;

(2) Require all general contractors who are contracted to work on the Project to employ a safety representative with a minimum of thirty (30) hours of OSHA-approved safety training on each construction site; and

(3). Make good faith efforts to hire and employ at least thirty percent (30%) of construction labor force from local Department of Labor-certified apprenticeship programs.

(o) Commencing on the date of this Agreement and continuing until the date the Company has achieved its Job Creation Requirement by December 31, 2027, the Company shall do the following:

(1) With respect to new FTE jobs created at the Project, provide a starting hourly wage equivalent to \$25.00 or higher.

(2) Advertise new FTE job postings available at the Project with the City of Houston's Community Reentry Network Program and make good faith efforts to recruit employees from reentry programs, including the City of Houston's Community Reentry Network Program.

(3) Make good faith efforts to ensure that a minimum of twenty-five percent (25%) of the Company's total new FTE jobs at the Project consist of individuals who live in the same or in an adjacent Census tract as the Project.

(4) Make good faith efforts to ensure that a minimum of twenty-five percent (25%) of the Company's total new FTE jobs at the Project consist of individuals who live in a Census tract with an average income lower than the City of Houston median income.

(5) Make good faith efforts to provide job training (which may be conducted in-house) for entry or mid-skill level FTE jobs located at the Project.

(p) In addition, the Company may, if in the Company's interests and at the Company's discretion, collaborate with Workforce Solutions as Follows:

(1) Participate in Workforce Solutions' on-the-job training program.

(2) Post FTE job openings online to Workforce Solution's platform

(3) Support or utilize other programs provided by Workforce Solutions.

7. Tax Abatement

(a) In consideration of the Company's commitment to invest at least \$66,056,000.00 in the Project over the term of the Sublease, including lease obligations, tenant improvements and a minimum capital investment of \$10,000,000.00, the City agrees to provide (a) a Real Property Tax Abatement on the real property Improvements referenced in **EXHIBIT 3** subject to ad valorem real estate taxes, and (b) a Personal Property Tax Abatement on the business personal property Improvements referenced in **EXHIBIT 3** subject to personal property taxes. The annual Real Estate Tax Abatement on the Improvements will be calculated as the current City tax rate multiplied by the value of the Improvements attributable to the tax increment above the Base Year Value, as measured by HCAD per \$100, multiplied by Ninety percent (90%).

(b) The average annual Real Property Tax Abatement is estimated to be \$942,000.00.

(c) The average annual Personal Property Tax Abatement is estimated to be \$18,200.00

(d) For the purpose of determining the Real Property Tax Abatement amount, the base value of the Project as of January 1 of the year in which the Abatement Effective Date occurs and the improvement value in subsequent years will be established and certified by Harris County Appraisal District (HCAD).

(e) For the purposes of determining the Personal Property Tax Abatement amount, the base value as of January 1, of the year in which the Abatement Effective

Date occurs and the business personal property improvement value in subsequent years will be established and certified by Harris County Appraisal District (HCAD).

(f) The Abatement Period shall end ten (10) years after the Effective Date of Abatement or until the Maximum Tax Abatement Benefit has been received by the Company, whichever occurs first.

(f) From the Effective Date of Abatement to the end of the Abatement Period, taxes shall be payable as follows:

(1) The value of "ineligible property," as that term is defined in Section 44-127(e) of the Code, shall be fully taxable.

(2) The Base Year Value of "eligible property," as that term is defined in Section 44-127(d) of the Code, shall be fully taxable.

(3) The additional value of the Real Property Improvements and Personal Property Improvements shall be taxable in accordance with Section 7(a) of this Agreement.

(g) The City shall enter into only one tax abatement agreement for the Facility described in this Agreement during the term of this Agreement.

(h) Once the Real Property Tax Abatement is in effect, the Landowner shall certify to the City that the value of the Real Property Tax Abatement value will be passed through to the Company in a timely basis in accordance with the Sublease for so long as the Company remains a Sub-Tenant at the Project pursuant to the Sublease. If the terms of the Lease with Tenant require that the Real Property Tax Abatement value to be passed through to them and then be passed to the Sub-Tenant as required by the Sublease and this Agreement, Tenant agrees to facilitate that pass through without any delay and without any compensation for processing.

8. Compliance, Default and Recapture

(a) Compliance

(1) No later than February 1 of each year, beginning on the Tax Abatement Effective Date and continuing throughout the Abatement Period, the Company shall submit a report to the City in such form and manner as the City may reasonably prescribe, evidencing compliance with **Section 5(b)** and **Section 6(o)**. In the event that the Company is not in compliance with the requirements of **Section 6(o)**, the Company will maintain and submit to the City records showing the Company's good faith efforts to comply with such provisions.

(2) By January 1st of each abatement year, the Company will provide to the City's Chief Development Officer a statement attesting to the number of FTE jobs created and retained in connection with the Project and the amount of capital investment in the Project and the amount of capital investment in the Project with respect to such abatement year.

(3) By February 1 of each abatement year, in addition to the certification provided pursuant to Sec. 6(g) above the Company will provide to the City's Chief Development Officer and HCAD a true and correct copy of the "Employer's Quarterly Report" as provided to the Texas Workforce Commission.

(b) Events of Default

The Landowner and the Company shall be in default under this Agreement if any of the following occur at any time from the Effective Date until the expiration of the Abatement Period or such earlier date on which this Agreement may otherwise expire or otherwise be terminated:

(1) The Facility is completed and is occupied, but subsequently is wholly vacated or abandoned for any reason other than the occurrence of a fire, explosion, or other casualty or accident or natural disaster;

(2) The Company fails to comply timely with the requirements of Section 8(a) or with the job creation, job retention or investment requirements stated in this Agreement;

(3) The Landowner or the Company fail to comply timely with any material term of this Agreement, and such failure continues after notice and the passage of any applicable cure period;

(4) The Landowner or the Company fail to timely file any required report or statement or to timely give any required notice pursuant to this Agreement, and such failure continues after notice and the passage of any applicable cure period; or

(5) Employees or designated representatives of the City determine pursuant to an inspection under Section 44-135 of the Code that the Landowner or the Company have not complied with this Agreement.

(c) Notice of Default

If the Director determines that an event of default has occurred, the Director shall notify the Landowner and the Company in writing at the address stated in the Agreement,

and if the condition of default is not cured within thirty (30) days from the date of the notice, then the City may take any one or more of the following actions set forth in Section 8(e) of this Agreement; provided, however, that the City shall only be required to give a thirty (30) day notice of default for failure to comply with job creation or investment requirements.

(d) Maximum Tax Abatement Benefit Reduction

(1) If, at the beginning of the fifth year after the Abatement Effective Date, the Company fails to achieve and maintain the Total Payroll Requirement, the Maximum Tax Abatement Benefit shall be reduced proportionately based on the percentage of the difference between the actual total annual salary compared to the Total Payroll Requirement, expressed as a percentage (not to exceed 100%). For Example, if at the beginning of the fifth year after the Abatement Effective Date the Company has an actual total payroll of \$18,000,000.00, the Maximum Tax Abatement Benefit would be reduced from \$4,007,000.00 to \$3,631,503.00 ($\$18,000,000.00 / \$19,861,200.00 = 90.63\%$, then $\$4,007,000.00 * 90.6 = \$3,631,503.00$)

(2) if the Company fails to meet the Cumulative Hiring Goal for any applicable year, or fails to retain 291 FTE jobs over the Tax Abatement Period, Tax Abatement Benefit for that year shall be proportionally reduced by one percent (1%) for each 15 FTE Jobs less than the Cumulative Hiring Goal amount. By way of example if during operating year one the Company employs 200 FTEs at the Project instead of the required 291 FTEs, the Maximum Tax Abatement Benefit would be reduced by 6% ($291 - 201 = 90$; $90 / 15 = 6\%$).

(3) The decision whether to reduce the Maximum Tax Abatement Benefit pursuant to this subsection (d) shall be in the sole judgement and discretion of the City's Chief Development Officer, provided, however, that the maximum annual reduction of the Maximum Tax Abatement Benefit for failure to meet the Cumulative Hiring Goal for any applicable year shall be twenty percent (20%).

(e) Community Benefits Recapture

(1) If the Landowner and/or the Company fail to meet the Community Benefit conditions set forth in Section 6 above, then the Tax Abatement Benefit may be reduced as follows:

- a. Failure to advertise and make good faith efforts to recruit employees from reentry programs as set forth in Section 6(o)(2) will result in up to at 5% reduction in the annual Tax Abatement Benefit for the year in which such failure shall occur.

- b. Failure to use best effort for local hiring as set forth in Section 6(o)(3) will result in up to a 5% reduction Tax Abatement Benefit for the year in which such failure shall occur.
- c. Failure to use best effort for low-income hiring as set forth in Section 6(o)(4) will result in up to a 5% reduction Tax Abatement Benefit for the year in which such failure shall occur.

(f) Survival

The City's right and authority to pursue any default and to recover abated taxes granted under this Section 8 shall survive the amendment, revision, expiration, or termination of this Agreement other than a termination of the Agreement pursuant to Section 4.

9. Administration

(a) The Chief Appraiser of HCAD shall annually determine the taxable value of the real and personal property comprising the Zone. Each year, the Landowner and the Owner shall furnish the City with any additional information applicable to the tax abatement that may be necessary for the administration of the abatement granted under this Agreement. Once the preliminary taxable values of the real and personal property comprising the Zone have been established, the Chief Appraiser of HCAD shall notify the eligible jurisdictions of the amount of the assessment.

(b) Upon substantial completion of construction, installation, or renovation of the Improvements, the Director shall annually evaluate the Facility to ensure compliance with this Agreement and prepare a report of any violations of this Agreement.

10. Assignment

This Agreement may be assigned by the Landowner or the Company to a new party with the written consent of the Director, which consent shall not be unreasonably withheld, conditioned or delayed. If the proposed assignee is an affiliated entity of the Landowner or the Company, as applicable, then the Director may consent to an assignment if the assigning entity is in compliance with all terms of this Agreement, subject only to the condition set forth in the last sentence of this Section 10. Any assignment of this Agreement shall not relieve the assigning party of continuing liability under this Agreement unless specifically agreed to in a writing signed by both the Director and the City Attorney. Any assignment shall provide that the assignee shall irrevocably and unconditionally assume all the duties and obligations of the Owner upon the same terms and conditions as set out in the Agreement. Any assignment of this Agreement

shall be to an entity that contemplates the same improvements or repairs to the property in the Zone, except to the extent such improvements or repairs have been completed. No assignment shall be approved if either the assigning party or the assignee has past due indebtedness to the City for ad valorem taxes or other obligations not being contested in good faith.

11. Compliance with Applicable Government Regulations

Except as specifically provided herein, nothing in this Agreement shall be construed to alter or affect the obligation of the Landowner and/or the Company to comply with any ordinance, rule or regulation of the City, or the laws and regulations of the State of Texas.

12. Merger

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 this Agreement.

13. Notices

All notices shall be in writing and unless hand-delivered, shall be sent by U.S. Mail certified, return receipt requested. Unless otherwise provided in this Agreement, all notices shall be delivered to the following addresses:

To the Landowner:

ProLogis Logistics Services Incorporated
9655 Katy Freeway
Suite 400
Houston, TX 77024
Attn: Hans Brindley

To the Tenant:

Wayfair LLC
4 Copley Place
Bowton, MA 02116
Attn: Alison Vallot, Associate, GC, Real Estate

To the Company:

Integra Mission Critical LLC
17000 Dallas Parkway, Suite 200
Dallas, Texas 75248
Attn: Malena Marshall

with a copy to:

Vorys, Sater, Seymour and Pease LLP
52 East Gay Street
Columbus, Ohio 43215
Attn: Chris Knezevic

To the City:

Chief Economic Development Officer
Office of the Mayor
901 Bagby, 4th Floor
Houston, Texas 77002

Each Party may designate a different address by giving the other Party written notice ten (10) days in advance of such designation.

This Agreement has been executed by the Parties in multiple originals, each having full force and effect.

[Execution pages follow]

INTEGRA MISSION CRITICAL LLC
a Texas Limited Liability Company

By: _____

CITY OF HOUSTON, TEXAS

Mayor

WAYFAIR LLC
a Delaware Limited Liability Company

By: _____

ATTEST/SEAL:

City Secretary

**PROLOGIS LOGISTICS SERVICES
INCORPORATED**
a Delaware Corporation

By: _____

COUNTERSIGNED:

City Controller

DATE COUNTERSIGNED:

APPROVED:

Chief Economic Development Officer,
Office of the Mayor, Economic
Development

APPROVED AS TO FORM:

Senior Assistant City Attorney
LD-RE-0000003317

EXHIBIT 1

BOUNDARY MAP AND AERIAL MAP OF THE REAL PROPERTY

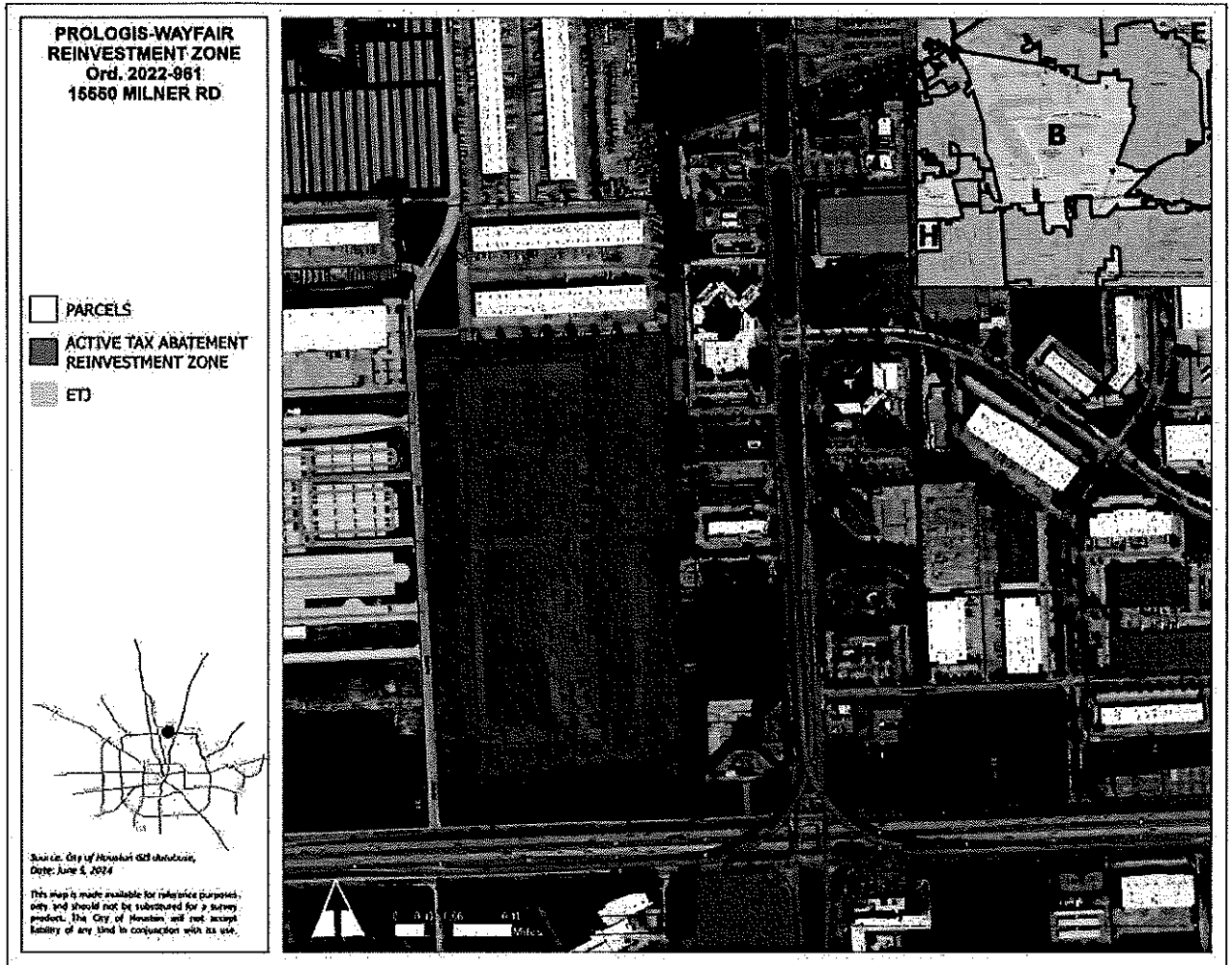


EXHIBIT 2

LEGAL DESCRIPTION, STREET ADDRESS AND HCAD ACCOUNT NUMBER OF THE REAL PROPERTY



WINDROSE
LAND SURVEYING | PLATTING

DESCRIPTION OF
70.1002 ACRES OR 3,053,565 SQ. FT.

A TRACT OR PARCEL CONTAINING 70.1002 ACRES OR 3,053,565 SQUARE FEET OF LAND SITUATED IN THE W.C.R.R. CO. SURVEY, ABSTRACT NO. 755, HARRIS COUNTY, TEXAS, BEING ALL OF UNRESTRICTED RESERVE "A", BLOCK 1, AS SHOWN ON PRESIDENTS PARK A, MAP OR PLAT THEREOF RECORDED UNDER FILM CODE (F.C.) NO. 682431, HARRIS COUNTY MAP RECORDS (H.C.M.R.), ALL OF LOT 11, BLOCK 3, OF HARTLAND ACRES, MAP OR PLAT THEREOF RECORDED UNDER VOL. 15, PG. 41, H.C.M.R., AND ALL OF THE RESIDUE OF LOT 12 OF SAID HARTLAND ACRES, SAID TRACT ALSO BEING ALL OF A CALLED 19,992 ACRE TRACT, ALL OF A CALLED 30,015 ACRE TRACT, ALL OF A CALLED 15,7603 ACRE TRACT, AND ALL OF A CALLED 4,3142 ACRE TRACT CONVEYED TO PROCOB, AS RECORDED UNDER HARRIS COUNTY CLERK'S FILE (H.C.C.F.) NOS. RP-2014-356974, RP-2018-209311, RP-2019-55174A, AND RP-2021-256228, WITH SAID 70.1002 ACRE TRACT BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS, WITH ALL BEARRINGS BASED ON THE TEXAS STATE PLANE COORDINATE SYSTEM, SOUTH CENTRAL ZONE (NAD 83).

BEGINNING AT A CAPPED 5/8 INCH IRON ROD STAMPED "WINDROSE" FOUND ON THE EAST RIGHT-OF-WAY (R.O.W.) LINE OF MILNER ROAD, (60 FEET WIDE), AS RECORDED UNDER VOL. 15, PG. 41 H.C.M.R., FOR THE SOUTHWEST CORNER OF A CALLED 38,7866 ACRE TRACT CONVEYED TO AMB INSTITUTIONAL ALLIANCE FUND (11), LP, AS RECORDED UNDER H.C.C.F. NO. 20060186221, AND THE NORTHWEST CORNER OF SAID UNRESTRICTED RESERVE "A" AND OF THE HEREBIN DESCRIBED TRACT;

THENCE NORTH 87 DEG. 19 MIN. 31 SEC. EAST, ALONG THE COMMON LINE OF SAID 38,7866 ACRE TRACT AND SAID UNRESTRICTED RESERVE "A", A DISTANCE OF 1,251.26 FEET TO A CAPPED 5/8 INCH IRON ROD STAMPED "UIR" FOUND ON THE WEST LINE OF A CALLED 8,513 ACRE TRACT CONVEYED TO HOUSTON LIGHTING & POWER COMPANY, AS RECORDED UNDER H.C.C.F. NO. 8892948, MARKING THE SOUTHEAST CORNER OF SAID 38,7866 ACRE TRACT, AND THE NORTHEAST CORNER OF SAID UNRESTRICTED RESERVE "A" AND OF THE HEREBIN DESCRIBED TRACT;

THENCE SOUTH 02 DEG. 20 MIN. 21 SEC. EAST, ALONG SAID COMMON LINE, PASSING AT A DISTANCE OF 698.08 FEET A CAPPED 5/8 INCH IRON ROD STAMPED "COTTON" FOUND FOR THE COMMON CORNER OF SAID 19,992 ACRE TRACT AND SAID 30,015 ACRE TRACT, CONTINUING AND PASSING AT A DISTANCE OF 1,084.92 A 3/4 INCH PINCHED TOP PIPE FOUND FOR THE COMMON CORNER OF SAID 30,015 ACRE TRACT AND SAID 15,7603 ACRE TRACT, CONTINUING AND PASSING AT A DISTANCE OF 353.92 FEET A 1 INCH PINCHED TOP PIPE FOUND FOR THE COMMON CORNER OF SAID 15,7603 ACRE TRACT AND SAID LOT 12, CONTINUING PASSING AT A DISTANCE OF 08.14 FEET A 1/2 INCH IRON PIPE FOUND FOR THE NORTHEAST CORNER OF PARCEL L AN EASEMENT CONVEYED TO HOUSTON PIPE LINE COMPANY, AS RECORDED UNDER H.C.C.F. NO. N130503, CONTINUING PASSING AT A DISTANCE OF 175.00 A 3/4 INCH IRON PIPE FOUND FOR THE SOUTHEAST CORNER OF SAID PARCEL L, AND CONTINUING FOR A TOTAL DISTANCE OF 2,470.41 TO A 1/2 INCH IRON PIPE FOUND ON THE NORTH R.O.W. LINE OF NORTH BELT (BELTWAY 8), (300 FOOT WIDE), AS RECORDED UNDER VOL. 4988, PG. 428, HARRIS COUNTY DEED RECORDS (H.C.D.R.) FOR THE SOUTHEAST CORNER OF THE HEREBIN DESCRIBED TRACT;

THENCE SOUTH 87 DEG. 42 MIN. 06 SEC. WEST, ALONG THE NORTH R.O.W. LINE OF SAID NORTH BELT, PASSING AT A DISTANCE OF 700.38 A CAPPED 5/8 INCH IRON ROD STAMPED "WINDROSE" FOUND FOR THE SOUTHEAST CORNER OF SAID 4,3142 ACRE TRACT, AND CONTINUING FOR A TOTAL DISTANCE OF 1,224.93 FEET TO A CAPPED 5/8 INCH IRON ROD STAMPED "WINDROSE" SET ON THE INTERSECTION OF THE EAST R.O.W. LINE OF SAID MILNER ROAD AND THE NORTH R.O.W. LINE OF SAID NORTH BELT MARKING THE SOUTHWEST CORNER OF SAID 4,3142 ACRE TRACT AND OF THE HEREBIN DESCRIBED TRACT;

THENCE NORTH 02 DEG. 87 MIN. 07 SEC. WEST, ALONG THE EAST R.O.W. LINE OF SAID MILNER ROAD, PASSING AT A DISTANCE OF 355.65 A 1/2 IRON PIPE FOUND FOR THE COMMON CORNER OF SAID 15,7603 ACRE TRACT AND SAID 4,3142 ACRE TRACT, AND CONTINUING FOR A TOTAL DISTANCE OF 2,462.35 FEET TO THE POINT OF BEGINNING AND CONTAINING 70.1002 ACRES OR 3,053,565 SQUARE FEET OF LAND, AS SHOWN ON JOB NO. 52905-PRESIDENTS PARK EAST PREPARED BY WINDROSE LAND SERVICES.


ROBERT IDESS
R.F.L.S. NO. 6484
STATE OF TEXAS
FIRM REGISTRATION NO. 10108600



10/15/2021
DATE:

713.458.2281 | 11111 RICHMOND AVE, STE 150, HOUSTON, TX 77082

Tax Account Number: 1391120020001
Street Address: 15550 Milner Rd, Houston, TX 77032

EXHIBIT 3

ABATED PROPERTY/IMPROVEMENTS

The project includes tenant improvements and fixed machinery and equipment for the manufacture of modular cooling units and modular electrical units for data centers. Building improvements include, but are not limited to, concrete floor sealant, warehouse racking, job boxes, general electrical connections, branch circuitry, panel boards, chillers, and fan walls. Fixed machinery and equipment include, but is not limited to, manufacturing equipment, fork trucks, pallet jacks, cranes, and crawlers.

EXHIBIT 4

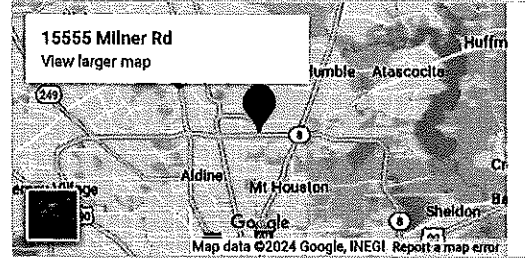
PROJECT SUMMARY AND ECONOMIC IMPACT ANALYSIS



FACT SHEET
PROJECT GEMINI (24-4525)

PROJECT INFO

NAICS	333415 Air-Conditioning and Warm Air Heating Equipment and Commercial and Industrial Refrigeration Equipment Manufacturing
SPACE	1,229,940 SF Office and Manufacturing
FACILITY	Lease space with renovations
LEASE TERM	9.5
BEGIN RENOVATIONS	6/1/2024
BEGIN OPERATIONS	7/15/2024



ADDRESS
15555 Milner Rd, Houston, TX 77032, USA

SITE NOTES
Installation of overhead cranes; installation of HVAC system; Upgrade of the electrical power supply; build-out of additional office space; and the installation of four large overhead doors. Site improvements are to be shared between the property owner and the company.

<p>EMPLOYMENT</p> <p> 291</p> <p>New Jobs Phased in Over 4 Years</p>	<p>CAPITAL INVESTMENT</p> <p> \$10.0M</p> <p>\$0 Buildings & Improvements \$10.0M Furniture, Fixtures, & Equipment</p>
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<p>PAYROLL</p> <p> \$68,252</p> <p>Avg Annual Salary</p> <p>*At Full Ops in Year 4</p>	<p>\$21.1M*</p> <p>Annual Payroll</p>
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COMPANY INFO

Company Name	Confidential
Year Established	2014
State of Formation	Texas
Business Structure	LLC
Ownership	Private

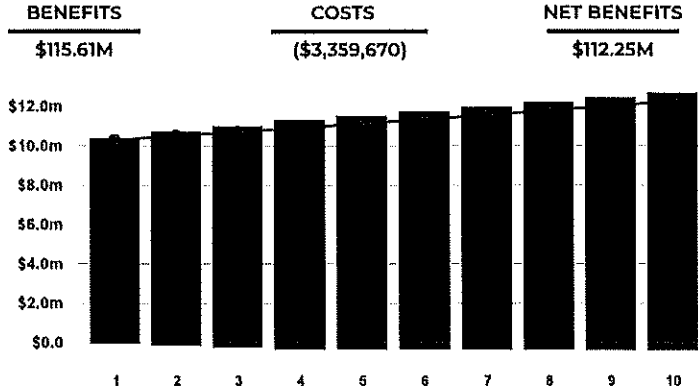
DESCRIPTION

The company is planning to expand its operations into a new 1.2 million square foot facility at 15550 Milner Road, aiming to meet the surging demand for data center capacity driven by advances in artificial intelligence and cloud computing. This state-of-the-art facility will produce modular cooling and electrical units, enhancing the company's ability to provide turnkey modular data center infrastructures that significantly reduce construction time. With a forecasted revenue of approximately \$1 billion in 2024, the expansion is set to initially create 200 jobs with a \$20 million payroll by year's end, potentially growing to 500 positions within 36 months. The project, starting with an investment of \$10 million, is expected to see considerable financial growth over the next five years.



IMPACT REPORT
PROJECT GEMINI (24-4525)
 Scenario 1 with Client Data

City of Houston



JOB

644.4 Total
 291.0 Direct
 353.4 Spin-off

SALARIES

\$66,982 Avg
 \$68,252 Direct
 \$65,936 Spin-off

CAPITAL INVEST.

\$10.0M
 Buildings + FF&E

RESIDENTIAL DEV.

14.9 Homes
 99.2 Relocations

NET BENEFITS	\$112.25M
Present Value	\$86,002,373

BENEFITS	
Sales Taxes	\$109.95M
Real Property Taxes	\$0
FF&E Property Taxes	\$285,555
Inventory Property Taxes	\$2,273,994
New Residential Property Taxes	\$147,012
Hotel Occupancy Taxes	\$9,581
Building Permits and Fees	\$0
Utility Revenue	\$2,525,316
Utility Franchise Fees	\$192,336
Miscellaneous Taxes and User Fees	\$222,992
Benefits Subtotal	\$115.61M

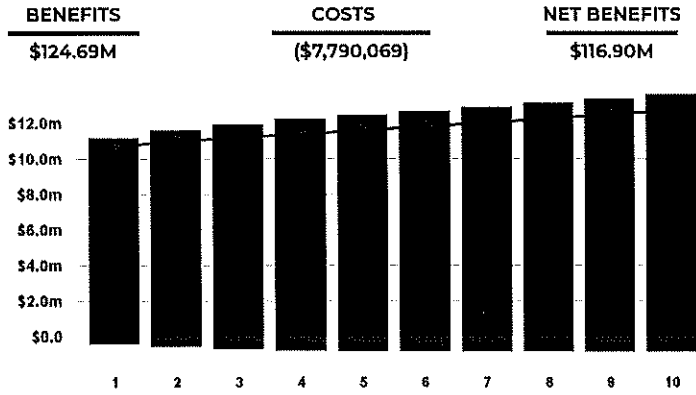
COSTS	
Cost of Government Services	(\$834,354)
Cost of Utility Services	(\$2,525,316)
Costs Subtotal	(\$3,359,670)

NET BENEFITS OVER 10 YEARS

CITY	\$112.25M
COUNTY	\$1,588,111
SCHOOL DISTRICT	\$1,496,496
OTHER	\$1,567,428



IMPACT REPORT
PROJECT GEMINI (24-4525)
 Scenario 1 with Client Data



JOBS



698.4 Total
 291.0 Direct
 407.4 Spin-off

SALARIES



\$66,901 Avg
 \$68,252 Direct
 \$65,936 Spin-off

CAPITAL INVEST.



\$10.0M
 Buildings + FF&E

	City of Houston	Harris County	Aldine ISD	Other Districts	Total
NET BENEFITS	\$112.25M	\$1,588,111	\$1,496,496	\$1,567,428	\$116.90M
Present Value	\$86,002,373	\$1,228,275	\$1,153,135	\$1,204,606	\$89,588,389

BENEFITS

Sales Taxes	\$109.95M	\$0	\$0	\$0	\$109.95M
FF&E Property Taxes	\$285,555	\$192,539	\$569,965	\$160,941	\$1,208,999
Inventory Property Taxes	\$2,273,994	\$1,533,268	\$4,538,878	\$1,281,643	\$9,627,783
Other Benefits	\$3,097,237	\$429,825	\$250,532	\$124,844	\$3,902,438
Benefits Subtotal	\$115.61M	\$2,155,631	\$5,359,375	\$1,567,428	\$124.69M

COSTS

Cost of Government Services	(\$834,354)	(\$567,520)	(\$219,521)	\$0	(\$1,621,394)
Other Costs	(\$2,525,316)	\$0	(\$3,643,359)	\$0	(\$6,168,675)
Costs Subtotal	(\$3,359,670)	(\$567,520)	(\$3,862,879)	\$0	(\$7,790,069)

Community Impact Summary includes the impact on City of Houston, Harris County, Aldine ISD, Lone Star College, Harris County Hospital District, Harris County Department of Education, Harris County Flood Control, Port of Houston.

