

**BUSINESS INCENTIVE AGREEMENT BETWEEN
THE CORPUS CHRISTI BUSINESS AND JOB DEVELOPMENT CORPORATION AND
MAJEK BOATWORKS, INC. and TURNER-MAJEK REAL ESTATE, LLC
FOR CAPITAL INVESTMENTS AND THE CREATION AND RETENTION OF JOBS**

This Business Incentive Agreement for Capital Investments and the Creation and Retention of Jobs ("Agreement") is entered into between the Corpus Christi Business and Job Development Corporation ("Corporation") and Majek Boatworks, Inc. ("Majek"), a Texas domestic for-profit corporation, and Turner-Majek Real Estate, LLC ("Turner-Majek LLC"), a Texas Limited Liability Corporation.

WHEREAS, the Texas Legislature in Section 4A of Article 5190.6, Vernon's Texas Revised Civil Statutes (Development Corporation Act of 1979), now codified as Subtitle C1, Title 12, Texas Local Government Code, empowered local communities with the ability to adopt an optional local sales and use tax as a means of improving the economic health and prosperity of their citizens;

WHEREAS, on November 5, 2002, residents of the City of Corpus Christi ("City") passed Proposition 2, New and Expanded Business Enterprises, which authorized the adoption of a sales and use tax for the promotion and development of new and expanded business enterprises at the rate of one-eighth of one percent to be imposed for 15 years;

WHEREAS, the 1/8th cent sales tax authorized by passage of Proposition 2 was subsequently enacted by the City Council and filed with the State Comptroller of Texas, effective April 1, 2003, to be administered by the Corpus Christi Business and Job Development Corporation Board;

WHEREAS, the Corpus Christi Business and Job Development Corporation exists for the purposes of encouraging and assisting entities in the creation of jobs for the citizens of Corpus Christi, Texas;

WHEREAS, the Board of Directors of the Corporation ("Board"), on September 10, 2007, amended the Corporation's Guidelines and Criteria for Granting Business Incentives, which the City Council incorporated into the City of Corpus Christi Economic Development Incentive Policies 2009-2011 on November 17, 2009;

WHEREAS, Section 501.073, Texas Local Government Code, formerly Section 21 of the Texas Development Corporation Act of 1979, Art. 5190.6, Vernon's Texas Revised Civil Statutes, requires the City Council to approve all programs and expenditures of the corporation;

WHEREAS, the City Council approved the Corporation's amended Guidelines and Criteria for Granting Business Incentives on November 9, 2010;

WHEREAS, Majek is the manufacturer of flat and bay boats with manufacturing facilities located within the City;

WHEREAS, Turner-Majek LLC holds legal title to the real property on which Majek has their facilities and business operations located within the City and has a binding lease agreement with Majek for Majek's use of said real property;

WHEREAS, Majek and Turner-Majek LLC propose to invest approximately \$1,050,000 to expand their existing manufacturing facilities over a five year period, including the construction of a 10,500 square foot lamination shop, including furniture, fixtures, and equipment;

WHEREAS, the Board has determined that it is in the best interests of the citizens of Corpus Christi, Texas that business development funds be provided to Majek and Turner-Majek LLC, through this Agreement with Majek and Turner-Majek LLC, to be used by Majek and Turner-Majek LLC to expand their existing manufacturing facilities over a five year period, including the construction of a 10,500 square foot lamination shop, including furniture, fixtures, and equipment, which will result in creation of up to 26 new full-time permanent jobs in the City of Corpus Christi and the retention of 24 existing full-time jobs, with an estimated annual average salary of \$24,300.

In consideration of the covenants, promises, and conditions stated in this Agreement, Corporation, Majek and Turner-Majek LLC agree as follows:

1. **Effective Date.** The effective date of this Agreement ("Effective Date") is January 1, 2012.
2. **Term.** The term of this Agreement is for five years beginning on January 1, 2012.
3. **Performance Requirements and Grants.** The Performance Requirements and Grants are listed in Exhibit A, which is attached to and incorporated into this Agreement.
4. **Job Creation Qualification.**
 - a. In order to count as a created job under this Agreement, the job must pay wages at least as high as the wages required by Section 501.162, Texas Local Government Code, formerly Section 38(b) of the Development Corporation Act of 1979, as amended, which is the median wage of the occupation in the Corpus Christi MSA as determined by Texas Workforce Commission's Texas Industry Profiles report.
 - b. A full-time permanent job is one that provides at least 2,080 hours annually.
 - c. Majek and Turner-Majek LLC agree to confirm and document to the Corporation that the minimum number of jobs created as a result of funding provided by this Agreement is maintained throughout the term by the Business.
 - d. Majek and Turner-Majek LLC agree to provide Corporation with a sworn certificate by authorized representative of each business assisted under this

Agreement certifying the number of full-time permanent employees employed by the business.

e. Majek and Turner-Majek LLC shall ensure that the Corporation is allowed reasonable access to personnel records of the businesses assisted under this Agreement.

5. Buy Local Provision.

a. Majek and Turner-Majek LLC agree to use their best efforts to give preference and priority to local manufacturers, suppliers, contractors, and labor, except where not reasonably possible to do so without added expense, substantial inconvenience, or sacrifice in operating efficiency in the normal course of business.

b. For the purposes of this section, the term "local" as used to describe manufacturers, suppliers, contractors, and labor includes firms, businesses, and persons who reside in or maintain an office within a 50- mile radius of Nueces County.

6. Warranties. Majek warrants and represents to Corporation the following:

a. Majek is a corporation duly organized, validly existing, and in good standing under the laws of the State of Texas, has all corporate power and authority to carry on its business as presently conducted in Corpus Christi, Texas.

b. Majek has the authority to enter into and perform, and will perform, the terms of this Agreement to the best of its ability.

c. Majek has timely filed and will timely file all local, State, and Federal tax reports and returns required by laws to be filed and all Texas, assessments, fees, and other governmental charges, including applicable ad valorem taxes, have been timely paid, and will be timely paid, during the term of this Agreement.

d. Majek has received a copy of the Texas Development Corporation Act, Subtitle C1, Title 12, Texas Local Government Code, and acknowledges that the funds granted in this Agreement must be utilized solely for purposes authorized under State law and by the terms of this Agreement.

e. The parties executing this Agreement on behalf of Majek are duly authorized to execute this Agreement on behalf of Majek.

Turner-Majek LLC warrants and represents to Corporation the following:

f. Turner-Majek LLC is a limited liability corporation duly organized, validly existing, and in good standing under the laws of the State of Texas, has all corporate power and authority to carry on its business as presently conducted in Corpus Christi, Texas.

g. Turner-Majek LLC has the authority to enter into and perform, and will perform, the terms of this Agreement to the best of its ability.

h. Turner-Majek LLC has timely filed and will timely file all local, State, and Federal tax reports and returns required by laws to be filed and all Texas, assessments, fees, and other governmental charges, including applicable ad valorem taxes, have been timely paid, and will be timely paid, during the term of this Agreement.

i. Turner-Majek LLC has received a copy of the Texas Development Corporation Act, Subtitle C1, Title 12, Texas Local Government Code, and acknowledges that the funds granted in this Agreement must be utilized solely for purposes authorized under State law and by the terms of this Agreement.

j. The parties executing this Agreement on behalf of Turner-Majek LLC are duly authorized to execute this Agreement on behalf of Turner-Majek LLC.

7. **Compliance with Laws.** Majek and Turner-Majek LLC shall observe and obey all applicable laws, ordinances, regulations, and rules of the Federal, State, county, and city governments.

8. **Non-Discrimination.** Majek covenants and agrees that Majek will not discriminate or permit discrimination against any person or group of persons, with regard to employment and the provision of services at, on, or in the Facility, on the grounds of race, religion, national origin, marital status, sex, age, disability, or in any manner prohibited by the laws of the United States or the State of Texas. Turner-Majek LLC covenants and agrees that Turner-Majek LLC will not discriminate or permit discrimination against any person or group of persons, with regard to employment and the provision of services at, on, or in the Facility, on the grounds of race, religion, national origin, marital status, sex, age, disability, or in any manner prohibited by the laws of the United States or the State of Texas.

9. **Force Majeure.** If the Corporation, Majek or Turner-Majek LLC are prevented, wholly or in part, from fulfilling its obligations under this Agreement by reason of any act of God, unavoidable accident, acts of enemies, fires, floods, governmental restraint or regulation, other causes of force majeure, or by reason of circumstances beyond its control, then the obligations of the Corporation, Majek or Turner-Majek LLC are temporarily suspended during continuation of the force majeure. If any party's obligation is affected by any of the causes of force majeure, the party affected shall promptly notify the other parties in writing, giving full particulars of the force majeure as soon as possible after the occurrence of the cause or causes relied upon.

10. **Assignment.** Neither Majek nor Turner-Majek LLC may assign all or any part of its rights, privileges, or duties under this Agreement without the prior written approval of the Corporation and City. Any attempted assignment without approval is void, and constitutes a breach of this Agreement.

11. Indemnity. Majek covenants to fully indemnify, save, and hold harmless the Corporation, the City, their respective officers, employees, and agents (“Indemnitees”) against all liability, damage, loss, claims demands, and actions of any kind on account of personal injuries (including, without limiting the foregoing, workers’ compensation and death claims), or property loss or damage of any kind, which arise out of or are in any manner connected with, or are claimed to arise out of or be in any manner connected with Majek activities conducted under or incidental to this Agreement, including any injury, loss or damage caused by the sole or contributory negligence of any or all of the Indemnitees. Majek must, at its own expense, investigate all those claims and demands, attend to their settlement or other disposition, defend all actions based on those claims and demands with counsel satisfactory to Indemnitees, and pay all charges of attorneys and all other cost and expenses of any kind arising from the liability, damage, loss, claims, demands, or actions.

Turner-Majek LLC covenants to fully indemnify, save, and hold harmless the Corporation, the City, their respective officers, employees, and agents (“Indemnitees”) against all liability, damage, loss, claims demands, and actions of any kind on account of personal injuries (including, without limiting the foregoing, workers’ compensation and death claims), or property loss or damage of any kind, which arise out of or are in any manner connected with, or are claimed to arise out of or be in any manner connected with Turner-Majek LLC activities conducted under or incidental to this Agreement, including any injury, loss or damage caused by the sole or contributory negligence of any or all of the Indemnitees. Turner-Majek LLC must, at its own expense, investigate all those claims and demands, attend to their settlement or other disposition, defend all actions based on those claims and demands with counsel satisfactory to Indemnitees, and pay all charges of attorneys and all other cost and expenses of any kind arising from the liability, damage, loss, claims, demands, or actions.

12. Events of Default by Majek or Turner-Majek LLC. The following events constitute a default of this Agreement by Majek or Turner-Majek LLC:

- a. The Corporation or City determines that any representation or warranty on behalf of Majek or Turner-Majek LLC contained in this Agreement or in any financial statement, certificate, report, or opinion submitted to the Corporation in connection with this Agreement was incorrect or misleading in any material respect when made;
- b. Any judgment is assessed against Majek or Turner-Majek LLC or any attachment or other levy against the property of Majek or Turner-Majek LLC with respect to a claim remains unpaid, undischarged, or not dismissed for a period of 120 days.
- c. Majek or Turner-Majek LLC makes an assignment for the benefit of creditors.

d. Majek or Turner-Majek LLC files a petition in bankruptcy, or is adjudicated insolvent or bankrupt.

e. If taxes owed by Majek or Turner-Majek LLC become delinquent, and Majek or Turner-Majek LLC fails to timely and properly follow the legal procedures for protest or contest.

f. Majek or Turner-Majek LLC changes the general character of business as conducted as of the date this Agreement is approved by the Corporation.

13. **Notice of Default.** Should the Corporation or City determine that Majek or Turner-Majek LLC is in default according to the terms of this Agreement, the Corporation or City shall notify Majek and/or Turner-Majek LLC in writing of the event of default and provide 60 days from the date of the notice ("Cure Period") for Majek and/or Turner-Majek LLC to cure the event of default.

14. **Results of Uncured Default by Majek or Turner-Majek LLC.** After exhausting good faith attempts to address any default during the Cure Period, and taking into account any extenuating circumstances that might have occurred through no fault of Majek or Turner-Majek LLC, as determined by the Board of Directors of the Corporation, the following actions must be taken for any default that remains uncured after the Cure Period.

a. Majek and Turner-Majek LLC shall immediately repay all funds paid by Corporation to them under this Agreement.

b. Majek and Turner-Majek LLC shall pay Corporation reasonable attorney fees and costs of court to collect amounts due to Corporation if not immediately repaid upon demand from the Corporation.

c. Upon payment by Majek and Turner-Majek LLC of all sums due, the Corporation and Majek and Turner-Majek LLC shall have no further obligations to one another under this Agreement.

d. The City, the Corporation, Majek and Turner-Majek LLC each may not be held liable for any consequential damages.

15. **No Waiver.**

a. No waiver of any covenant or condition, or the breach of any covenant or condition of this Agreement, constitutes a waiver of any subsequent breach of the covenant or condition of the Agreement.

b. No waiver of any covenant or condition, or the breach of any covenant or condition of this Agreement, justifies or authorizes the nonobservance on any other occasion of the covenant or condition or any other covenant or condition of this Agreement.

c. Any waiver or indulgence of Majek's or Turner-Majek LLC's default may not be considered an estoppel against the Corporation.

d. It is expressly understood that if at any time Majek or Turner-Majek LLC is in default in any of its conditions or covenants of this Agreement, the failure on the part of the Corporation to promptly avail itself of the rights and remedies that the Corporation may have, will not be considered a waiver on the part of the Corporation, but Corporation may at any time avail itself of the rights or remedies or elect to terminate this Agreement on account of the default.

16. Majek and Turner-Majek LLC specifically agree that Corporation shall only be liable to Majek and Turner-Majek LLC for the actual amount of the money grants to be conveyed to Majek and Turner-Majek LLC, and shall not be liable to Majek and Turner-Majek LLC for any actual or consequential damages, direct or indirect, interest, attorney fees, or cost of court for any act of default by Corporation under the terms of this Agreement. Payment by Corporation is strictly limited to those funds so allocated, budgeted, and collected solely during the grant term of this Agreement. Corporation shall use its best efforts to anticipate economic conditions and to budget accordingly. However, it is further understood and agreed that, should the actual total sales tax revenue collected for any one year be less than the total amount of grants to be paid to all contracting parties with Corporation for that year, then in that event, all contracting parties shall receive only their pro rata share of the available sales tax revenue for that year, less Corporation's customary and usual costs and expenses, as compared to each contracting parties' grant amount for that year, and Corporation shall not be liable to for any deficiency at that time or at any time in the future. In this event, Corporation will provide all supporting documentation, as requested. Payments to be made shall also require a written request from Majek and Turner-Majek LLC to be accompanied by all necessary supporting documentation.

17. Notices.

a. Any required written notices shall be sent mailed, certified mail, postage prepaid, addressed as follows:

Majek:

Majek Boatworks, Inc.
Attn: Javier Trevino
7021 Saluki Street
Corpus Christi, TX 78414

Turner-Majek LLC:

Turner-Majek Real Estate, LLC
Attn: Javier Trevino
PO Box 171720
San Antonio, TX 78217

Corporation:

**City of Corpus Christi
Business and Job Development Corporation
Attn.: Executive Director
1201 Leopard Street
Corpus Christi, Texas 78401**

b. A copy of all notices and correspondence must be sent the City at the following address:

**City of Corpus Christi
Attn.: City Manager
P.O. Box 9277
Corpus Christi, Texas 78469-9277**

c. Notice is effective upon deposit in the United States mail in the manner provided above.

18. Incorporation of other documents. The Corpus Christi Business and Job Development Corporation Guidelines and Criteria for Granting Business Incentives ("Corporation Guidelines"), as amended, are incorporated into this Agreement.

19. Amendments or Modifications. No amendments or modifications to this Agreement may be made, or any provision waived, unless in writing signed by a person duly authorized to sign Agreements on behalf of each party.

20. Relationship of Parties. In performing this Agreement, the Corporation, Majek and Turner-Majek LLC each will act in an individual capacity, and not as agents, representatives, employees, employers, partners, joint-venturers, or associates of one another. The employees or agents of any party may not be, or be construed to be, the employees or agents of another party for any purpose.

21. Captions. The captions in this Agreement are for convenience only and are not a part of this Agreement. The captions do not in any way limit or amplify the terms and provisions of this Agreement.

22. Severability.

a. If for any reason, any section, paragraph, subdivision, clause, provision, phrase or word of this Agreement or the application of this Agreement to any person or circumstance is, to any extent, held illegal, invalid, or unenforceable under present or future law or by a final judgment of a court of competent jurisdiction, then the remainder of this Agreement, or the application of the term or provision to persons or circumstances other than those as to which it is held illegal, invalid, or unenforceable, will not be affected by the law or judgment, for it is the definite intent of the parties to this Agreement that every section,

paragraph, subdivision, clause, provision, phrase, or word of this Agreement be given full force and effect for its purpose.

b. To the extent that any clause or provision is held illegal, invalid, or unenforceable under present or future law effective during the term of this Agreement, then the remainder of this Agreement is not affected by the law, and in lieu of any illegal, invalid, or unenforceable clause or provision, a clause or provision, as similar in terms to the illegal, invalid, or unenforceable clause or provision as may be possible and be legal, valid, and enforceable, will be added to this Agreement automatically.

23. Venue. Venue for any legal action related to this Agreement is in Nueces County, Texas.

24. Sole Agreement. This Agreement constitutes the sole Agreement between Corporation, Majek and Turner-Majek LLC. Any prior Agreements, promises, negotiations, or representations, verbal or otherwise, not expressly stated in this Agreement, are of no force and effect.

25. Survival of terms of Agreement and obligations of parties. The terms of this Agreement and the obligation of the parties relating to Section 14.a and b shall survive the termination of this Agreement.

Corpus Christi Business & Job Development Corporation

By: _____
Eloy Salazar
President

Date: _____

Attest:

By: _____
Armando Chapa
Assistant Secretary

Majek Boatworks, Inc.

By: J-T-E
Javier Trevino
President

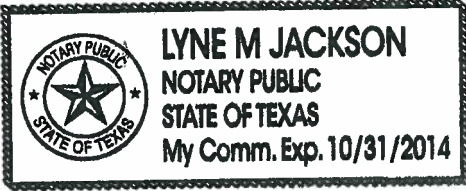
Date: 5/31/12

THE STATE OF TEXAS

COUNTY OF NUECES

This instrument was acknowledged before me on May 31st, 2012, by Javier Trevino, President, Majek Boatworks, Inc., a Texas domestic for-profit corporation, on behalf of the corporation.

Lyne M Jackson
Notary Public
State of Texas



Turner-Majek Real Estate, LLC

By: J-T-E
Javier Trevino
President

Date: 5/31/12

THE STATE OF TEXAS

COUNTY OF NUECES

This instrument was acknowledged before me on May 31st, 2012, by Javier Trevino, President, Turner-Majek Real Estate, LLC, a Texas limited liability corporation, on behalf of the limited liability corporation.

Lyne M Jackson
Notary Public
State of Texas

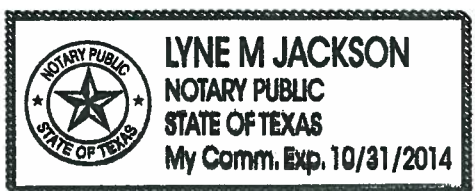


EXHIBIT A

PERFORMANCE MEASURES AND CORPORATION GRANTS

1. Majek and Turner-Majek LLC (collectively "the Company") shall invest at least \$1,050,000 to expand their existing manufacturing facilities over a five year period, including the construction of a 10,500 square foot lamination shop, and including furniture, fixtures, and equipment. Majek and Turner-Majek LLC shall further, over the term of this Agreement, retain 24 full-time jobs and create up to 26 new full-time jobs, with an average annual salary of \$24,300 as described in the schedule below.

Year	Number of New Jobs	Number of Retained Jobs	Annual Payroll	Capital Investment
1	0	24	555,000	375,000
2	8	24	571,000	75,000
3	10	32	740,000	75,000
4	4	42	1,000,000	75,000
5	4	46	1,100,000	450,000

a. Grants, not to exceed \$30,000 per year and a cumulative total of \$150,000 over five years, are available on a per job created basis.

b. Should the Company fall below the Performance Standards in any one year, the Company shall receive a reduced percentage of the Cash Incentive in effect that year. Such reduction will be in that percentage equal to the percentage the Company's performance falls below the Performance Standards. However if the Company falls below 70% then there is no payment for that year.

By way of example only: assume a partial Cash Incentive payment is required in the fifth year of this Agreement and the Performance Standards have not been reached. For the purposes of calculating this reduced Cash Incentive, it is agreed that \$6,600 or 22% of the Cash Incentive is being given premised on the payroll requirements of this Agreement and \$23,400 or 78% is attributable to the capital investment requirements.

The reduced Cash Incentive shall be calculated as follows:

Annual payroll commitment:

5th year: \$1,100,000
5th year actual: \$ 770,000
Percent of Total 70%

Annual Investment commitment:

5th year: \$450,000
5th year actual: \$450,000
Percent of Total 100%

5th year incentive calculation:

Reduced Cash Incentive calculation:

$$70\% \times 22\% \times \$30,000 = \$4,620$$

Total Cash Incentive

Economic Incentive Calculation:

$$100\% \times 78\% \times \$30,000 = \$23,400$$

$$\$4,620 + \$23,400 = \$28,020$$

In the 5th year, the Company would receive a reduced Cash Incentive of \$28,020 from the Corporation for not meeting the performance goals for annual payroll requirements.

2. The Corporation will grant up to \$210,000 for the improvement of Saluki Street to a dedicated City street constructed to the Rodd Field Public Improvement District street standards.
3. The Corporation will award a grant to Majek and Turner-Majek LLC based on the formula above, payable not later than June 15 of each year if Majek and Turner-Majek LLC make the required capital investment in buildings, furniture, fixtures and equipment, retain the minimum number of jobs in the preceding year described in paragraph 1, above (collectively, the "annual performance benchmarks").
4. Majek and Turner-Majek LLC must present to the City a business plan that includes the current expansion plan, time line, and future expansion plans before the road construction will start.