

EXHIBIT A

APPLICATION FOR TAX ABATEMENT IN BRAZORIA COUNTY

INSTRUCTIONS FOR COMPLETION OF APPLICATION:

1. Attach additional pages if there is not enough space allotted to answer questions on the application.
2. Applicants and projects must meet the requirements established by the Brazoria County Guidelines and Criteria (attached) in order to receive positive consideration. **PLEASE READ THE CRITERIA PRIOR TO COMPLETING THE APPLICATION.**
3. Applicants must submit an application processing fee in the amount of ONE THOUSAND & NO/100 (\$1,000.00) DOLLARS.
4. Applicants must submit an adequately definitive legal description that sufficiently describes the tract(s) of land comprising the proposed tax abatement area (reinvestment zone) upon which the new facility, expansion or modernization project will be located. Applications with insufficient or indefinite legal descriptions will be returned to the applicant for amendment and such applications will not be considered for hearing until corrected.
5. Applicant must submit the attached "Certification of Appraised Value of Properties" form, which is a part of this application. This certification should cover the proposed tax abatement area and it is the responsibility of the applicant to obtain this information from the Brazoria County Appraisal District.

PART I APPLICANT'S INFORMATION

The taxing unit may consider applicant's financial capacity in determining whether to enter into an abatement agreement. Established companies for which public information is available, or the wholly owned businesses of such companies, should include with the new application a copy of their latest annual report to the stockholders. Other applicants and new companies should attach a statement showing (1) when the company was established; (2) business references [name, contact and telephone number of principal bank, accountant and attorney]; and (3) may be required to submit an audited financial statement and business plan. **Attach as Exhibit "A".**

PARTS II & III PROJECT INFORMATION

Only facilities listed in Section 2(a) of the Guidelines may receive abatement without applying for a variance. Check guidelines definitions in Section 1 to see if project qualifies.

If the project is a Regional Entertainment Facility, Regional Service Facility, Regional Distribution Center Facility, or other basic industry, include the following items: (1) market studies; (2) business plans; and (3) agreements or other materials demonstrating that the facility is intended to serve a market of which the majority is substantially outside the Brazoria County region. See Part III of the Application – Required Exhibits.

PART IV ECONOMIC IMPACT INFORMATION

Permanent Employment Estimates

In estimating the permanent employment, include the total number of jobs retained or created at this site by your firm as well as known permanent jobs of service contractors required for operation.

Estimated Appraised Value on Site

The value on January 1 preceding abatement should be the value established by the Brazoria County Central Appraisal District. If the applicant must estimate value because the taxable value is not known or is combined with other properties under a single tax account, please so state. To qualify, the abated properties must be expected to result in an addition to the tax base of at least one million dollars after the period of abatement expires. Projections of value should be a "best estimate" based on taxability in Texas. The projection of project values not abated should include personal property and ineligible project related improvements such as an office in excess of that used for plant administration, housing, etc. **Attach as Exhibit "B".**

PARTS V & VI

Self-explanatory.

APPLICATION FOR TAX ABATEMENT IN BRAZORIA COUNTY, TEXAS

FILING INSTRUCTIONS:

This application should be filed at least NINETY (90) DAYS prior to the beginning of construction or the installation of equipment. This filing acknowledges familiarity and assumed conformance with "GUIDELINES AND CRITERIA FOR GRANTING TAX ABATEMENT IN A REINVESTMENT ZONE IN BRAZORIA COUNTY" (Copy attached). This application will become part of any later agreement or contract and knowingly false representations thereon will be grounds for the voiding of any later agreement or contract.

ORIGINAL COPY OF THIS APPLICATION AND ATTACHMENTS SHOULD BE SUBMITTED TO:

COUNTY JUDGE L.M. "MATT" SEBESTA, JR.
BRAZORIA COUNTY COURTHOUSE
111 E. LOCUST SUITE 102A
ANGLETON, TEXAS 77515

PART I - APPLICANT INFORMATION

Company Name: Brask, Inc.-Neela Submittal Date: 2-14-24
Address/City: 2300 Alleman Parkway, Sulphur, LA 70663
Phone: 281-201-0006
Name/Address/Phone of Company Contact on this Project: Kevin Sareen,
2300 Alleman Parkway, Sulphur, LA 70663
281-201-0006
E-mail address of Company Contact: ksareen@jeeinc.net
Type of Structure: Corporation ☒ Partnership ☐ Proprietorship ☐
Total number employed: 104 Corporate Annual Sales Per Year: _____
Annual Report Submitted: Yes ☐ No ☐ (see instructions)

PART II - PROJECT INFORMATION

Check type of facility to be abated:

Manufacturing	<input checked="" type="checkbox"/>	Regional Distribution	<input type="checkbox"/>
Regional Service	<input type="checkbox"/>	Regional Entertainment Center	<input type="checkbox"/>
Research	<input type="checkbox"/>	Other Basic Industry	<input type="checkbox"/>

Proposed Facility Address and Legal Description: Attach Exhibit "C".

Attach a map showing site. Attach Exhibit "D".

Abatement Term Requested: 10 years Percentage Requested: 100%

Proposed facility located in the following taxing jurisdictions:

School District:	Alvin ISD
College District:	Alvin Community College
Drainage District:	Brazoria County Drainage District # 4
Hospital District:	
City:	Pearland
Other Taxing Jurisdictions:	Brazoria County
	Brazoria County Road & Bridge
Describe Product or service to be provided:	

This application is for a: New Plant () Expansion ☒ Modernization ()

PART III – OTHER POSSIBLE LOCATIONS FOR PROJECT

If Company is considering another county in Texas to build/construct this project, identify all possible counties:

If Company is considering another state to build/construct this project, identify the city, county and state:

Sulphur, Calcasieu Parish, Louisiana.

If any documentation has been provided to other potential Counties or States, provide copies attached as Exhibit "J".

N/A

PART IV – PROJECT DESCRIPTION

Please attach a statement (1) fully explaining the project; (2) describing the site and existing improvements; (3) describing all proposed improvements; and (4) providing a list of improvements and fixed equipment for which abatement is requested. **Attach Exhibit "E".**

If applicable, please describe, any additional property located outside of the proposed reinvestment zone that would add to the overall value of the project.

PART V – ECONOMIC IMPACT INFORMATION

A. Estimated cost of improvements: 12.5 Million

B. Permanent employment estimates:

If existing facility, the current plant employment: 104

Estimated number of plant jobs retained: () 52 Jobs created: ()

Number of employees anticipated at start-up: () within one year ()

25 Total

3 at end of Year 1

C. Construction employment estimates:

Construction to start: Month: March Year: 2024

Construction to be completed: Month: February Year: 2025

Number of construction jobs anticipated:

At start: 25 Peak: 40 Finish: 15

D. School District impact estimates: 0
Number of families transferred to area: _____
Number of children added to ISDs: _____

E. City Impact estimates: _____
Volume of treated water required from city: < 1000 GPD
Volume of effluent water to be treated by city: < 1000 GPD

Please provide statement by Addendum relative to planned water and sewer treatment methods and disposal of effluent if the facility is to be located outside city systems. If effluent is not treated by municipal facilities, by Addendum, include an explanation of the manner of treatment and by whom. Attach Exhibit "F".

Has permitting been started Yes () No (✓)

F. Estimated appraised value on site: LAND PERSONAL IMPROVEMENTS
PROPERTY

Valuation of existing property as of
January 1, preceding this abatement
application: \$ 265,060 \$ 0 \$ 0

Estimated value of Personal Property
and improvements, **not subject to**
abatement, excluding exempt Pollution
Control Equipment, upon completion
of the project subject to this application: \$ 2,500,000 \$ 10,000,000

Estimated value of abated improvements at
the completion of construction: \$ 10,000,000

Estimated value of Tangible Personal
Property, **subject to abatement**: \$ 0

Estimated value of abated improvements
after abatement agreement expires: \$ 8,500,000

Estimated value of abated Tangible Personal
Property, after abatement agreement expires: \$ 1,500,000

Estimated value, upon completion of project,
of exempt pollution control equipment: \$ _____

G. Minimum Production Life of Equipment: 10 years

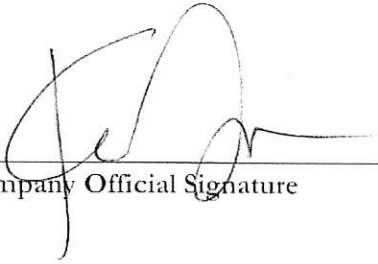
H. Variance: Is a variance being sought under any provision of the "Guidelines"?
Yes () No (✓) If "Yes", attach any supplementary information required. **Attach Exhibit "G".**

I. Statement on planned efforts to use Brazoria County Vendors and Services: Please attach a statement describing willingness and planned efforts to use qualified Brazoria County vendors and services where applicable in the construction and operation of the facility. (See Section 2 (h) (6) of the Guidelines and Criteria for Granting Tax Abatement.). **Attach Exhibit "H".**

J. Tangible Personal Property Abatement Request: Attach a detailed list describing all tangible personal property sought to be abated. Said list must include projected life, cost, and value after abatement agreement expires. **Attach Exhibit "P".**

PART VI – DECLARATION

To the best of my knowledge, the above information is an accurate description of project details.

A handwritten signature in black ink, appearing to read 'Kevin Sareen', is written over a horizontal line.

Company Official Signature

Kevin Sareen, President

Printed Name & Title of Company Official

REQUIRED ATTACHMENTS

- EXHIBIT "A" – Latest Annual Report or Information on Establishment of the Company, Business References, audited financial statement and business plan
- EXHIBIT "B" – Certification of Appraised Value of Properties as of January 1, 20__
- EXHIBIT "C" – Proposed Facility Address and Legal Description
- EXHIBIT "D" – Map Showing Site
- EXHIBIT "E" – Project Description including Time Schedule for Undertaking and Completing Project
- EXHIBIT "F" – Planned Water and Sewer Treatment Methods and Disposal of Effluent
- EXHIBIT "G" – Letter/Statement regarding Variance Requests
- EXHIBIT "H" – Statement on Planned Use of Brazoria County Vendors
- EXHIBIT "I" – Detailed Itemized List of Tangible Personal Property requesting to be abated
- EXHIBIT "J" – Application for Abatement with Other Taxing Jurisdictions

EXHIBIT "A" – Latest Annual Report or Information on Establishment of the Company, Business References, audited financial statement and business plan

BRASK, INC.
BRASK, INC. – NEELA
NEELILA, LLC

COMBINED FINANCIAL STATEMENTS AND
INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Year Ended December 31, 2022

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

June 5, 2023

To the Board of Directors
Brask, Inc.
Brask, Inc. – Neela
Neelila, LLC
Sulphur, LA

We have reviewed the accompanying combined financial statements of Brask, Inc., Brask, Inc. – Neela, and Neelila, LLC, which comprise the combined balance sheet as of December 31, 2022, and the related combined statements of income, changes in stockholders/members' equity and cash flows for the year then ended, and the related notes to the financial statements.

A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the combined financial statements that are free from material misstatement, whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the combined financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Brask, Inc., Brask, Inc. – Neela, and Neelila, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

To the Board of Directors
June 5, 2023
Page Two

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying combined financial statements in order for them to be in accordance with the accounting principles generally accepted in the United States of America.

Supplemental Information

The supplemental information included in the accompanying schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplemental information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplemental information. We have not audited the information and do not express an opinion on such information.

Haggen, Casiday & Shillory

BRASK, INC.
BRASK, INC. - NEELA
NEELILA, LLC

BALANCE SHEET - COMBINED

December 31, 2022

ASSETS

CURRENT ASSETS

Cash - unrestricted	\$ 3,578,598
Investments	10,331,762
Accounts receivable	
Contracts, net of allowance for doubtful accounts of \$0	21,149,019
Other	567,115
Contract assets	6,060,944
Due from shareholders	18,052
Due from Sarbak, LLC	129
Inventory	461,920
Prepaid income and franchise tax, state	150,000
Prepaid expenses and other current assets	186,000
Total current assets	<u>42,503,539</u>

PROPERTY, PLANT AND EQUIPMENT

Land	2,565,892
Furniture and fixtures	451,759
Machinery and equipment	11,627,200
Transportation equipment	211,283
Small tools	21,134
Other equipment	96,332
Buildings and improvements	9,229,876
	<u>24,203,476</u>
Less accumulated depreciaton	<u>(14,248,476)</u>
	9,955,000

OTHER ASSETS

Goodwill, net	89,960
Note receivable - CoFlo Technologies, LLC	725,000
Investment-LLC	17,944
Organization costs, net	-
Start-up costs, net	-
	<u>832,904</u>
	<u><u>\$ 53,291,443</u></u>

See accompanying notes and independent accountants' review report.

Continued

BRASK, INC.
BRASK, INC. - NEELA
NEELILA, LLC

BALANCE SHEET - COMBINED - CONTINUED

December 31, 2022

LIABILITIES AND STOCKHOLDER'S EQUITY

CURRENT LIABILITIES

Current maturities of long-term debt	\$ 252,292
Notes payable - line of credit	996,181
Due to Sarbak, LLC	-
Due to shareholder	-
Accounts payable	5,851,118
Accrued expenses	456,063
Deferred tax	113,364
Notes payable - shareholders	941,009
Contract liabilities	8,153,748
Total current liabilities	<u>16,763,775</u>

LONG-TERM DEBT

Notes payable - long term, less current maturities	<u>2,109,469</u>
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STOCKHOLDER'S EQUITY

Common stock	
Voting(Neela) - no par value; 100,000 shares authorized; 2000 shares issued and outstanding at December 31, 2022	2,000
Voting(Brask) - no par value; 2,000 shares authorized; 341 shares issued and outstanding at December 31, 2022	
Non-voting(Brask) - no par value; 8,000 shares authorized; 499 shares issued and outstanding at December 31, 2022	591,458
Retained earnings/Members' equity	<u>37,134,741</u>
	37,728,199
Less: Treasury stock (Brask) - 49 shares voting; 511 shares non-voting at December 31, 2022, at cost	<u>(3,310,000)</u>
	<u>34,418,199</u>
	<u><u>\$ 53,291,443</u></u>

See accompanying notes and independent accountants' review report.

BRASK, INC.
BRASK, INC. - NEELA
NEELILA, LLC

STATEMENT OF INCOME - COMBINED

Year Ended December 31, 2022

Contract income	\$ 74,425,348
Direct contract costs	<u>(55,797,540)</u>
Gross profit	18,627,808
General and Administrative Expenses	<u>10,858,146</u>
Income (loss) from operations	7,769,662
Other income (expense)	
Bonuses paid and accrued (non stockholder)	(223,920)
Investment income (loss)	(2,339,784)
Interest expense	(75,373)
Employee retention credit	2,012,825
Gain or (loss) on sale of investments	540,849
Other income	<u>542,227</u>
	<u>456,824</u>
Income before stockholder bonus and income taxes	8,226,486
Stockholder bonus	<u>-</u>
Income before income taxes	8,226,486
Income tax benefit (expense)	
Current	-
Deferred	<u>134,570</u>
	<u>134,570</u>
Net income (loss)	<u><u>\$ 8,361,056</u></u>

See accompanying notes and independent accountants' review report.

BRASK, INC.
BRASK, INC. - NEELA
NEELILA, LLC

STATEMENT OF CHANGES IN RETAINED EARNINGS/MEMBERS' EQUITY - COMBINED

Year Ended December 31, 2022

Ending Balance, December 31, 2021	\$ 32,340,805
Distributions	(4,567,120)
Capital contribution	1,000,000
Net income (loss)	<u>8,361,056</u>
Ending Balance, December 31, 2022	<u><u>\$ 37,134,741</u></u>

See accompanying notes and independent accountants' review report.

BRASK, INC.
BRASK, INC. - NEELA
NEELILA, LLC

STATEMENT OF CASH FLOWS - COMBINED

Year Ended December 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Net income (loss)	\$ 8,361,056
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	
Amortization expense	50,638
Depreciation expense	1,047,885
Gain or (loss) on sale of investments	(540,849)
(Increase) decrease in assets:	
Accounts receivable	(8,165,916)
Other receivables	(567,115)
Inventory	(226,204)
Prepaid expenses	809,249
Contract assets	(3,310,385)
Increase (decrease) in liabilities:	
Accounts payable	1,288,363
Accrued expenses	75,321
Deferred tax liability	(134,569)
Income tax payable, state	-
Contract liabilities	3,657,422
CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>2,344,896</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of fixed assets	(1,294,421)
(Purchase) sale of investments	(3,516,893)
(Income) loss on investments	2,646,649
(Income) loss on investments	13,868
Capital contributions	1,000,000
Proceeds from sale of investment	3,607,914
CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	<u>2,457,117</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Distributions	(4,567,120)
Change in loans from affiliates	(545,781)
Net change in loans to shareholders	(870,835)
Net borrowings (payments) on notes payable-line of credit	996,181
Principal payments on notes payable-shareholders	(394,845)
CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	<u>(5,382,400)</u>

NET INCREASE (DECREASE) IN CASH (580,387)

CASH AT BEGINNING OF YEAR 4,158,985

CASH AT END OF YEAR \$ 3,578,598

SUPPLEMENTAL DISCLOSURES:

Cash paid for interest	<u>\$ 75,373</u>
Cash paid for income taxes	<u><u>\$ -</u></u>

See accompanying notes and independent accountants' review report.

BRASK, INC.
BRASK, INC. – NEELA
NEELILA, LLC

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Brask, Inc. (Brask) began operations in 1961, and is located in Calcasieu Parish, Louisiana. It operates in the manufacturing industry performing engineering, fabrication, and repair and maintenance on products for companies in local industry and nationwide. The Company concentrates in various product lines. The upstream business concentrates on equipment such as “Tank Within a Tank”, portable tanks, blending units, cargo tanks, transport trailers and single and double pump skid units. The downstream business utilizes management’s vast experience in the fabrication and repair of shell and tube heat exchangers. The Company contracts with its customers for such items and produces the equipment according to approved specifications.

Brask, Inc. – Neela (Neela) was incorporated in 2007, began operations in August 2011 and is located in Pearland, TX. It operates in the manufacturing industry performing engineering, fabrication, and repair and maintenance on products for companies in local industry and nationwide. The Company is primarily engaged to provide services to end users in terms of repairs and replacement parts. The vision for Brask, Inc. – Neela is to provide high quality, quick turnaround services in replacement of shell and tube heat exchangers.

Neelila, LLC (Neelila) began operations in August of 2011, and is located in Pearland, TX. It owns land and a building which receives rent from a manufacturing facility (a related entity) which performs engineering, fabrication, and repair and maintenance on products for companies in local industry and nationwide.

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred. This basis of accounting conforms to accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of 90 days or less.

Principles of Combining

The combined financial statements include Brask, Inc., Brask, Inc. – Neela, and Neelila, LLC. All significant intercompany and/or related party transactions and balances have been eliminated in combining.

BRASK, INC.
BRASK, INC. – NEELA
NEELILA, LLC

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Investments

Investments consist of equities, mutual funds and mutual bonds with a cost of \$10,446,870 at December 31, 2022, which do not meet the Company's definition of cash equivalents. The investments are carried at their fair values on the balance sheet. Unrealized gains and losses are included in the statement of income. Accumulated unrealized appreciation (depreciation) in assets classified as investments at December 31, 2022 was \$(115,108).

Revenue and Cost Recognition

The Company adopted Accounting Standards Codification Topic 606, "Revenue from Contracts with Customers" ("ASC 606") on January 1, 2019. In accordance with ASC 606, revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. ASC 606 requires recognition of revenues based on performance obligations. Brask, Inc. and Brask, Inc. - Neela meet the "over time" recognition requirement of this performance obligation.

The Company recognizes revenues over time as the performance creates or enhances an asset that the customer controls as it is created or enhanced. The fixed fee construction projects generally use a percentage-of-completion method to measure the progress towards complete satisfaction for the performance obligation as the Company believes it best depicts the transfer of control to the customer which occurs as the Company incurs costs on the contract. Under the percentage-of-completion method, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation.

The asset "Contract asset," represents revenues recognized in excess of amounts billed. The liability, "Contract liability," represents billings in excess of revenues recognized.

The Company recognizes revenue on Cost-Plus projects based upon an established percentage of profit relative to cost incurred.

The Company recognizes revenue from non-fixed fee projects at the closing of a sale. During construction, all direct material and labor costs and those indirect costs related to acquisition and construction are capitalized. Capitalized costs are charged to earnings upon closing of a sale.

For income tax purposes, the Company recognizes income on manufacturing contracts when the product is shipped and accepted by customers.

BRASK, INC.
BRASK, INC. – NEELA
NEELILA, LLC

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Accounts receivable – Contracts

The Company uses the reserve for bad debt method of valuing doubtful accounts receivable, which is based on historical experience, coupled with a review of the current status of existing receivables.

The balance of the reserve for doubtful accounts, against accounts receivable to properly reflect the realizable value, is \$0 at December 31, 2022.

Inventory

Stock inventory is stated at cost using the first in, first out method. All inventory is stated at the lower of cost or net realizable value.

Income Taxes

Effective January 1, 2010, Brask, Inc., with the consent of its shareholder, has elected under the Internal Revenue Code to be an S corporation. In lieu of corporation income taxes, the shareholder of an S corporation is taxed on the Company's taxable income. For 2022, the Company elected to utilize the Louisiana's Pass-through entity tax election. The entity will pay the Louisiana income tax for the individuals and recognize the expense at the Company level.

Deferred taxes results primarily from using different depreciation methods, recognition of jobs in progress and unrealized gain on investments for financial reporting from those used for income tax reporting. The deferred tax liability represents the future tax consequences of those differences that will either be taxable or deductible. The net deferred tax liability of \$113,364 results from the following:

Depreciation	\$ 49,842
Recognition of jobs in progress	62,336
Unrealized gain on investments	<u>1,186</u>
Net Deferred tax liability	<u>\$113,364</u>

Effective January 1, 2008, Neela, with the consent of its shareholders, has elected under the Internal Revenue Code to be an S corporation. In lieu of corporation income taxes, the shareholder of an S corporation is taxed on the Company's taxable income. Therefore, no provision or liability for income taxes has been included in the financial statements.

Neelila is a limited liability company, and therefore, is treated as a disregarded entity for federal income tax purposes. The members are taxed individually on the net income of the Company.

BRASK, INC.
BRASK, INC. – NEELA
NEELILA, LLC

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Property, Plant and Equipment

All property, plant and equipment is recorded at cost and depreciated, using the straight-line method over their estimated useful lives as shown below.

	<u>Useful Lives</u>
Furniture and fixtures	3-7 years
Machinery and equipment	3-15 years
Transportation equipment	5-7 years
Small tools	3-5 years
Other equipment	10 years
Land improvements	15 years
Buildings and improvements	5-39 years

Repairs and maintenance charges which do not increase the useful lives of the assets are charged to operations as incurred. Expenditures for additions, improvements and replacements are capitalized. Upon sale or retirement, the cost and related accumulated depreciation are eliminated from the respective accounts, and the resulting gain or loss is included in the results of operations.

Depreciation expense was \$1,047,885 for the year ended December 31, 2022.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Advertising costs

Advertising costs are charged to operations as incurred. Advertising cost expensed for the year ended December 31, 2022 was \$25,927.

Subsequent Events

Management has evaluated subsequent events through June 5, 2023, the date the financial statements were available to be issued.

BRASK, INC.
BRASK, INC. – NEELA
NEELILA, LLC

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022

NOTE 2 – ACCOUNTS RECEIVABLE - CONTRACTS

Receivables on contracts at December 31, 2022 consist of:

Completed contracts	\$12,763,436
Uncompleted contracts	8,385,583
Retainages	<u>-</u>
	21,149,019
Less allowance for doubtful accounts	<u>-</u>
	<u>\$21,149,019</u>

Brask, Inc. had contract receivable balances from five customers that amounted in total to 52% of its receivables at December 31, 2022.

Neela had contract receivable balances from six customers that amounted in total to 71% of its receivables at December 31, 2022.

NOTE 3 – OTHER ASSETS

Included in other assets are the following:

Organization costs	\$ 13,232
Less accumulated amortization	<u>13,232</u>
	<u>\$ -</u>
Start-up costs	\$ 124,844
Less accumulated amortization	<u>124,844</u>
	<u>\$ -</u>

Goodwill, net of accumulated amortization (calculated on 10 years) is as follows:

Goodwill	\$ 522,827
Amortization	<u>432,867</u>
	<u>\$ 89,960</u>

Amortization expense at December 31, 2022 is \$44,980.

NOTE 4 – INVESTMENTS

The Investment - LLC consists of membership in Preferred Contractors of Louisiana, LLC (workers' compensation) of \$17,944 and is stated at cost and does not exceed estimated net realizable value.

BRASK, INC.
BRASK, INC. – NEELA
NEELILA, LLC

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022

NOTE 5 – FAIR VALUE MEASUREMENT

The fair values of assets measured on a recurring basis at December 31, 2022 is as follows:

	Fair Value Measurements			Total
	Quoted prices In Active Markets for Identical assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Equities	\$ 6,144,308	\$ -	\$ -	\$ 6,144,308
Mutual funds	733,500	-	-	733,500
Fixed income	-	3,453,954	-	3,453,954
Totals	<u>\$ 6,877,808</u>	<u>\$ 3,453,954</u>	<u>\$ -</u>	<u>\$10,331,762</u>

The Company categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The company has the following recurring fair value measurements as of December 31:

Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date have a value of \$6,877,808.

Level 2 inputs – Municipal bonds totaling \$3,453,954 are valued using the market-based approach comprised of a combination of directly observable quoted prices and a matrix pricing technique that relies on the securities' relationship to other benchmark quoted securities.

NOTE 6 – NOTE RECEIVABLE

At December 31, 2022, the Brask, Inc. had a master promissory note for commercial line of credit from CoFlo Technologies, LLC (CoFlo) the amount of \$1,000,000. This line of credit bears a variable interest rate equal to 3.00 percentage points over LIBOR rate. At December 31, 2022, the balance of this line of credit was \$725,000. Interest on aggregate amount of all unpaid loan advances shall be payable monthly on the first business day of each calendar month beginning December 1, 2018. This note shall mature and shall be paid in full on the earlier of one hundred twenty (120) days after demand for payment or immediately upon default.

BRASK, INC.
BRASK, INC. – NEELA
NEELILA, LLC

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022

NOTE 7 – LINES OF CREDIT

At December 31, 2022, Brask, Inc. and Neela had a revolving lines of credit with Hancock Whitney Bank (the bank) in the amount of \$2,000,000 and \$2,000,000, respectively. These lines of credit are secured by a UCC priority lien on accounts receivable, inventory, equipment and fixtures and deposit accounts and bear a variable interest rate to 0.75 percentage points under Prime rate for the U.S. as published in the "money Rates" section of the Wall Street Journal (the "Index"), not to be less than four percent (4%) per annum. At December 31, 2022, the balance of these lines of credit for Brask, Inc. and Neela was \$0 and \$996,181, respectively.

The Business Loan Agreements for both companies contain certain requirements and covenants including maintenance of debt to tangible net worth ratio not exceeding 2.50 to 1.00 and minimum debt service coverage of 1.25 to 1.00. Debt Service Coverage is defined as net income after income tax expense, plus interest, amortization and depreciation expenses, less distributions made for the then twelve months then ending, to interest expense, plus current maturities of long term debt plus current maturities of capital leases. The combined financial statements are in compliance with all requirements and covenants for December 31, 2022.

NOTE 8 – LONG-TERM DEBT

Following is a summary of long-term debt of Neelila at December 31, 2022.

Note payable to Bal Sareen, dated May 4, 2016 and; payable in equal monthly payments in the amount of \$26,685, including interest at a rate of 3%, maturing May 4, 2031, collateralized by the building.	\$ 2,379,206
Less current maturities of long-term debt	<u>252,292</u>
Long-term portion	2,126,914
Less Bond acquisition costs and finance fees, net	<u>17,445</u>
	<u>\$ 2,109,469</u>

Following are maturities of long-term debt:

Year Ending <u>December 31,</u>	
2023	\$ 252,292
2024	259,965
2025	267,873
2026	276,020
2027	284,415
Thereafter	1,038,641

BRASK, INC.
BRASK, INC. – NEELA
NEELILA, LLC

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022

NOTE 8 – LONG-TERM DEBT - CONTINUED

Bond acquisition costs and finance fees, net are as follows:

Bond acquisition costs	\$ 80,185
Less accumulated amortization	<u>63,036</u>
	<u>\$ 17,149</u>
 Finance fees	 \$ 1,384
Less accumulated amortization	<u>1,088</u>
	<u>\$ 296</u>

Amortization expense is calculated based on 173 months which is the original life of the loan.

NOTE 9 – RELATED PARTY TRANSACTIONS

In addition to the long-term debt in Note 8, at December 31, 2022, the companies were indebted to its shareholders in the amount of \$941,009. The debt is due on demand and bears interest at current market rates. \$0 of interest was paid on this debt for 2022. Also, at December 31, 2022, the companies have a shareholder receivable of \$18,052.

At December 31, 2022, Brask, Inc. had a receivable of \$129 from Sarbak, LLC, a related party.

NOTE 10 – CONCENTRATION OF RISK

The Companies maintains its cash in bank deposit accounts which, at times throughout the year, may exceed Federal Deposit Insurance Corporation (FDIC).

Brask performs substantially all of its work within the states of Louisiana and Texas. Neela performs substantially all of its work within the state of Texas. Neelila has geographical risk since it is located in the Houston, TX area.

For 2022, Brask and Neela had six and five customers that made up 48% and 47% of the Companies' total revenues, respectively.

BRASK, INC.
BRASK, INC. – NEELA
NEELILA, LLC

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022

NOTE 12 – DEFINED CONTRIBUTION PENSION PLAN

Brask adopted a 401(k) profit-sharing plan effective May 1, 2000. As of January 2012, Neela adopted Brask, Inc.'s plan. Employees are eligible to participate in the plan if at least 21 years of age and after completion of twelve months of continuous service with a minimum of 1,000 hours worked. The Plan allows for discretionary employer matching contributions and discretionary profit sharing contributions to be determined each year.

Employer contributions vest according to the following schedule:

<u>Years of Vesting Service</u>	<u>Vested Percentage</u>
1	0%
2	20%
3	40%
4	60%
5	80%
6	100%

For the year ended December 31, 2022, Brask and Neela made a matching contribution of 50% of the first 6% of employee contributions amounting to \$95,144.

SUPPLEMENTAL INFORMATION

BRASK, INC.
BRASK, INC. - NEELA
NEELILA, LLC

BALANCE SHEETS - COMBINING

December 31, 2022

ASSETS

	Brask, Inc.	Brask, Inc. - Neela
	<u>Brask, Inc.</u>	<u>Neela</u>
CURRENT ASSETS		
Cash - unrestricted	\$ 2,512,429	\$ 1,010,539
Investments	9,653,212	678,550
Accounts receivable		
Contracts, net of allowance for doubtful		
accounts of \$0	9,312,235	11,836,784
Other	2,136	564,979
Contract assets	2,210,591	3,850,353
Due from Brask, Inc.	-	2,065,590
Due from Neelila, LLC	51,962	372,116
Due from Sarbak, LLC	129	-
Due from shareholders	18,052	-
Inventory	378,464	83,456
Prepaid income and franchise tax, state	150,000	-
Prepaid expenses and other current assets	93,000	93,000
Total current assets	<u>24,382,210</u>	<u>20,555,367</u>
PROPERTY, PLANT AND EQUIPMENT		
Land	242,595	-
Furniture and fixtures	312,614	139,145
Machinery and equipment	6,398,971	5,228,229
Transportation equipment	150,919	60,364
Small tools	21,134	-
Other equipment	96,332	-
Buildings and improvements	4,501,411	714,730
	<u>11,723,976</u>	<u>6,142,468</u>
Less accumulated depreciaton	<u>(7,842,411)</u>	<u>(4,850,236)</u>
	3,881,565	1,292,232
OTHER ASSETS		
Goodwill, net	89,960	-
Note receivable - CoFlo Technologies, LLC	725,000	-
Investment-LLC	17,944	-
Organization costs, net	-	-
Start-up costs, net	-	-
	<u>832,904</u>	<u>-</u>
	<u>\$ 29,096,679</u>	<u>\$ 21,847,599</u>

See independent accountants' review report.

Continued

BRASK, INC.
BRASK, INC. - NEELA
NEELILA, LLC

BALANCE SHEETS - COMBINING - CONTINUED

December 31, 2022

ASSETS - CONTINUED

	Neelila, LLC	Eliminations	Total
CURRENT ASSETS			
Cash - unrestricted	\$ 55,630	\$ -	\$ 3,578,598
Investments	-	-	10,331,762
Accounts receivable			
Contracts, net of allowance for doubtful accounts of \$0	-	-	21,149,019
Other	-	-	567,115
Contract assets	-	-	6,060,944
Due from Brask, Inc.	-	(2,065,590)	-
Due from Neelila, LLC	-	(424,078)	-
Due from Sarbak, LLC	-	-	129
Due from shareholders	-	-	18,052
Inventory	-	-	461,920
Prepaid income and franchise tax, state	-	-	150,000
Prepaid expenses and other current assets	-	-	186,000
Total current assets	55,630	(2,489,668)	42,503,539
PROPERTY, PLANT AND EQUIPMENT			
Land	2,323,297	-	2,565,892
Furniture and fixtures	-	-	451,759
Machinery and equipment	-	-	11,627,200
Transportation equipment	-	-	211,283
Small tools	-	-	21,134
Other equipment	-	-	96,332
Buildings and improvements	4,013,735	-	9,229,876
	6,337,032	-	24,203,476
Less accumulated depreciaton	(1,555,829)	-	(14,248,476)
	4,781,203	-	9,955,000
OTHER ASSETS			
Goodwill, net	-	-	89,960
Note receivable - CoFlo Technologies, LLC	-	-	725,000
Investment-LLC	-	-	17,944
Organization costs, net	-	-	-
Start-up costs, net	-	-	-
	-	-	832,904
	\$ 4,836,833	\$ (2,489,668)	\$ 53,291,443

See independent accountants' review report.

BRASK, INC.
BRASK, INC. - NEELA
NEELILA, LLC

BALANCE SHEETS - COMBINING - CONTINUED

December 31, 2022

LIABILITIES AND STOCKHOLDER'S EQUITY

	Brask, Inc.	Brask, Inc. - Neela
	<u>Brask, Inc.</u>	<u>Neela</u>
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ -	\$ -
Due to Brask, Inc.		
Due to Brask, Inc. - Neela	2,065,590	-
Due to Sarbak, LLC	-	-
Due to shareholder	-	-
Notes payable - line of credit	-	996,181
Accounts payable	2,438,682	3,412,436
Accrued expenses	276,868	179,195
Deferred tax	113,364	-
Notes payable - shareholders	-	941,009
Contract liabilities	4,061,844	4,091,904
Total current liabilities	<u>8,956,348</u>	<u>9,620,725</u>
LONG-TERM DEBT		
Notes payable - long term, less current maturities	<u>-</u>	<u>-</u>
STOCKHOLDER'S EQUITY		
Common stock		
Voting(Neela) - no par value; 100,000 shares authorized; 2000 shares issued and outstanding at December 31, 2022	-	2,000
Voting(Brask) - no par value; 2,000 shares authorized; 341 shares issued and outstanding at December 31, 2022		
Non-voting(Brask) - no par value; 8,000 shares authorized; 499 shares issued and outstanding at December 31, 2022	591,458	-
Retained earnings/Members' equity	22,858,873	12,224,874
	<u>23,450,331</u>	<u>12,226,874</u>
Less: Treasury stock (Brask) - 49 shares voting; 511 shares non-voting at December 31, 2022, at cost	<u>(3,310,000)</u>	<u>-</u>
	<u>20,140,331</u>	<u>12,226,874</u>
	<u>\$ 29,096,679</u>	<u>\$ 21,847,599</u>

See independent accountants' review report.

Continued

BRASK, INC.
BRASK, INC. - NEELA
NEELILA, LLC

BALANCE SHEETS - COMBINING - CONTINUED

December 31, 2022

LIABILITIES AND STOCKHOLDER'S EQUITY - CONTINUED

	Neelila, LLC	Eliminations	Total
CURRENT LIABILITIES			
Current maturities of long-term debt	\$ 252,292	\$ -	\$ 252,292
Due to Brask, Inc.	51,962	(51,962)	-
Due to Brask, Inc. - Neela	372,116	(2,437,706)	-
Due to Sarbak, LLC	-	-	-
Due to shareholder	-	-	-
Notes payable - line of credit	-	-	996,181
Accounts payable	-	-	5,851,118
Accrued expenses	-	-	456,063
Deferred tax	-	-	113,364
Notes payable - shareholders	-	-	941,009
Contract liabilities	-	-	8,153,748
Total current liabilities	<u>676,370</u>	<u>(2,489,668)</u>	<u>16,763,775</u>
LONG-TERM DEBT			
Notes payable - long term, less current maturities	<u>2,109,469</u>	<u>-</u>	<u>2,109,469</u>
STOCKHOLDER'S EQUITY			
Common stock			
Voting(Neela) - no par value; 100,000 shares authorized; 2000 shares issued and outstanding at December 31, 2022	-	-	2,000
Voting(Brask) - no par value; 2,000 shares authorized; 341 shares issued and outstanding at December 31, 2022			
Non-voting(Brask) - no par value; 8,000 shares authorized; 499 shares issued and outstanding at December 31, 2022	-	-	591,458
Retained earnings/Members' equity	<u>2,050,994</u>	<u>-</u>	<u>37,134,741</u>
	2,050,994	-	37,728,199
Less: Treasury stock (Brask) - 49 shares voting; 511 shares non-voting at December 31, 2022, at cost	<u>-</u>	<u>-</u>	<u>(3,310,000)</u>
	2,050,994	-	34,418,199
	<u>\$ 4,836,833</u>	<u>\$ (2,489,668)</u>	<u>\$ 53,291,443</u>

See independent accountants' review report.

BRASK, INC.
BRASK, INC. - NEELA
NEELILA, LLC

STATEMENTS OF INCOME - COMBINING

Year Ended December 31, 2022

	Brask, Inc.	Brask, Inc. - Neela
Contract income	\$ 37,797,750	\$ 37,445,601
Rental income	-	-
Direct contract costs	(28,595,966)	(28,019,577)
Gross profit	9,201,784	9,426,024
General and Administrative Expenses	5,824,257	5,232,369
Income (loss) from operations	3,377,527	4,193,655
Other income (expense)		
Bonuses paid and accrued (non stockholder)	(223,920)	-
Investment income (loss)	(2,043,475)	(296,309)
Interest expense	-	-
Employee retention credit	1,220,681	792,144
Gain or (loss) on sale of investments	540,849	-
Other income	272,826	269,401
	(233,039)	765,236
Income before stockholder bonus and income taxes	3,144,488	4,958,891
Stockholder bonus	-	-
Income before income taxes	3,144,488	4,958,891
Income taxes benefit (expense)		
Current	-	-
Deferred	134,570	-
	134,570	-
Net income (loss)	\$ 3,279,058	\$ 4,958,891

See independent accountants' review report.

Continued

BRASK, INC.
BRASK, INC. - NEELA
NEELILA, LLC

STATEMENTS OF INCOME - COMBINING - CONTINUED

Year Ended December 31, 2022

	Neelila, LLC	Eliminations	Total
Contract income	\$ -	\$ (818,003)	\$ 74,425,348
Rental income	330,000	(330,000)	-
Direct contract costs	-	818,003	(55,797,540)
Gross profit	<u>330,000</u>	<u>(330,000)</u>	<u>18,627,808</u>
General and Administrative Expenses	<u>131,520</u>	<u>(330,000)</u>	<u>10,858,146</u>
Income (loss) from operations	198,480	-	7,769,662
Other income (expense)			
Bonuses paid and accrued (non stockholder)	-	-	(223,920)
Investment income	-	-	(2,339,784)
Interest expense	(75,373)	-	(75,373)
Employee retention credit	-	-	2,012,825
Gain or (loss) on sale of investments	-	-	540,849
Other income	-	-	542,227
	<u>(75,373)</u>	<u>-</u>	<u>456,824</u>
Income before stockholder bonus and income taxes	123,107	-	8,226,486
Stockholder bonus	<u>-</u>	<u>-</u>	<u>-</u>
Income before income taxes	123,107	-	8,226,486
Income taxes benefit (expense)			
Current	-	-	-
Deferred	<u>-</u>	<u>-</u>	<u>134,570</u>
	<u>-</u>	<u>-</u>	<u>134,570</u>
Net income (loss)	<u>\$ 123,107</u>	<u>\$ -</u>	<u>\$ 8,361,056</u>

See independent accountants' review report.

BRASK, INC.
BRASK, INC. - NEELA
NEELILA, LLC

STATEMENTS OF CHANGES IN RETAINED EARNINGS/MEMBERS' EQUITY - COMBINING

Year Ended December 31, 2022

	<u>Brask, Inc.</u>	<u>Brask, Inc. - Neela</u>	<u>Neelila, LLC</u>	<u>Total</u>
Ending Balance, December 31, 2021	\$ 22,741,427	\$ 8,671,491	\$ 927,887	\$ 32,340,805
Distributions	(3,161,612)	(1,405,508)	-	(4,567,120)
Capital contribution	-	-	1,000,000	1,000,000
Net income (loss)	<u>3,279,058</u>	<u>4,958,891</u>	<u>123,107</u>	<u>8,361,056</u>
Ending Balance, December 31, 2022	<u><u>\$ 22,858,873</u></u>	<u><u>\$ 12,224,874</u></u>	<u><u>\$ 2,050,994</u></u>	<u><u>\$ 37,134,741</u></u>

See independent accountants' review report.

BRASK, INC.
BRASK, INC. - NEELA
NEELILA, LLC

STATEMENTS OF CASH FLOWS - COMBINING

Year Ended December 31, 2022

	Brask, Inc.	Brask, Inc. - Neela
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 3,279,058	\$ 4,958,891
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Amortization expense	44,980	-
Depreciation expense	601,055	342,474
Gain or (loss) on sale of investments	(540,849)	-
(Increase) decrease in assets:		
Accounts receivable, net	(2,005,712)	(6,160,204)
Other receivables	(2,136)	(564,979)
Inventory	(160,893)	(65,311)
Prepaid expenses	174,947	634,302
Contract assets	(1,042,205)	(2,268,180)
Increase (decrease) in liabilities:		
Accounts payable	(855,797)	2,144,160
Accrued expenses	7,310	68,011
Deferred tax liability	(134,569)	-
Income tax payable, state	-	-
Contract liabilities	943,578	2,713,844
CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	308,767	1,803,008
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for purchases of fixed assets	(76,199)	(116,027)
(Purchase) sale of investments	(3,385,016)	(131,877)
(Income) loss on investments	2,350,340	296,309
Decrease (increase) in investment	13,868	-
Capital contributions	-	-
Proceeds from sale of investment	3,607,914	-
CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	2,510,907	48,405
CASH FLOWS FROM FINANCING ACTIVITIES		
Distributions	(3,161,612)	(1,405,508)
Change in loans from affiliates	497,699	(1,166,733)
Net change in loans to shareholder	(991,970)	121,135
Net borrowings (payments) on notes payable-line of credit		996,181
Net borrowings (payments) on notes payable-shareholders	-	(150,000)
CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	(3,655,883)	(1,604,925)
NET INCREASE (DECREASE) IN CASH	(836,209)	246,488
CASH AT BEGINNING OF YEAR	3,348,638	764,051
CASH AT END OF YEAR	<u>\$ 2,512,429</u>	<u>\$ 1,010,539</u>
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>

See independent accountants' review report.

Continued

BRASK, INC.
BRASK, INC. - NEELA
NEELILA, LLC

STATEMENTS OF CASH FLOWS - COMBINING - CONTINUED

Year Ended December 31, 2022

	Neelila, LLC	Total
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 123,107	\$ 8,361,056
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Amortization expense	5,658	50,638
Depreciation expense	104,356	1,047,885
Gain or (loss) on sale of investments	-	(540,849)
(Increase) decrease in assets:		
Accounts receivable, net	-	(8,165,916)
Other receivables	-	(567,115)
Inventory	-	(226,204)
Prepaid expenses	-	809,249
Contract assets	-	(3,310,385)
Increase (decrease) in liabilities:		
Accounts payable	-	1,288,363
Accrued expenses	-	75,321
Deferred tax liability	-	(134,569)
Income tax payable, state	-	-
Contract liabilities	-	3,657,422
CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	233,121	2,344,896
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for purchases of fixed assets	(1,102,195)	(1,294,421)
(Purchase) sale of investments	-	(3,516,893)
(Income) loss on investments	-	2,646,649
Decrease (increase) in investment	-	13,868
Capital contributions	1,000,000	1,000,000
Proceeds from sale of investment	-	3,607,914
CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	(102,195)	2,457,117
CASH FLOWS FROM FINANCING ACTIVITIES		
Distributions	-	(4,567,120)
Change in loans from affiliates	123,253	(545,781)
Net change in loans to shareholder	-	(870,835)
Net borrowings (payments) on notes payable-line of credit	-	996,181
Net borrowings (payments) on notes payable-shareholders	(244,845)	(394,845)
CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	(121,592)	(5,382,400)
NET INCREASE (DECREASE) IN CASH	9,334	(580,387)
CASH AT BEGINNING OF YEAR	46,296	4,158,985
CASH AT END OF YEAR	\$ 55,630	\$ 3,578,598
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	\$ 75,373	\$ 75,373
Cash paid for income taxes	\$ -	\$ -

See independent accountants' review report.

EXHIBIT "B" – Certification of Appraised Value of Properties as of January 1, 20__

EXHIBIT "B- 1" – Certification of Appraised Value of Properties

Personal Property

Account No 8900-0623-000

Account No

Land

Account No 5498-1002-002

Account No 5498-1002-003

Improvements

Account No ABAT-NEEL-001

**CERTIFICATION OF APPRAISED VALUE OF
PROPERTIES AS OF JANUARY 1, 2023**

TO: BRAZORIA COUNTY

FROM: BRAZORIA COUNTY APPRAISAL

DISTRICT DATE: 12/18/2023

The Brazoria County Appraisal District hereby certifies that the following appraised values for Neelila LLC as of January 1, 2023, attached hereto are listed in the records of Brazoria County Appraisal District and indicated by the following account numbers:

Property ID	2023 Market Value
614904	\$ 325,470
703936	\$ 306,770

Certified this 18th day of Dec., 2023.

**CHIEF APPRAISER
BRAZORIA COUNTY APPRAISAL DISTRICT**


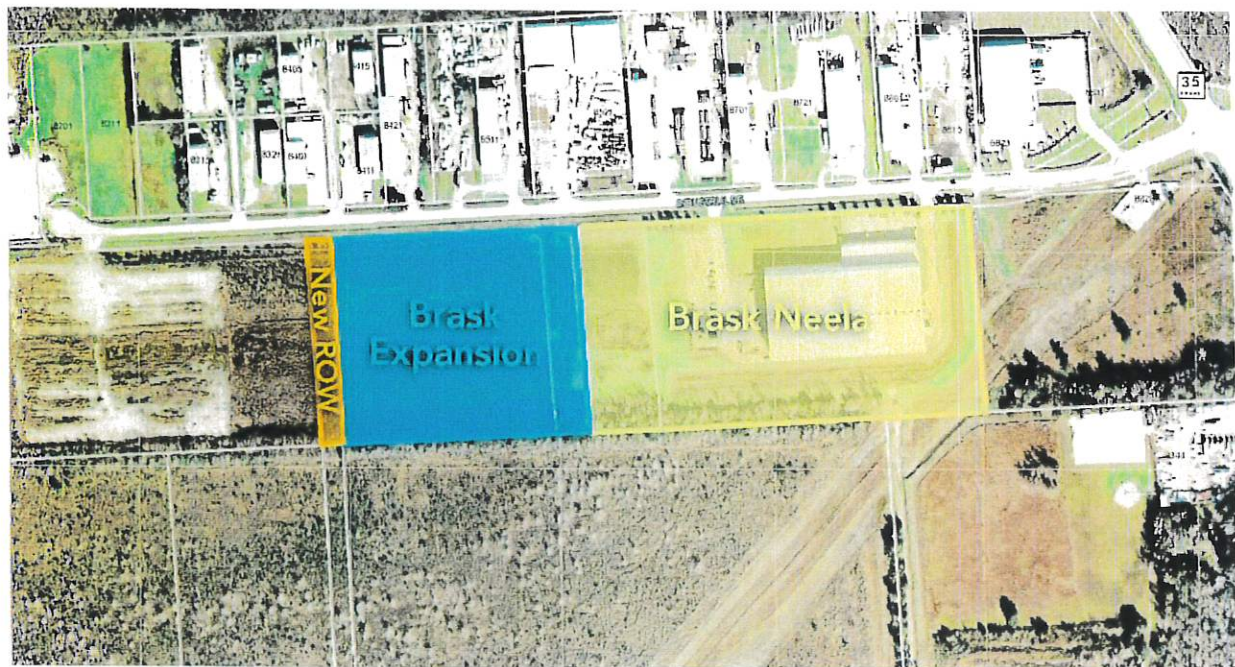
BY: 

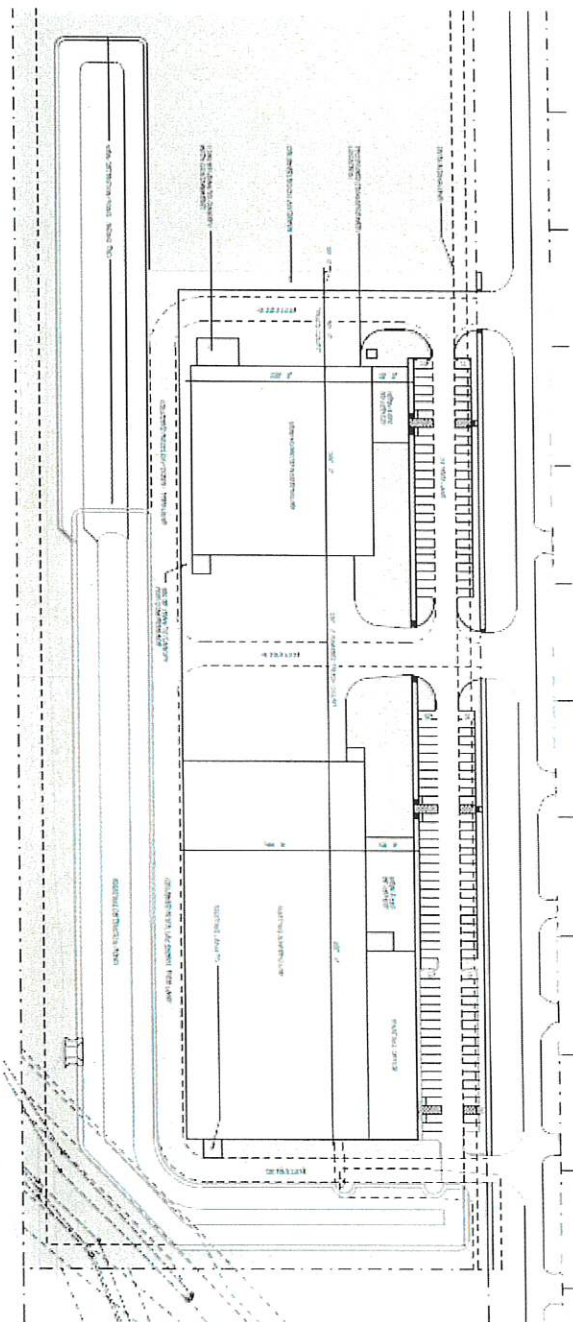
EXHIBIT "C" – Proposed Facility Address and Legal Description

8720 Industrial Drive
Pearland, Texas 77584

See attached Plat

EXHIBIT "D" – Map Showing Site





1 OVERALL SITE PLAN



LOT 1 TOTAL AREA	1.00
LOT 2 TOTAL AREA	1.00
LOT 3 TOTAL AREA	1.00
LOT 4 TOTAL AREA	1.00
LOT 5 TOTAL AREA	1.00
LOT 6 TOTAL AREA	1.00
LOT 7 TOTAL AREA	1.00
LOT 8 TOTAL AREA	1.00
LOT 9 TOTAL AREA	1.00
LOT 10 TOTAL AREA	1.00
LOT 11 TOTAL AREA	1.00
LOT 12 TOTAL AREA	1.00
LOT 13 TOTAL AREA	1.00
LOT 14 TOTAL AREA	1.00
LOT 15 TOTAL AREA	1.00
LOT 16 TOTAL AREA	1.00
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PROJECT OILER

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KDM

EXHIBIT “E” – Project Description including Time Schedule for Undertaking and Completing Project

Brask is a leading manufacturer of Shell and Tube Heat Exchangers. Brask has two locations strategically located on the Gulf Coast to serve its customers. In 2011, Brask worked with the City of Pearland and PEDC to construct a 100,000 square foot manufacturing facility on Industrial Drive near State Highway 35. Brask specializes in the design and fabrication of custom packaged heat exchangers for the oil and gas downstream market. The Pearland facility includes offices and production areas and currently has 104 employees. Both the City of Pearland and Brazoria County provided tax abatements for the initial facility.

Brask is considering constructing an additional 40,000 square feet of manufacturing space and 9,400 square feet of office at its Pearland location. Brask would invest \$12.5 million in facilities and equipment for the expansion that would be built on land currently owned by Brask. The expansion will result in the retention of 48 jobs and the creation of an additional 25 jobs over five years. This project will allow Brask to develop a new product line with another company that utilizes state of the art cleaning technologies. Once operational, Brask will be able to help our refining and petrochemical customers reduce their carbon footprint. This is an ESG (Environmental Social Governance) Project which creates a positive impact on society and the environment. Brask is looking at multiple locations.

If the Pearland site is selected Brask would begin construction in March/April of 2024 and would anticipate completion in early 2025.

EXHIBIT "F" – Planned Water and Sewer Treatment Methods and Disposal of Effluent

The proposed facility will be serviced by the City of Pearland. The city provides both water and wastewater. Brask will utilize both. There will be minimal water/wastewater usage.

EXHIBIT "G" – Letter/Statement regarding Variance Requests

NA

EXHIBIT "H" – Statement on Planned Use of Brazoria County Vendors

Brask will endeavor to utilize Brazoria County Vendors in the construction of its new facilities and with the continued operations when it is economically feasible.

EXHIBIT "I" – Detailed Itemized List of Tangible Personal Property requesting to be abated.

NA

EXHIBIT "J" – Application for Abatement with Other Taxing Jurisdictions

City of Pearland Application

RESOLUTION NO. R2023-315

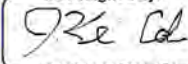
A Resolution of the City Council of the City of Pearland, Texas, authorizing the City Manager or his designee to enter into a Tax Abatement Agreement with Brask, Inc.-Neela.

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

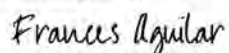
Section 1. That certain Tax Abatement Agreement, a copy of which is attached hereto as Exhibit "A" and made a part hereof for all purposes, is hereby authorized and

Section 2. That the City Manager or his designee is hereby authorized to execute and the City Secretary to attest a Tax Abatement Agreement.


PASSED, APPROVED and ADOPTED this the 18th day of December, A.D., 2023.

DocuSigned by:

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J. KEVIN COLE
MAYOR

ATTEST:

DocuSigned by:

90EC22531EEE415...
FRANCES AGUILAR, TRMC, MMC
CITY SECRETARY

APPROVED AS TO FORM:

DocuSigned by:

E13CA898BB1F406...
DARRIN M. COKER
CITY ATTORNEY



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 Brask, Inc.-Neela, a Texas corporation ("the Company"), duly acting by and through Kevin Sareen its President.

W I T N E S S E T H

WHEREAS, on the 18 day of December, 2023 the City Council of the City passed Ordinance No R2023-315 establishing Reinvestment Zone # 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 R2023-85, 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 R2023-85 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 R2023-85 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;

NOW, 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 DEFINITIONS.

a. Effective Date: The words "Effective Date" mean the January 1st valuation date immediately following the date of execution of this Agreement.

b. Fixed Improvements: The words "Fixed Improvements" mean real property and/or leasehold improvements

c. Premises: The property subject to this Agreement shall be only that property described by metes and bounds and map showing the expansion of a new second building located west of the improvements listed in the Brazoria County Appraisal District as Property ID 621485 attached hereto as **Exhibit "A"** (the "Premises") Company acknowledges and agrees that the abatement of property taxes provided by the Agreement shall be limited to the New Premises identified on Exhibit "A," and that Company shall not be entitled to the abatement of any property taxes associated with the Existing Premises identified on Exhibit "A."

d. Base Value of Premises: Means the assessed value of property located at the Premises at the time of execution of this Agreement, which shall consist of the assessed value of the Premises as of January 1 immediately preceding the execution of this Agreement plus the agreed upon value of the Fixed Improvements made thereafter, but before the execution of this Agreement.

e Tangible Personal Property The words "Tangible Personal Property" has the same meaning as Section 1 04(5) of the Texas Tax Code, as amended, and 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, furniture and fixtures such as laptop computers, desktop computers, printers, chairs, desks, decorations, reprographics devices, machinery and equipment, inventory, supplies and other similar 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, and Tangible Personal Property that was located within 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.

f Ineligible Property The following types of property shall be ineligible for abatement; land, tools, furnishings, machinery and equipment; inventory; supplies, computers and other forms of moveable personal property which meet the definition of Tangible Personal Property set forth above, vehicles, vessels, aircraft; housing and dwellings, retail facilities, and Deferred Maintenance

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) Fifty percent (50%) of the taxes assessed upon the increased value of the Fixed Improvements set

forth below exclusive of future or other capital investment made at the Premises, annually for a period of **five (5) years** beginning **January 1, 2025** and ending **December 31, 2029**.

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 dollars (\$8,000,000) for the real property and/or improvements ("Fixed Improvements") and four million five hundred thousand dollars (\$4,500,000) in other "Ineligible Property" which shall be substantially complete on or before March 31, 2025 (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 Improvement Completion Date 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 25 new "Employment Positions", as defined herein, in accordance with the following schedule

- 1) Employment Positions 10 total by December 31, 2026
- 2) Employment Positions 17 total by December 31, 2027
- 3) Employment Positions 25 total by December 31, 2028

Company shall demonstrate compliance with this Section by maintaining a minimum of ninety five percent (95%) 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 104 Employment Positions

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 work at the Premises, and
- 2) The Employment Positions must have an average annual gross compensation of at least \$60,000 00 per year (excluding benefits), and
- 3) Medical benefits must 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 60 days after December 31, 2024, and continuing every year thereafter through 2030, 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 Fixed Improvements as defined herein, supporting evidence that the Fixed Improvements were constructed or installed on or before the Improvements Completion Date and a general description of the Fixed Improvements existing as of December 31st of the preceding year
- c. Company shall annually submit the Application for Property Tax Abatement Exemption Form, in the form of Exhibit D of the County annually to qualify for its abatement and shall submit a copy to the City as a part of its Annual Compliance Verification

There shall be a total of six (6) Annual Compliance Verifications submitted to the City in years 2025 through 2030. 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 abated 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 the City notifies the Company of the violation and required repayment.

10. ACCESS TO PREMISES. The Company further agrees that the City, its agents and employees shall have the right to enter upon the Premises at any reasonable time 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 at any reasonable time, after twenty-four (24) hours' notice has been provided, 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. The City shall conduct at least one inspection annually to ensure compliance with the guidelines contained in Resolution No. R2023-85. 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 ten (10) days from the date of the notice to cure or remedy such violation. If the Company refuses to cure or remedy the violation within the ten (10) day period, the Company is subject to the forfeiture, at the discretion of the City, of any right to any tax abatement for a portion of the period or the entire period covered by this Agreement.

11. LIQUIDATED DAMAGES.

a. Funding Condition Targets. As set forth above, during the term of this Agreement through 2030, 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 the 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. R2023-85.

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 fails to submit annually the Application for Property Tax Abatement Exemption Form with the County
- 5)** 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

Kevin Sareen
Brask Inc., Neela
8720 Industrial Drive
Pearland, TX 77584

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 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 a written notice a minimum of thirty (30) days before any of the Employment Positions or Improvements are moved from the Premises that would result in a reduction below the then required Employment Positions. In the event the Company shall move any of the Employment Positions or Improvements required by this Agreement from the Premises during the term of the Agreement, the City in its sole discretion, may, terminate this Agreement and require the Company to immediately refund, to the City, all or a portion of the taxes previously abated under this Agreement, plus interest at the rate of 8% per year, compounded annually from January 1 of the year following the execution of this Agreement to the date of repayment.

e. All taxes abated herein 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 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 reasonably 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. The Company agrees that its failure to maintain adequate audit trails and corresponding documentation shall create a presumption that the performances were not performed.

d. Access. The Company shall, upon reasonable advance notice, 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, during normal business hours on a not to interfere basis, 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.

e. Location and Reimbursement. Any audit authorized herein shall be conducted at the Company's Premises in the City during normal business hours and conducted at City's expense and in a manner not to unreasonably interfere with Brask, Inc.,-Neela business provided all

reasonable costs incurred by City in conducting any such audit shall be reimbursed by the Company in the event such audit reveals an aggregate discrepancy in any 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 The Company shall furnish the City, if requested, on an annual basis by February 28, of each year throughout the term of this 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 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

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 this Agreement and continues until December 31, 2030 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 R2023-85, 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.

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).

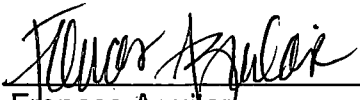
22. AGRICULTURAL VALUATION: It is understood and agreed by the City and the Company that if the Premises has been designated and taxed as agricultural land pursuant to Chapter 23, Subchapter C, Tax Code, V.A.T.S., that this Agreement shall not be effective and no abatement granted until the Company has 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.

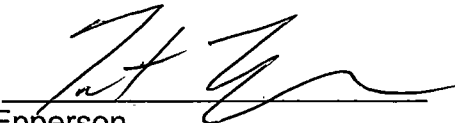
23. CITY AUTHORIZATION. This Agreement was authorized by Resolution of the City Council at its council meeting on the 18 day of December, 2022, authorizing the City Manager to execute the Agreement on behalf of the City

Witness our hands this 19 day of December, 2023

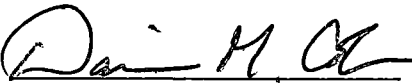
ATTEST

CITY

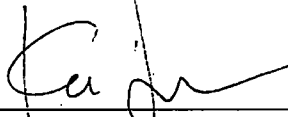
By: 
Frances Aguilar,
City Secretary

By: 
Trent Epperson
City Manager

APPROVED AS TO FORM

By: 
Darrin M. Coker
City Attorney

BRASK, INC , NEELA.

By: 
Kevin Sareen
President

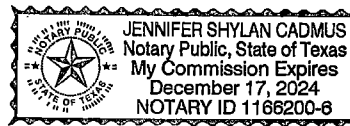
THE STATE OF TEXAS

COUNTY OF BRAZORIA

BEFORE ME, the undersigned Notary Public, on this day personally appeared Trent Epperson, 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 19 DAY OF December, A.D., 2023

Jennifer Shylan Cadmus
NOTARY PUBLIC, STATE OF TEXAS
Printed Name Jennifer Shylan Cadmus
Commission Expires December 17, 2024



THE STATE OF TX
COUNTY OF Brazoria

BEFORE ME, the undersigned Notary Public, on this day personally appeared Kevin Sareen, President of Brask, Inc., Neela 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 October, A.D , 2023

Lynnette K Sims
NOTARY PUBLIC, STATE OF TEXAS
Printed Name Lynnette K Sims
Commission Expires. 11-13-24

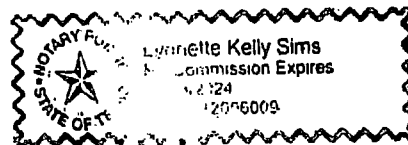


Exhibit "A"

PREMISES

Property Description
8720 Industrial Drive, Pearland, Texas 77584

Exhibit "B"

APPLICATION FOR TAX ABATEMENT IN THE CITY

;

;

;

EXHIBIT "C"

FORM OF ANNUAL EMPLOYMENT COMPLIANCE VERIFICATION

EXHIBIT D
COUNTY APPLICATION FOR PROPERTY TAX ABATEMENT FORM

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, 3519 Liberty Drive, Suite 350, Pearland, Texas 77581, 281.997.3000, www.pearlandedc.com. Please attach exhibits and additional information.

Applicant Information

Name of Business: Brask, Inc.-Neela

Date: 9-5-2023

Address: 8720 Industrial Dr.

City: Pearland

State: TX

Zip: 77584

Contact Person: Lovkesh Kevin Sareen

Title: President

Phone: 281-201-0006

Fax: 281-201-5235

Email: lsims@braskinc.com

[NAICS](#) Codes for primary business operations: 3324

Federal ID Number: 77-0695782

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:

What is your State of Texas tax ID number:

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:

1) Lovkesh Kevin Sareen

Business Information

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

Brask is a leading manufacturer of Shell and Tube Heat Exchangers. Brask has two locations strategically located on the Gulf Coast to serve its customers. In 2011, Brask worked with the City of Pearland and PEDC to construct a 100,000 square foot manufacturing facility on Industrial Drive near State Highway 35. Brask specializes in the design and fabrication of custom packaged heat exchangers for the oil and gas downstream market. The Pearland facility includes offices and production areas and currently has 93 employees.

Business Structure:

☐ Cooperative

☐ Corporation

☐ Limited Liability Company

☐ Not for Profit

☐ Partnership

☒ S-Corporation

☐ Sole Proprietorship

State of Incorporation: Texas

Years in business: 12

Identify the Business' owners and percent ownership: Privately owned

Annual Sales (Most Recent): \$32,000,000

Projected Total Sales:

Year 1: \$36,200,000

Year 2: \$37,400,000

Year 3: \$39,500,000

How many employees are currently employed by the Business including all locations, subsidiaries, divisions worldwide?
List the Business' Texas Locations and the Current Number of full-time equivalent (FTE) Employees at each Location
(including Pearland if applicable): 228 - Sulphur, LA - 115 / Pearland - 93

Current annual payroll of Pearland facility excluding any benefits (if applicable): \$8.9M

Does the Business offer medical and dental insurance? ☒ Yes ☐ No
If yes, please describe. Brask 100% health insurance for employee only

Does the Business offer a pension plan, 401(k) plan, and/or retirement-plan? ☒ Yes ☐ No
If yes, please describe. Match 50% up to 6%

Please provide a brief description of the Business' involvement in the community(ies) that it has locations.

Brask is involved in the Pearland and Houston community which is part of our core values. Brask has a relationship with Pearland Chamber of Commerce, Forgotten Angels, Adult Reading Center, India House, Indo Chamber of Commerce of Greater Houston, and other local schools/charitable organizations in which volunteering and financially compensations are donated on yearly basis.

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): See attached

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.)

Brask is considering constructing an additional 40,000 square feet of manufacturing space at its location. Brask would invest \$14 million in facilities and equipment for the expansion that would be built on land currently owned by Brask. The expansion will result in the retention of 93 jobs and the creation of an additional 22 jobs. This project will allow Brask to develop a new product line with another company that utilizes state of the art cleaning technologies. Once operational, Brask will be able to help our refining and petrochemical customers reduce their carbon footprint. This is an ESG (Environmental Social Governance) Project which creates a positive impact on society and the environment. Brask is looking at multiple locations. The support from City of Pearland will impact the decision on location. Based on past experiences dealing with City of Pearland plus current market conditions, cost continue to escalate.

Has any part of the project started? ☐ Yes ☒ No
If yes, please explain.

When would construction begin? 2023

What is the anticipated completion date to begin operations? 2024

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.

No competitors are in the Pearland area however Brask has competition in the Houston market.

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.

Brask's business model with this new facility is to get into the repair and maintenance business. If this project does not move forward, Brask cannot sustain current headcount on new fabrication at the Pearland facility. 48

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

If yes, where and what assistance is being offered?
Sulphur, LA

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? ☐ Yes ☒ No
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 (Average would be ok)	Number of Jobs Created at End of Year 3	Wage at End of Year Three
Shop Employee	17	\$850,000		
Office Employee	8	\$1,000,000		
		\$		
		\$		
		\$		
		\$		
		\$		
		\$		
		\$		
		\$		
		\$		
		\$		
		\$		
		\$		
Total CREATED Jobs	25	\$1,850,000		

Full-Time RETAINED Jobs*	(Add additional rows as needed)	
Job Title/Classification	Number of RETAINED Jobs	Current Wage
All jobs	48	\$3,360,000
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
Total RETAINED Jobs		\$3,360,000

*Existing jobs based in Pearland

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): Construction of an 40,000 SF manufacturing building which will have areas for production, warehousing and office.

Description of ineligible property to be included in project, including inventory and personal property: Equipment, machinery, furniture, computers. See attachment

This would be something similar as what was in the 2008 Application

The proposed reinvestment zone is located in:

County: Brazoria
Drainage District: Brazoria County Drainage District # 4
School District: Alvin ISD
College District: Alvin Community College
Other Taxing Jurisdictions:

What is the parcel(s) tax identification number(s)? 614903, 614904, 703936

Tax Abatement Requested: 50% of eligible property for a term of 5 years (or) requesting staggered tax abatement terms as follows:

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. Brask will apply to Brazoria County for an abatement if granted by the City of Pearland

Construction Estimates

Commencement Date: 2023 If Modernization
Construction Man Years: Estimated Economic Life of Existing Plant in years:
Completion Date: 2024 Added Economic Life from Modernization in years:
Peak Construction Jobs:

2022 APPRAISED BASE VALUE ON SITE		ESTIMATED VALUE OF NEW VALUE ADDED	
Land	265,060	Land	\$1,000,000
Improvements	\$0	Improvements	\$8,000,000
		Training	\$ 500,000
Personal Property – computers, furniture and fixtures, inventory, machinery and other equipment, raw materials, supplies and work in progress	\$0	Personal Property – computers, furniture and fixtures, inventory, machinery and other equipment, raw materials, supplies and work in progress	\$4,500,000
Total of Pre-existing Value	\$265,060	Total of New Value Added	\$14,000,000
Total Value of Pre-existing and New Value	\$265,060		

Project Budget

AMOUNTS BUDGETED			
Use of Funds	Cost	Source	Commitment Status
Land Acquisition	\$1,000,000		Land Acquired
Site Preparation			
Cost of Utilities to Site			
Building Acquisition			
Building Construction	\$8,000,000	Comerica	Approved
Building Remodeling			
Machinery & Equip.			
Computer Hardware			
Computer Software			
Furniture & Fixtures			
Working Capital			
Moving Expenses			
For all the above	\$4,500,000		
Job Training	\$500,000		
TOTAL	\$14,000,000		

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: **Brask is considering two locations and incentives are needed to offset the cost of development of the site and for increasing cost of construction**

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? **Brask will sign a Tax Abatement Agreement with the City of Pearland**

Attachments

Please attach the following documents:

- A1** Completed Economic Impact Data Sheet – plat attached
- 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: (If requested)
 - 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 (If requested)
 - 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 s requested.
- A7** Proposed timeline for undertaking and completing the planned implements – not yet available

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.

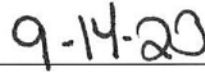
For the Business:



Signature



Name and Title (typed or printed)



Date

INSTRUCTIONS

Applicants and projects must meet the requirements established by the City of Pearland *Guidelines and Criteria for Granting Tax Abatement in a Reinvestment Zone* found in Resolution No. R2019-36 (attached) in order to receive positive consideration. Section 2 of the Guidelines, for example, sets out regulations governing eligible facilities, eligible and ineligible improvements, terms and economic qualifications. Conformance with all sections, however, is required for eligibility.

APPLICANT INFORMATION

The taxing unit may consider applicant financial capacity in determining whether to enter into an abatement agreement. Established companies for which public information is available, or the wholly owned businesses of such companies, should include with the application a copy of their latest annual report to stockholders. Other applicants and new companies should attach a statement showing when the company was established, business references (name, contact and telephone number of principal bank, accountant and attorney) and may be required to submit an audited financial statement and business plan.

PROJECT INFORMATION

Only facilities listed in Section 2(a) of the *Guidelines* may receive abatement without applying for a variance. Check guideline definitions in Section 1 to see if project qualifies.

TAX ABATEMENT INFORMATION

Estimated Appraised Value on Site - The value as of January 1 immediately preceding abatement should be the value established by the Appraisal District. If the applicant must estimate value because the taxable value is not known or is combined with other properties under a single tax account, please so state. Projections of value should be a "best estimate" based on taxability in Texas. The projection of project values not abated should include personal property and ineligible project-related improvements such as office space in excess of that used for plant administration, housing, etc.



**CITY OF PEARLAND
TAX ABATEMENT ANNUAL INVESTMENT AND EMPLOYMENT
COMPLIANCE VERIFICATION**

Verification should be submitted to the Pearland Economic Development Corporation President, 3519 Liberty Drive, Suite 350, Pearland, Texas 77581, 281.997.3000, www.pearlandedc.com. Please attach exhibits and additional information.

Company Information

Name of Business: Brask, Inc. - Neela Date:

Address: 8720 Industrial Drive

City: Pearland State: TX Zip: 77584

Contact Person: Kevin Sareen 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	\$	\$	\$
Improvements	\$	\$	\$
Personal Property – computers, furniture and fixtures, inventory, machinery and other equipment, raw materials, supplies and work in progress	\$	\$	\$
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: 10/23/2018

Job Certification Period: January 1, 2019 through December 31, 2019

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	09/01/18 to Present	N
002	Office Manager	###-##-####	Mary Worker	\$15,236	1,200	01/15/18 to 8/31/18	Y
002A		###-##-####	Lindsey Sellsmith	\$12,008	900	9/1/18 to Present	Y

NEW JOBS THIS CERTIFICATION:

003	Sales Manager	###-##-####	Delores Incharge	\$29,695	2,080	09/01/19 to Present	N
004	Print Shop Manager	###-##-####	Adam Typeset	\$32,450	2,056	09/01/19 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

APPLICATION FOR TAX ABATEMENT IN BRAZORIA COUNTY

INSTRUCTIONS FOR COMPLETION OF APPLICATION:

1. Attach additional pages if there is not enough space allotted to answer questions on the application.
2. Applicants and projects must meet the requirements established by the Brazoria County Guidelines and Criteria (attached) in order to receive positive consideration. **PLEASE READ THE CRITERIA PRIOR TO COMPLETING THE APPLICATION.**
3. Applicants must submit an application processing fee in the amount of ONE THOUSAND & NO/100 (\$1,000.00) DOLLARS.
4. Applicants must submit an adequately definitive legal description that sufficiently describes the tract(s) of land comprising the proposed tax abatement area (reinvestment zone) upon which the new facility, expansion or modernization project will be located. Applications with insufficient or indefinite legal descriptions will be returned to the applicant for amendment and such applications will not be considered for hearing until corrected.
5. Applicant must submit the attached "Certification of Appraised Value of Properties" form, which is a part of this application. This certification should cover the proposed tax abatement area and it is the responsibility of the applicant to obtain this information from the Brazoria County Appraisal District.

PART I APPLICANT'S INFORMATION

The taxing unit may consider applicant's financial capacity in determining whether to enter into an abatement agreement. Established companies for which public information is available, or the wholly owned businesses of such companies, should include with the new application a copy of their latest annual report to the stockholders. Other applicants and new companies should attach a statement showing (1) when the company was established; (2) business references [name, contact and telephone number of principal bank, accountant and attorney]; and (3) may be required to submit an audited financial statement and business plan. **Attach as Exhibit "A".**

PARTS II & III PROJECT INFORMATION

Only facilities listed in Section 2(a) of the Guidelines may receive abatement without applying for a variance. Check guidelines definitions in Section 1 to see if project qualifies.

If the project is a Regional Entertainment Facility, Regional Service Facility, Regional Distribution Center Facility, or other basic industry, include the following items: (1) market studies; (2) business plans; and (3) agreements or other materials demonstrating that the facility is intended to serve a market of which the majority is substantially outside the Brazoria County region. See Part III of the Application – Required Exhibits.

**PART IV
ECONOMIC IMPACT INFORMATION**

Permanent Employment Estimates

In estimating the permanent employment, include the total number of jobs retained or created at this site by your firm as well as known permanent jobs of service contractors required for operation.

Estimated Appraised Value on Site

The value on January 1 preceding abatement should be the value established by the Brazoria County Central Appraisal District. If the applicant must estimate value because the taxable value is not known or is combined with other properties under a single tax account, please so state. To qualify, the abated properties must be expected to result in an addition to the tax base of at least one million dollars after the period of abatement expires. Projections of value should be a "best estimate" based on taxability in Texas. The projection of project values not abated should include personal property and ineligible project related improvements such as an office in excess of that used for plant administration, housing, etc. **Attach as Exhibit "B".**

PARTS V & VI

Self-explanatory.

APPLICATION FOR TAX ABATEMENT IN BRAZORIA COUNTY, TEXAS

FILING INSTRUCTIONS:

This application should be filed at least NINETY (90) DAYS prior to the beginning of construction or the installation of equipment. This filing acknowledges familiarity and assumed conformance with **"GUIDELINES AND CRITERIA FOR GRANTING TAX ABATEMENT IN A REINVESTMENT ZONE IN BRAZORIA COUNTY"** (Copy attached). This application will become part of any later agreement or contract and knowingly false representations thereon will be grounds for the voiding of any later agreement or contract.

ORIGINAL COPY OF THIS APPLICATION AND ATTACHMENTS SHOULD BE SUBMITTED TO:

COUNTY JUDGE L.M. "MATT" SEBESTA, JR.
BRAZORIA COUNTY COURTHOUSE
111 E. LOCUST SUITE 102A
ANGLETON, TEXAS 77515

PART I - APPLICANT INFORMATION

Company Name: Brask, Inc Submittal Date: 2-14-24
Address/City: 2300 Alleman Parkway, Sulphur, LA 70663
Phone: 281-201-0006
Name/Address/Phone of Company Contact on this Project : Kevin Sareen,
2300 Alleman Parkway, Sulphur, LA 70663
281-201-0006
E-mail address of Company Contact: Ksareen@jeeinc.net
Type of Structure: Corporation ☒ Partnership () Proprietorship ()
Total number employed: 104 Corporate Annual Sales Per Year: _____
Annual Report Submitted: Yes () No () (see instructions)

PART II - PROJECT INFORMATION

Check type of facility to be abated:

Manufacturing	<input checked="" type="checkbox"/>	Regional Distribution	()
Regional Service	()	Regional Entertainment Center	()
Research	()	Other Basic Industry	()

Proposed Facility Address and Legal Description: **Attach Exhibit "C".**

Attach a map showing site. **Attach Exhibit "D".**

Abatement Term Requested: 10 years Percentage Requested: 100%

Proposed facility located in the following taxing jurisdictions:

School District:	Alvin ISD
College District:	Alvin Community College
Drainage District:	Brazoria County Drainage District # 4
Hospital District:	
City:	Pearland
Other Taxing Jurisdictions:	Brazoria County
	Brazoria County Road & Bridge
Describe Product or service to be provided:	Brask to develop a new product line with another company that utilizes state of the art cleaning technologies. Once operational, Brask will be able to help our refining and petrochem

This application is for a: New Plant () Expansion (✓) Modernization ()

PART III – OTHER POSSIBLE LOCATIONS FOR PROJECT

If Company is considering another county in Texas to build/construct this project, identify all possible counties:

If Company is considering another state to build/construct this project, identify the city, county and state:

Sulphur, Calcasieu Parish, Louisiana.

If any documentation has been provided to other potential Counties or States, provide copies attached as **Exhibit "J"**.

N/A

PART IV – PROJECT DESCRIPTION

Please attach a statement (1) fully explaining the project; (2) describing the site and existing improvements; (3) describing all proposed improvements; and (4) providing a list of improvements and fixed equipment for which abatement is requested. **Attach Exhibit "E"**.

If applicable, please describe, any additional property located outside of the proposed reinvestment zone that would add to the overall value of the project.

PART V – ECONOMIC IMPACT INFORMATION

A. Estimated cost of improvements: 12.5 Million

B. Permanent employment estimates:

If existing facility, the current plant employment: 104

Estimated number of plant jobs retained: () 48 Jobs created: () 25 Total

Number of employees anticipated at start-up: () within one year () 3 at end of Year 1

C. Construction employment estimates:

Construction to start: Month: March Year: 2024

Construction to be completed: Month: February Year: 2025

Number of construction jobs anticipated:

At start: 25 Peak: 40 Finish: 15

- D. School District impact estimates: 0
 Number of families transferred to area: _____
 Number or children added to ISDs : _____
- E. City Impact estimates: < 1000 GPD
 Volume of treated water required from city: _____
 Volume of effluent water to be treated by city: < 1000 GPD

Please provide statement by Addendum relative to planned water and sewer treatment methods and disposal of effluent if the facility is to be located outside city systems. If effluent is not treated by municipal facilities, by Addendum, include an explanation of the manner of treatment and by whom. Attach Exhibit "F".

Has permitting been started Yes () No (✓)

F. Estimated appraised value on site:	LAND	PERSONAL PROPERTY	IMPROVEMENTS
Valuation of existing property as of January 1, preceding this abatement application:	\$ 265,060	\$ 0	\$ 0
Estimated value of Personal Property and improvements, not subject to abatement, excluding exempt Pollution Control Equipment , upon completion of the project subject to this application:		\$ 2,500,000	\$ 10,000,000
Estimated value of abated improvements at the completion of construction:			\$ 10,000,000
Estimated value of Tangible Personal Property, subject to abatement :		\$ 0	
Estimated value of abated improvements after abatement agreement expires:			\$ 8,500,000
Estimated value of abated Tangible Personal Property, after abatement agreement expires:		\$ 1,500,000	
Estimated value, upon completion of project, of exempt pollution control equipment:			\$ _____

G. Minimum Production Life of Equipment: 10 years

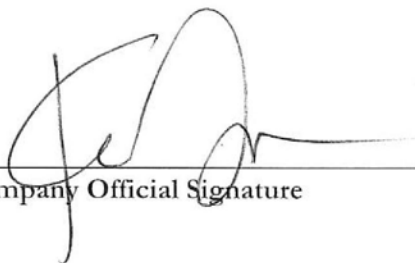
H. Variance: Is a variance being sought under any provision of the "Guidelines"?
 Yes () No (✓) If "Yes", attach any supplementary information required. **Attach Exhibit "G".**

I. Statement on planned efforts to use Brazoria County Vendors and Services: Please attach a statement describing willingness and planned efforts to use qualified Brazoria County vendors and services where applicable in the construction and operation of the facility. (See Section 2 (h) (6) of the Guidelines and Criteria for Granting Tax Abatement.). **Attach Exhibit "H".**

J. Tangible Personal Property Abatement Request: Attach a detailed list describing all tangible personal property sought to be abated. Said list must include projected life, cost, and value after abatement agreement expires. **Attach Exhibit "I".**

PART VI – DECLARATION

To the best of my knowledge, the above information is an accurate description of project details.

A handwritten signature in black ink, appearing to read 'Kevin Sareen', written over a horizontal line.

Company Official Signature

Kevin Sareen, President

Printed Name & Title of Company Official

REQUIRED ATTACHMENTS

- EXHIBIT "A" – Latest Annual Report or Information on Establishment of the Company, Business References, audited financial statement and business plan
- EXHIBIT "B" – Certification of Appraised Value of Properties as of January 1, 20__
- EXHIBIT "C" – Proposed Facility Address and Legal Description
- EXHIBIT "D" – Map Showing Site
- EXHIBIT "E" – Project Description including Time Schedule for Undertaking and Completing Project
- EXHIBIT "F" – Planned Water and Sewer Treatment Methods and Disposal of Effluent
- EXHIBIT "G" – Letter/Statement regarding Variance Requests
- EXHIBIT "H" – Statement on Planned Use of Brazoria County Vendors
- EXHIBIT "I" – Detailed Itemized List of Tangible Personal Property requesting to be abated
- EXHIBIT "J" – Application for Abatement with Other Taxing Jurisdictions

EXHIBIT "B"

CERTIFICATION OF APPRAISED VALUE OF PROPERTIES AS OF JANUARY 1, 20____

TO: BRAZORIA COUNTY

FROM: BRAZORIA COUNTY APPRAISAL DISTRICT

DATE: _____

The Brazoria County Appraisal District hereby certifies that the following appraised values as of January 1, 20____, for property of _____ described in **Exhibit B-1** attached hereto are listed in the records of Brazoria County Appraisal District and indicated by the following account numbers:

PERSONAL PROPERTY

APPRAISED VALUE

Account No. _____ \$ _____

Account No. _____ \$ _____

LAND

Account No. _____ \$ _____

Account No. _____ \$ _____

Account No. _____ \$ _____

IMPROVEMENTS

Account No. _____ \$ _____

Account No. _____ \$ _____

Account No. _____ \$ _____

Certified this _____ day of _____, 20____.

CHIEF APPRAISER
BRAZORIA COUNTY APPRAISAL DISTRICT

BY: _____

EXHIBIT "A" – Latest Annual Report or Information on Establishment of the Company, Business References, audited financial statement and business plan

EXHIBIT "B" – Certification of Appraised Value of Properties as of January 1, 20__

EXHIBIT "B- 1" – Certification of Appraised Value of Properties

Personal Property

Account No 8900-0623-000

Account No

Land

Account No 5498-1002-002

Account No 5498-1002-003

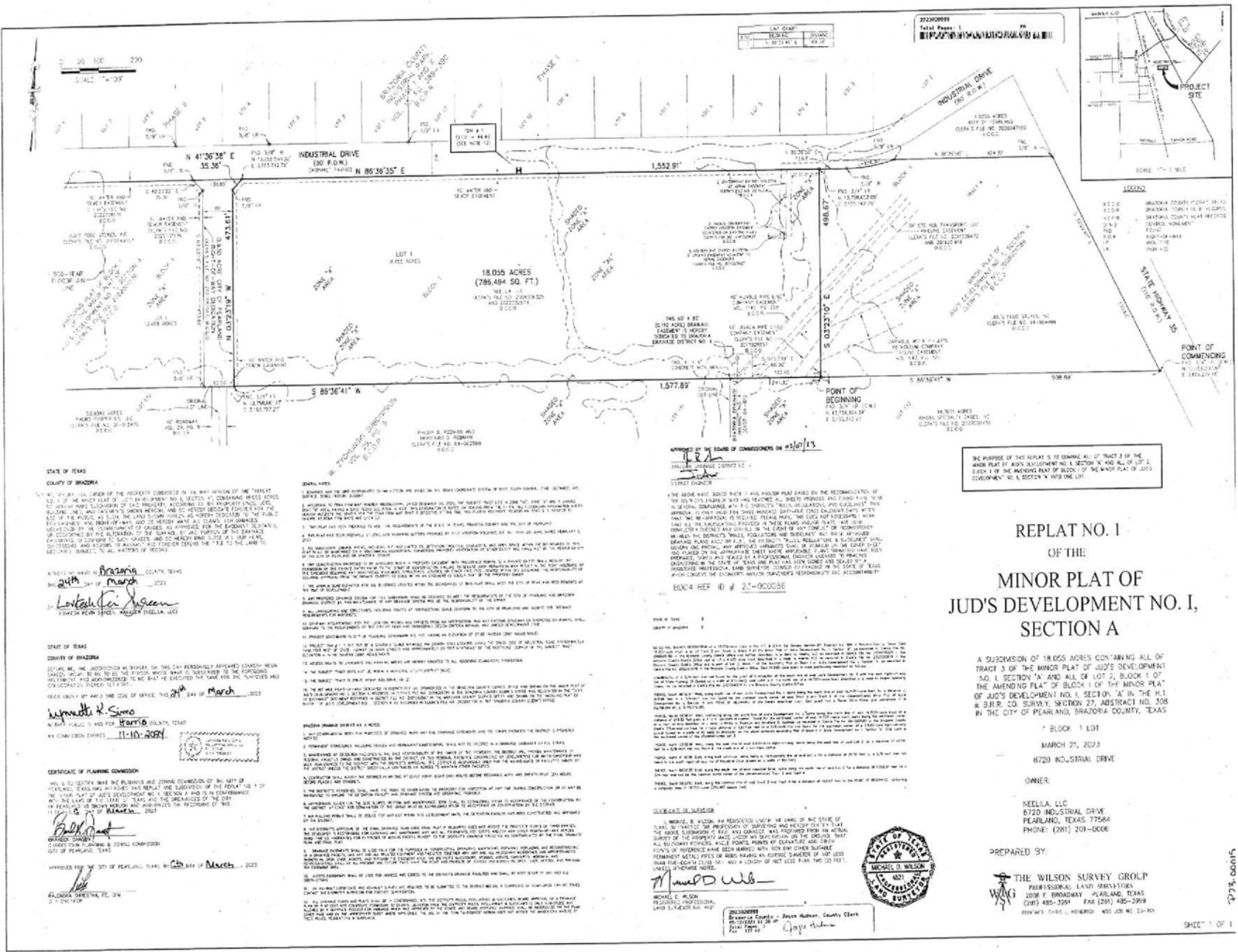
Improvements

Account No ABAT-NEEL-001

EXHIBIT "C" – Proposed Facility Address and Legal Description

8720 Industrial Drive
Pearland, Texas 77584

See attached Plat



STATE OF TEXAS
COUNTY OF BRAZORIA
I, Michael C. Wilson, Surveyor, do hereby certify that the foregoing is a true and correct copy of the original plat as recorded in the Public Records of this County, Texas, on 24th day of March, 2023.
Michael C. Wilson
Surveyor

STATE OF TEXAS
COUNTY OF BRAZORIA
I, Wynette K. Sims, Clerk of the County, do hereby certify that the foregoing is a true and correct copy of the original plat as recorded in the Public Records of this County, Texas, on 11-10-2024.
Wynette K. Sims
Clerk of the County

CERTIFICATE OF PLANNING COMMISSION
I, Michael C. Wilson, Surveyor, do hereby certify that the foregoing is a true and correct copy of the original plat as recorded in the Public Records of this County, Texas, on 24th day of March, 2023.
Michael C. Wilson
Surveyor

CERTIFICATE OF RECORDING
I, Wynette K. Sims, Clerk of the County, do hereby certify that the foregoing is a true and correct copy of the original plat as recorded in the Public Records of this County, Texas, on 11-10-2024.
Wynette K. Sims
Clerk of the County

APPROVED BY THE BOARD OF COMMISSIONERS ON 23/01/23
DIRECTOR
BLOCK 4 REF ID # 22-000006

THE PURPOSE OF THIS REPLAT IS TO CORRECT ALL OF TRACT 3 OF THE
MINOR PLAT OF JUD'S DEVELOPMENT NO. 1, SECTION A, AND ALL OF LOT 1,
BLOCK 1 OF THE AMENDING PLAT OF BLOCK 1 OF THE MINOR PLAT OF JUD'S
DEVELOPMENT NO. 1, SECTION A, AND ALL OF LOT 1.

REPLAT NO. 1 OF THE MINOR PLAT OF JUD'S DEVELOPMENT NO. 1, SECTION A

A SUBDIVISION OF 18.055 ACRES CONTAINING ALL OF
TRACT 3 OF THE MINOR PLAT OF JUD'S DEVELOPMENT
NO. 1, SECTION A, AND ALL OF LOT 2, BLOCK 1 OF
THE AMENDING PLAT OF BLOCK 1 OF THE MINOR PLAT
OF JUD'S DEVELOPMENT NO. 1, SECTION A, IN THE P.L.
& B.R. CO. SURVEY, SECTION 27, ABSTRACT NO. 508
IN THE CITY OF PEARLAND, BRAZORIA COUNTY, TEXAS

BLOCK 1 LOT
MARCH 21, 2023
8720 INDUSTRIAL DRIVE

OWNER

MEILLA, LLC
8720 INDUSTRIAL DRIVE
PEARLAND, TEXAS 77664
PHONE: (281) 201-0006

PREPARED BY:

THE WILSON SURVEY GROUP
PROFESSIONAL LAND SURVEYORS
2006 F. BRADYWAY, JARLAND, TEXAS
(281) 485-3591 FAX (281) 485-3591
CONTACT: CHAS. L. HENDERSON, 4002 JOB RD. 23-000



2023000000
Brazoria County - Joyce Hudson, County Clerk
RECORDED BY Joyce Hudson
FILED 23/03/23

EXHIBIT "D" – Map Showing Site



EXHIBIT "E" – Project Description including Time Schedule for Undertaking and Completing Project

Brask is a leading manufacturer of Shell and Tube Heat Exchangers. Brask has two locations strategically located on the Gulf Coast to serve its customers. In 2011, Brask worked with the City of Pearland and PEDC to construct a 100,000 square foot manufacturing facility on Industrial Drive near State Highway 35. Brask specializes in the design and fabrication of custom packaged heat exchangers for the oil and gas downstream market. The Pearland facility includes offices and production areas and currently has 104 employees. Both the City of Pearland and Brazoria County provided tax abatements for the initial facility.

Brask is considering constructing an additional 40,000 square feet of manufacturing space and 9,400 square feet of office at its Pearland location. Brask would invest \$12.5 million in facilities and equipment for the expansion that would be built on land currently owned by Brask. The expansion will result in the retention of 48 jobs and the creation of an additional 25 jobs over five years. This project will allow Brask to develop a new product line with another company that utilizes state of the art cleaning technologies. Once operational, Brask will be able to help our refining and petrochemical customers reduce their carbon footprint. This is an ESG (Environmental Social Governance) Project which creates a positive impact on society and the environment. Brask is looking at multiple locations.

If the Pearland site is selected Brask would begin construction in March/April of 2024 and would anticipate completion in early 2025.

EXHIBIT "F" – Planned Water and Sewer Treatment Methods and Disposal of Effluent

The proposed facility will be serviced by the City of Pearland. The city provides both water and wastewater. Brask will utilize both. There will be minimal water/wastewater usage.

EXHIBIT "G" – Letter/Statement regarding Variance Requests

NA

EXHIBIT "H" – Statement on Planned Use of Brazoria County Vendors

Brask will endeavor to utilize Brazoria County Vendors in the construction of its new facilities and with the continued operations when it is economically feasible.

EXHIBIT "I" – Detailed Itemized List of Tangible Personal Property requesting to be abated.

NA

EXHIBIT "J" – Application for Abatement with Other Taxing Jurisdictions

City of Pearland Application

**CERTIFICATION OF APPRAISED VALUE OF
PROPERTIES AS OF JANUARY 1, 2023**

TO: BRAZORIA COUNTY

FROM: BRAZORIA COUNTY APPRAISAL

DISTRICT DATE: 12/18/2023

The Brazoria County Appraisal District hereby certifies that the following appraised values for Neelila LLC as of January 1, 2023, attached hereto are listed in the records of Brazoria County Appraisal District and indicated by the following account numbers:

Property ID	2023 Market Value
614904	\$ 325,470
703936	\$ 306,770

Certified this 18th day of Dec., 2023.

**CHIEF APPRAISER
BRAZORIA COUNTY APPRAISAL DISTRICT**

BY: 



Brask Expansion project 2023 - Impact Report

Request for 7 year/100% abatement

Project Type: Business Retention & Expansion
Industry: Advanced Manufacturing
Prepared By: Econ. Dev. Alliance for Brazoria County

Purpose & Limitations

This report presents the results of an economic and fiscal analysis undertaken by Econ. Dev. Alliance for Brazoria County using Impact DashBoard, a customized web application developed by Impact DataSource, LLC.

Impact DashBoard utilizes estimates, assumptions, and other information developed by Impact DataSource from its independent research effort detailed in a custom user guide prepared for Econ. Dev. Alliance for Brazoria County.

This report, generated by the Impact DashBoard application, has been prepared by Econ. Dev. Alliance for Brazoria County to assist economic development stakeholders in making an evaluation of the economic and fiscal impact of business activity in the community. This report does not purport to contain all of the information that may be needed to conclude such an evaluation. This report is based on a variety of assumptions and contains forward-looking statements concerning the results of operations of the subject firm. Econ. Dev. Alliance for Brazoria County made reasonable efforts to ensure that the project-specific data entered into Impact DashBoard reflects realistic estimates of future activity. Estimates of future activity involve known and unknown risks and uncertainties that could cause actual results, performance, or events to differ materially from those expressed or implied in this report.

Econ. Dev. Alliance for Brazoria County and Impact DataSource make no representation or warranty as to the accuracy or completeness of the information contained herein, and expressly disclaim any and all liability based on or relating to any information contained in, or errors or omissions from, this information or based on or relating to the use of this information.

Introduction

This report presents the results of an economic impact analysis performed using Impact DashBoard, a model developed by Impact DataSource. The report estimates the impact that a potential project will have on the local economy and estimates the costs and benefits for local taxing districts over a 10-year period.

Description of the Project

Brask is a leading manufacturer of Shell and Tube Heat Exchangers. Brask has two locations strategically located on the Gulf Coast to serve its customers. In 2011, Brask worked with the City of Pearland and PEDC to construct a 100,000 square foot manufacturing facility on Industrial Drive near State Highway 35. Brask specializes in the design and fabrication of custom packaged heat exchangers for the oil and gas downstream market. The Pearland facility includes offices and production areas and currently has 104 employees. Both the City of Pearland and Brazoria County provided tax abatements for the initial facility.

Brask is considering constructing an additional 40,000 square feet of manufacturing space and 9400 square feet of office space. If the Pearland site is chosen, Brask would invest \$12.5 million in facilities and equipment for the expansion adjacent to its current facility. The expansion would result in the retention of 48 jobs and the creation of an additional 25 jobs over 5 years. The project would allow Brask to develop a new product line with another company that utilizes state of the art cleaning technologies. Once operational, Brask will be able to help our refining and petrochemical customers reduce their carbon footprint. This is an ESG (Environmental Social Governance) Project which creates a positive impact on society and the environment and we are currently looking a multiple locations.

We hope to make a location decision and and begin construction in second quarter 2024 and anticipate completion n 2025.

Economic Impact Overview

The table below summarizes the economic impact of the project over the first 10 years in terms of job creation, salaries paid to workers, and taxable sales.

SUMMARY OF ECONOMIC IMPACT OVER 10 YEARS IN BRAZORIA COUNTY			
IMPACT	DIRECT	SPIN-OFF	TOTAL
Jobs	25.0	23.1	48.1
Annual Salaries/Wages at Full Ops (Yr 4)	\$1,591,812	\$953,655	\$2,545,467
Salaries/Wages over 10 Years	\$13,439,941	\$8,051,869	\$21,491,810
Taxable Sales/Purchases in Brazoria County	\$6,246,979	\$905,835	\$7,152,815
Totals may not sum due to rounding			

The Project may result in new residents moving to the community and potentially new residential properties being constructed as summarized below.

SUMMARY OF POPULATION IMPACT OVER 10 YEARS IN BRAZORIA COUNTY			
IMPACT	DIRECT	SPIN-OFF	TOTAL
Workers who will move to Brazoria County	2.8	2.6	5.4
New residents in Brazoria County	7.3	6.7	14.0
New residential properties constructed in Brazoria County	0.4	0.4	0.8
New students to attend local school district	1.4	1.3	2.7
Totals may not sum due to rounding			

The new taxable property to be supported by the Project over the next 10 years is summarized in the following table.

SUMMARY OF TAXABLE PROPERTY OVER THE FIRST 10 YEARS IN BRAZORIA COUNTY							
YR.	NEW RESIDENTIAL PROPERTY	LAND	BUILDINGS...	FF&E	INVENTORIES	NON-RESIDENTIAL PROPERTY	TOTAL PROPERTY
1	\$21,838	\$1,000,000	\$10,000,000	\$2,500,000	\$0	\$13,500,000	\$13,521,838
2	\$59,398	\$1,020,000	\$10,200,000	\$2,250,000	\$0	\$13,470,000	\$13,529,398
3	\$113,599	\$1,040,400	\$10,404,000	\$2,000,000	\$0	\$13,444,400	\$13,557,999
4	\$193,118	\$1,061,208	\$10,612,080	\$1,750,000	\$0	\$13,423,288	\$13,616,406
5	\$196,981	\$1,082,432	\$10,824,322	\$1,500,000	\$0	\$13,406,754	\$13,603,734
6	\$200,920	\$1,104,081	\$11,040,808	\$1,250,000	\$0	\$13,394,889	\$13,595,809
7	\$204,939	\$1,126,162	\$11,261,624	\$1,000,000	\$0	\$13,387,787	\$13,592,725
8	\$209,037	\$1,148,686	\$11,486,857	\$750,000	\$0	\$13,385,542	\$13,594,580
9	\$213,218	\$1,171,659	\$11,716,594	\$500,000	\$0	\$13,388,253	\$13,601,471
10	\$217,482	\$1,195,093	\$11,950,926	\$500,000	\$0	\$13,646,018	\$13,863,501

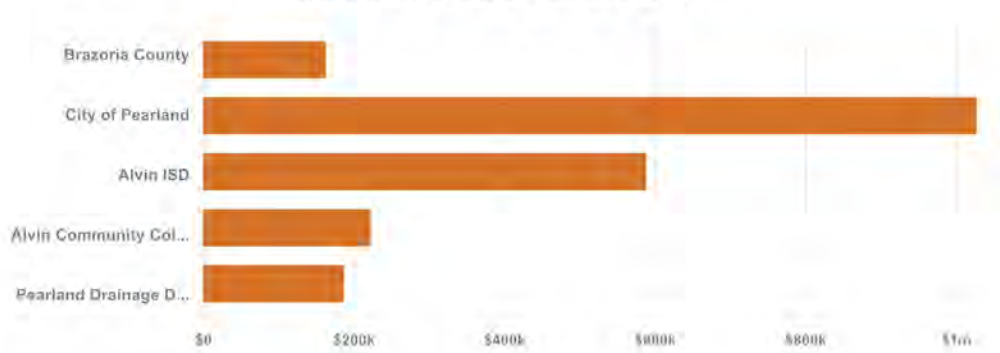
Fiscal Impact Overview

The Project will generate additional benefits and costs, a summary of which is provided below. The source of specific benefits and costs are provided in greater detail for each taxing district on subsequent pages.

FISCAL NET BENEFITS OVER THE NEXT 10 YEARS				
	BENEFITS	COSTS	NET BENEFITS	PRESENT VALUE*
Brazoria County	\$192,901	(\$29,759)	\$163,141	\$115,860
City of Pearland	\$1,207,753	(\$179,896)	\$1,027,857	\$826,222
Alvin ISD	\$1,915,278	(\$1,326,720)	\$588,557	\$454,329
Alvin Community College	\$222,647	\$0	\$222,647	\$171,840
Pearland Drainage Dist. #4	\$187,184	\$0	\$187,184	\$144,470
Total	\$3,725,763	(\$1,536,376)	\$2,189,387	\$1,712,721

*The Present Value of Net Benefits expresses the future stream of net benefits received over several years as a single value in today's dollars. Today's dollar and a dollar to be received at differing times in the future are not comparable because of the time value of money. The time value of money is the interest rate or each taxing entity's discount rate. This analysis uses a discount rate of 5.0% to make the dollars comparable.

Net Benefits Over the Next 10 Years



Public Support Overview

Brask is a leading manufacturer of Shell and Tube Heat Exchangers. Brask has two locations strategically located on the Gulf Coast to serve its customers. In 2011, Brask worked with the City of Pearland and PEDC to construct a 100,000 square foot manufacturing facility on Industrial Drive near State Highway 35. Brask specializes in the design and fabrication of custom packaged heat exchangers for the oil and gas downstream market. The Pearland facility includes offices and production areas and currently has 104 employees. Both the City of Pearland and Brazoria County provided tax abatements for the initial facility.

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We hope to make a location decision and begin construction in second quarter 2024 and anticipate completion in 2025.

A summary of the total Public Support modeled in this analysis is shown below.

VALUE OF PUBLIC SUPPORT UNDER CONSIDERATION		
	PROPERTY TAX INCENTIVE	TOTAL
Brazoria County	\$252,077	\$252,077
City of Pearland	\$0	\$0
Alvin ISD	\$0	\$0
Alvin Community College	\$0	\$0
Pearland Drainage Dist. #4	\$0	\$0
Total	\$252,077	\$252,077

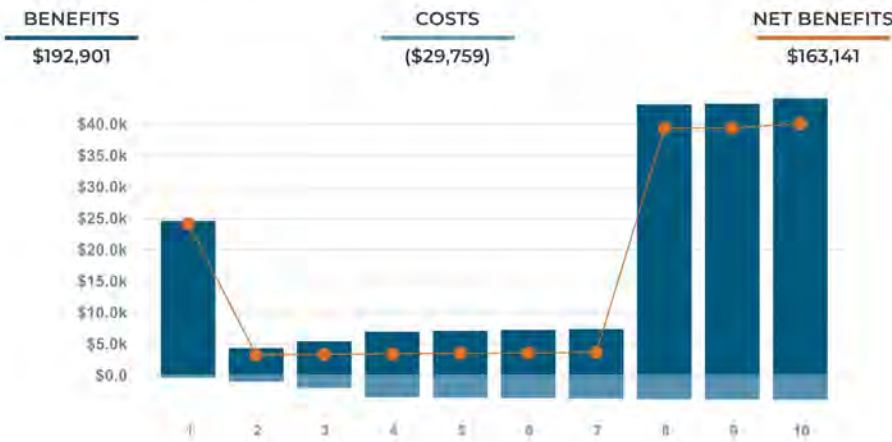
Brazoria County Fiscal Impact

The table below displays the estimated additional benefits, costs, and net benefits to be received by Brazoria County over the next 10 years of the Project.

NET BENEFITS OVER 10 YEARS: BRAZORIA COUNTY			
BENEFITS	PROJECT	HOUSEHOLDS	TOTAL
Sales Taxes	\$23,675	\$12,089	\$35,764
Real Property Taxes*	\$134,212	\$0	\$134,212
FF&E Property Taxes*	\$5,094	\$0	\$5,094
Inventory Property Taxes	\$0	\$0	\$0
New Residential Property Taxes	\$0	\$4,747	\$4,747
Building Permits and Fees	\$0	\$0	\$0
Miscellaneous Taxes and User Fees	\$8,064	\$5,020	\$13,084
Benefits Subtotal	\$171,045	\$21,856	\$192,901
COSTS	PROJECT	HOUSEHOLDS	TOTAL
Cost of Government Services	(\$18,368)	(\$11,392)	(\$29,759)
Costs Subtotal	(\$18,368)	(\$11,392)	(\$29,759)
Net Benefits	\$152,677	\$10,464	\$163,141

*Excludes Property Tax Abatement valued at \$252,077

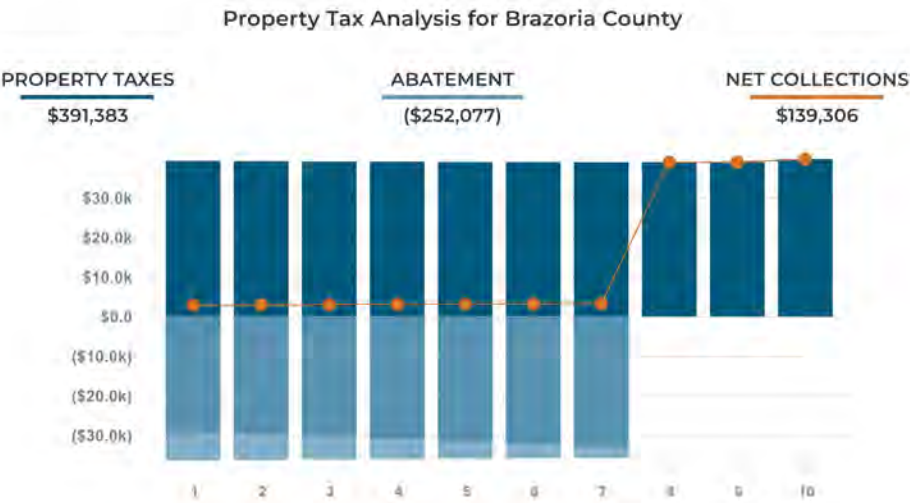
Annual Fiscal Net Benefits for Brazoria County



Brazoria County Public Support

Tax Incentives

The following property tax incentive is modeled for Brazoria County in this analysis.



City of Pearland Fiscal Impact

The table below displays the estimated additional benefits, costs, and net benefits to be received by City of Pearland over the next 10 years of the Project.

NET BENEFITS OVER 10 YEARS: CITY OF PEARLAND

BENEFITS	PROJECT	HOUSEHOLDS	TOTAL
Sales Taxes	\$54,150	\$10,540	\$64,690
Real Property Taxes	\$751,306	\$0	\$751,306
FF&E Property Taxes	\$87,327	\$0	\$87,327
Inventory Property Taxes	\$0	\$0	\$0
New Residential Property Taxes	\$0	\$3,570	\$3,570
Hotel Occupancy Taxes	\$0	\$0	\$0
Building Permits and Fees	\$135,000	\$0	\$135,000
Utility Revenue	\$96,096	\$17,728	\$113,823
Utility Franchise Fees	\$9,408	\$1,756	\$11,164
Miscellaneous Taxes and User Fees	\$34,496	\$6,378	\$40,873
Benefits Subtotal	\$1,167,782	\$39,971	\$1,207,753
COSTS	PROJECT	HOUSEHOLDS	TOTAL
Cost of Government Services	(\$49,728)	(\$9,173)	(\$58,901)
Cost of Utility Services	(\$102,144)	(\$18,852)	(\$120,995)
Costs Subtotal	(\$151,871)	(\$28,024)	(\$179,896)
Net Benefits	\$1,015,911	\$11,947	\$1,027,857

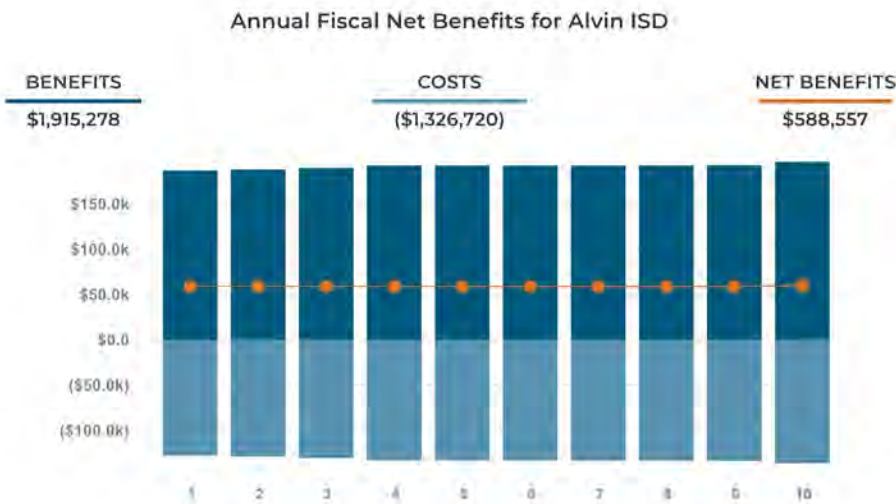
Annual Fiscal Net Benefits for City of Pearland



Alvin ISD Fiscal Impact

The table below displays the estimated additional benefits, costs, and net benefits to be received by Alvin ISD over the next 10 years of the Project.

NET BENEFITS OVER 10 YEARS: ALVIN ISD			
BENEFITS	PROJECT	HOUSEHOLDS	TOTAL
Real Property Taxes	\$1,659,397	\$0	\$1,659,397
FF&E Property Taxes	\$192,878	\$0	\$192,878
Inventory Property Taxes	\$0	\$0	\$0
New Residential Property Taxes	\$0	\$7,158	\$7,158
Addtl. State & Federal School Funding	\$0	\$55,845	\$55,845
Benefits Subtotal	\$1,852,275	\$63,003	\$1,915,278
COSTS	PROJECT	HOUSEHOLDS	TOTAL
Cost to Educate New Students	\$0	(\$54,868)	(\$54,868)
Reduction in State School Funding	(\$1,266,956)	(\$4,896)	(\$1,271,852)
Costs Subtotal	(\$1,266,956)	(\$59,764)	(\$1,326,720)
Net Benefits	\$585,319	\$3,238	\$588,557



Alvin Community College Fiscal Impact

The table below displays the estimated additional benefits, costs, and net benefits to be received by Alvin Community College over the next 10 years of the Project.

NET BENEFITS OVER 10 YEARS: ALVIN COMMUNITY COLLEGE			
BENEFITS	PROJECT	HOUSEHOLDS	TOTAL
Real Property Taxes	\$197,708	\$0	\$197,708
FF&E Property Taxes	\$22,980	\$0	\$22,980
Inventory Property Taxes	\$0	\$0	\$0
New Residential Property Taxes	\$0	\$1,959	\$1,959
Benefits Subtotal	\$220,688	\$1,959	\$222,647
COSTS	PROJECT	HOUSEHOLDS	TOTAL
None Estimated	\$0	\$0	\$0
Costs Subtotal	\$0	\$0	\$0
Net Benefits	\$220,688	\$1,959	\$222,647

Annual Fiscal Net Benefits for Alvin Community College



Pearland Drainage Dist. #4 Fiscal Impact

The table below displays the estimated additional benefits, costs, and net benefits to be received by Pearland Drainage Dist. #4 over the next 10 years of the Project.

NET BENEFITS OVER 10 YEARS: PEARLAND DRAINAGE DIST. #4			
BENEFITS	PROJECT	HOUSEHOLDS	TOTAL
Real Property Taxes	\$166,217	\$0	\$166,217
FF&E Property Taxes	\$19,320	\$0	\$19,320
Inventory Property Taxes	\$0	\$0	\$0
New Residential Property Taxes	\$0	\$1,647	\$1,647
Benefits Subtotal	\$185,537	\$1,647	\$187,184
COSTS	PROJECT	HOUSEHOLDS	TOTAL
None Estimated	\$0	\$0	\$0
Costs Subtotal	\$0	\$0	\$0
Net Benefits	\$185,537	\$1,647	\$187,184

Annual Fiscal Net Benefits for Pearland Drainage Dist. #4



Methodology

Overview of Methodology

The Impact DashBoard model combines project-specific attributes with community data, tax rates, and assumptions to estimate the economic impact of the Project and the fiscal impact for local taxing districts over a 10-year period.

The economic impact as calculated in this report can be categorized into two main types of impacts. First, the direct economic impacts are the jobs and payroll directly created by the Project. Second, this economic impact analysis calculates the spin-off or indirect and induced impacts that result from the Project. Indirect jobs and salaries are created in new or existing area firms, such as maintenance companies and service firms, that may supply goods and services for the Project. In addition, induced jobs and salaries are created in new or existing local businesses, such as retail stores, gas stations, banks, restaurants, and service companies that may supply goods and services to new workers and their families.

The economic impact estimates in this report are based on the Regional Input-Output Modeling System (RIMS II), a widely used regional input-output model developed by the U. S. Department of Commerce, Bureau of Economic Analysis. The RIMS II model is a standard tool used to estimate regional economic impacts. The economic impacts estimated using the RIMS II model are generally recognized as reasonable and plausible assuming the data input into the model is accurate or based on reasonable assumptions. Impact DataSource utilizes adjusted county-level multipliers to estimate the impact occurring at the sub-county level.

Two types of regional economic multipliers were used in this analysis: an employment multiplier and an earnings multiplier. An employment multiplier was used to estimate the number of indirect and induced jobs created or supported in the area. An earnings multiplier was used to estimate the amount of salaries to be paid to workers in these new indirect and induced jobs. The employment multiplier shows the estimated number of total jobs created for each direct job. The earnings multiplier shows the estimated amount of total salaries paid to these workers for every dollar paid to a direct worker. The multipliers used in this analysis are listed below:

332410 POWER BOILER AND HEAT EXCHANGER MANUFACTURING		BRAZORIA COUNTY
Employment Multiplier	(Type II Direct Effect)	1.924

Earnings Multiplier

(Type II Direct Effect)

1.5991

Most of the revenues estimated in this study result from calculations relying on (1) attributes of the Project, (2) assumptions to derive the value of associated taxable property or sales, and (3) local tax rates. In some cases, revenues are estimated on a per new household, per new worker, or per new school student basis.

The company or Project developer was not asked, nor could reasonably provide data for calculating some other revenues. For example, while the city will likely receive revenues from fines paid on speeding tickets given to new workers, the company does not know the propensity of its workers to speed. Therefore, some revenues are calculated using an average revenue approach.

This approach uses relies on two assumptions:

1. The taxing entity has two general revenue sources: revenues from residents and revenues from businesses.
2. The taxing entity will collect (a) about the same amount of miscellaneous taxes and user fees from each new household that results from the Project as it currently collects from existing households on average, and (b) the same amount of miscellaneous taxes and user fees from the new business (on a per worker basis) will be collected as it collects from existing businesses.

In the case of the school district, some additional state and federal revenues are estimated on a per new school student basis consistent with historical funding levels.

Additionally, this analysis sought to estimate the additional expenditures faced by local jurisdictions to provide services to new households and new businesses. A marginal cost approach was used to calculate these additional costs.

This approach relies on two assumptions:

1. The taxing entity spends money on services for two general groups: revenues from residents and revenues from businesses.
2. The taxing entity will spend slightly less than its current average cost to provide local government services (police, fire, EMS, etc.) to (a) new residents and (b) businesses on a per worker basis.

In the case of the school district, the marginal cost to educate new students was estimated based on a portion of the school's current expenditures per student and applied to the headcount of new school students resulting from the Project.

About Impact DataSource

Established in 1993, Impact DataSource is an Austin, Texas-based economic consulting firm. Impact DataSource provides high-quality economic research, specializing in economic and fiscal impact analyses. The company is highly focused on supporting economic development professionals and organizations through its consulting services and software. Impact DataSource has conducted thousands of economic impact analyses of new businesses, retention and expansion projects, developments, and activities in all industry groups throughout the U.S.

For more information on Impact DataSource, LLC and our product Impact DashBoard, please visit our website www.impactdatasource.com

Appendix

BRAZORIA COUNTY PROPERTY TAX ABATEMENT					
YR.	LAND	BUILDINGS...	FF&E	INVENTORIES	TOTAL
1	\$0	\$29,111	\$7,278	\$0	\$36,388
2	\$0	\$29,693	\$6,550	\$0	\$36,243
3	\$0	\$30,287	\$5,822	\$0	\$36,109
4	\$0	\$30,892	\$5,094	\$0	\$35,987
5	\$0	\$31,510	\$4,367	\$0	\$35,877
6	\$0	\$32,140	\$3,639	\$0	\$35,779
7	\$0	\$32,783	\$2,911	\$0	\$35,694
8	\$0	\$0	\$0	\$0	\$0
9	\$0	\$0	\$0	\$0	\$0
10	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$216,416	\$35,660	\$0	\$252,077

BRAZORIA COUNTY PROPERTY TAX ABATEMENT SCHEDULE				
YR.	LAND	BUILDINGS...	FF&E	INVENTORIES
1	0.0%	100.0%	100.0%	0.0%
2	0.0%	100.0%	100.0%	0.0%
3	0.0%	100.0%	100.0%	0.0%

4	0.0%	100.0%	100.0%	0.0%
5	0.0%	100.0%	100.0%	0.0%
6	0.0%	100.0%	100.0%	0.0%
7	0.0%	100.0%	100.0%	0.0%
8	0.0%	0.0%	0.0%	0.0%
9	0.0%	0.0%	0.0%	0.0%
10	0.0%	0.0%	0.0%	0.0%



Request for 7 year/100% abatement



Brask Expansion project 2023 - Impact Report

County Guidelines

Project Type: Business Retention & Expansion
Industry: Advanced Manufacturing
Prepared By: Econ. Dev. Alliance for Brazoria County

Purpose & Limitations

This report presents the results of an economic and fiscal analysis undertaken by Econ. Dev. Alliance for Brazoria County using Impact DashBoard, a customized web application developed by Impact DataSource, LLC.

Impact DashBoard utilizes estimates, assumptions, and other information developed by Impact DataSource from its independent research effort detailed in a custom user guide prepared for Econ. Dev. Alliance for Brazoria County.

This report, generated by the Impact DashBoard application, has been prepared by Econ. Dev. Alliance for Brazoria County to assist economic development stakeholders in making an evaluation of the economic and fiscal impact of business activity in the community. This report does not purport to contain all of the information that may be needed to conclude such an evaluation. This report is based on a variety of assumptions and contains forward-looking statements concerning the results of operations of the subject firm. Econ. Dev. Alliance for Brazoria County made reasonable efforts to ensure that the project-specific data entered into Impact DashBoard reflects realistic estimates of future activity. Estimates of future activity involve known and unknown risks and uncertainties that could cause actual results, performance, or events to differ materially from those expressed or implied in this report.

Econ. Dev. Alliance for Brazoria County and Impact DataSource make no representation or warranty as to the accuracy or completeness of the information contained herein, and expressly disclaim any and all liability based on or relating to any information contained in, or errors or omissions from, this information or based on or relating to the use of this information.

Introduction

This report presents the results of an economic impact analysis performed using Impact DashBoard, a model developed by Impact DataSource. The report estimates the impact that a potential project will have on the local economy and estimates the costs and benefits for local taxing districts over a 10-year period.

Description of the Project

Brask is a leading manufacturer of Shell and Tube Heat Exchangers. Brask has two locations strategically located on the Gulf Coast to serve its customers. In 2011, Brask worked with the City of Pearland and PEDC to construct a 100,000 square foot manufacturing facility on Industrial Drive near State Highway 35. Brask specializes in the design and fabrication of custom packaged heat exchangers for the oil and gas downstream market. The Pearland facility includes offices and production areas and currently has 104 employees. Both the City of Pearland and Brazoria County provided tax abatements for the initial facility.

Brask is considering constructing an additional 40,000 square feet of manufacturing space and 9400 square feet of office space. If the Pearland site is chosen, Brask would invest \$12.5 million in facilities and equipment for the expansion adjacent to its current facility. The expansion would result in the retention of 48 jobs and the creation of an additional 25 jobs over 5 years. The project would allow Brask to develop a new product line with another company that utilizes state of the art cleaning technologies. Once operational, Brask will be able to help our refining and petrochemical customers reduce their carbon footprint. This is an ESG (Environmental Social Governance) Project which creates a positive impact on society and the environment and we are currently looking a multiple locations.

We hope to make a location decision and and begin construction in second quarter 2024 and anticipate completion n 2025.

Economic Impact Overview

The table below summarizes the economic impact of the project over the first 10 years in terms of job creation, salaries paid to workers, and taxable sales.

SUMMARY OF ECONOMIC IMPACT OVER 10 YEARS IN BRAZORIA COUNTY			
IMPACT	DIRECT	SPIN-OFF	TOTAL
Jobs	25.0	23.1	48.1
Annual Salaries/Wages at Full Ops (Yr 4)	\$1,591,812	\$953,655	\$2,545,467
Salaries/Wages over 10 Years	\$13,439,941	\$8,051,869	\$21,491,810
Taxable Sales/Purchases in Brazoria County	\$6,246,979	\$905,835	\$7,152,815
Totals may not sum due to rounding			

The Project may result in new residents moving to the community and potentially new residential properties being constructed as summarized below.

SUMMARY OF POPULATION IMPACT OVER 10 YEARS IN BRAZORIA COUNTY			
IMPACT	DIRECT	SPIN-OFF	TOTAL
Workers who will move to Brazoria County	2.8	2.6	5.4
New residents in Brazoria County	7.3	6.7	14.0
New residential properties constructed in Brazoria County	0.4	0.4	0.8
New students to attend local school district	1.4	1.3	2.7
Totals may not sum due to rounding			

The new taxable property to be supported by the Project over the next 10 years is summarized in the following table.

SUMMARY OF TAXABLE PROPERTY OVER THE FIRST 10 YEARS IN BRAZORIA COUNTY							
YR.	NEW RESIDENTIAL PROPERTY	LAND	BUILDINGS...	FF&E	INVENTORIES	NON-RESIDENTIAL PROPERTY	TOTAL PROPERTY
1	\$21,838	\$1,000,000	\$10,000,000	\$2,500,000	\$0	\$13,500,000	\$13,521,838
2	\$59,398	\$1,020,000	\$10,200,000	\$2,250,000	\$0	\$13,470,000	\$13,529,398
3	\$113,599	\$1,040,400	\$10,404,000	\$2,000,000	\$0	\$13,444,400	\$13,557,999
4	\$193,118	\$1,061,208	\$10,612,080	\$1,750,000	\$0	\$13,423,288	\$13,616,406
5	\$196,981	\$1,082,432	\$10,824,322	\$1,500,000	\$0	\$13,406,754	\$13,603,734
6	\$200,920	\$1,104,081	\$11,040,808	\$1,250,000	\$0	\$13,394,889	\$13,595,809
7	\$204,939	\$1,126,162	\$11,261,624	\$1,000,000	\$0	\$13,387,787	\$13,592,725
8	\$209,037	\$1,148,686	\$11,486,857	\$750,000	\$0	\$13,385,542	\$13,594,580
9	\$213,218	\$1,171,659	\$11,716,594	\$500,000	\$0	\$13,388,253	\$13,601,471
10	\$217,482	\$1,195,093	\$11,950,926	\$500,000	\$0	\$13,646,018	\$13,863,501

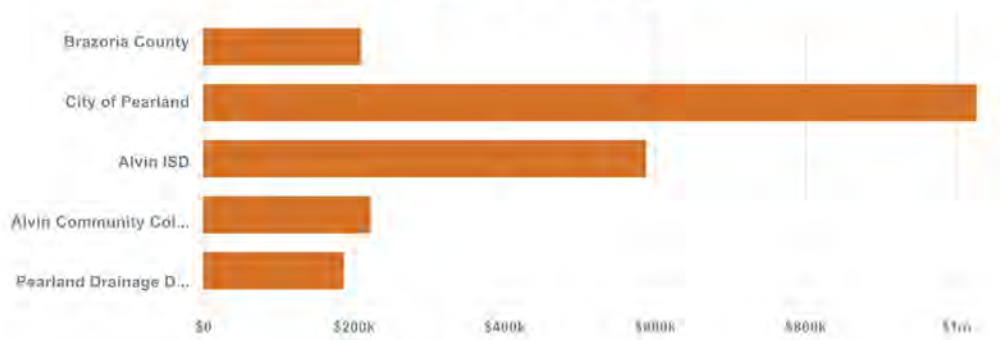
Fiscal Impact Overview

The Project will generate additional benefits and costs, a summary of which is provided below. The source of specific benefits and costs are provided in greater detail for each taxing district on subsequent pages.

FISCAL NET BENEFITS OVER THE NEXT 10 YEARS				
	BENEFITS	COSTS	NET BENEFITS	PRESENT VALUE*
Brazoria County	\$239,525	(\$29,759)	\$209,766	\$152,072
City of Pearland	\$1,207,753	(\$179,896)	\$1,027,857	\$826,222
Alvin ISD	\$1,915,278	(\$1,326,720)	\$588,557	\$454,329
Alvin Community College	\$222,647	\$0	\$222,647	\$171,840
Pearland Drainage Dist. #4	\$187,184	\$0	\$187,184	\$144,470
Total	\$3,772,387	(\$1,536,376)	\$2,236,012	\$1,748,933

*The Present Value of Net Benefits expresses the future stream of net benefits received over several years as a single value in today's dollars. Today's dollar and a dollar to be received at differing times in the future are not comparable because of the time value of money. The time value of money is the interest rate or each taxing entity's discount rate. This analysis uses a discount rate of 5.0% to make the dollars comparable.

Net Benefits Over the Next 10 Years



Public Support Overview

Brask is a leading manufacturer of Shell and Tube Heat Exchangers. Brask has two locations strategically located on the Gulf Coast to serve its customers. In 2011, Brask worked with the City of Pearland and PEDC to construct a 100,000 square foot manufacturing facility on Industrial Drive near State Highway 35. Brask specializes in the design and fabrication of custom packaged heat exchangers for the oil and gas downstream market. The Pearland facility includes offices and production areas and currently has 104 employees. Both the City of Pearland and Brazoria County provided tax abatements for the initial facility.

Brask is considering constructing an additional 40,000 square feet of manufacturing space and 9400 square feet of office space. If the Pearland site is chosen, Brask would invest \$12.5 million in facilities and equipment for the expansion adjacent to its current facility. The expansion would result in the retention of 48 jobs and the creation of an additional 25 jobs over 5 years. The project would allow Brask to develop a new product line with another company that utilizes state of the art cleaning technologies. Once operational, Brask will be able to help our refining and petrochemical customers reduce their carbon footprint. This is an ESG (Environmental Social Governance) Project which creates a positive impact on society and the environment and we are currently looking a multiple locations.

We hope to make a location decision and begin construction in second quarter 2024 and anticipate completion in 2025.

A summary of the total Public Support modeled in this analysis is shown below.

VALUE OF PUBLIC SUPPORT UNDER CONSIDERATION		
	PROPERTY TAX INCENTIVE	TOTAL
Brazoria County	\$205,453	\$205,453
City of Pearland	\$0	\$0
Alvin ISD	\$0	\$0
Alvin Community College	\$0	\$0
Pearland Drainage Dist. #4	\$0	\$0
Total	\$205,453	\$205,453

Brazoria County Fiscal Impact

The table below displays the estimated additional benefits, costs, and net benefits to be received by Brazoria County over the next 10 years of the Project.

NET BENEFITS OVER 10 YEARS: BRAZORIA COUNTY			
BENEFITS	PROJECT	HOUSEHOLDS	TOTAL
Sales Taxes	\$23,675	\$12,089	\$35,764
Real Property Taxes*	\$175,378	\$0	\$175,378
FF&E Property Taxes*	\$10,553	\$0	\$10,553
Inventory Property Taxes	\$0	\$0	\$0
New Residential Property Taxes	\$0	\$4,747	\$4,747
Building Permits and Fees	\$0	\$0	\$0
Miscellaneous Taxes and User Fees	\$8,064	\$5,020	\$13,084
Benefits Subtotal	\$217,669	\$21,856	\$239,525
COSTS	PROJECT	HOUSEHOLDS	TOTAL
Cost of Government Services	(\$18,368)	(\$11,392)	(\$29,759)
Costs Subtotal	(\$18,368)	(\$11,392)	(\$29,759)
Net Benefits	\$199,301	\$10,464	\$209,766

*Excludes Property Tax Abatement valued at \$205,453

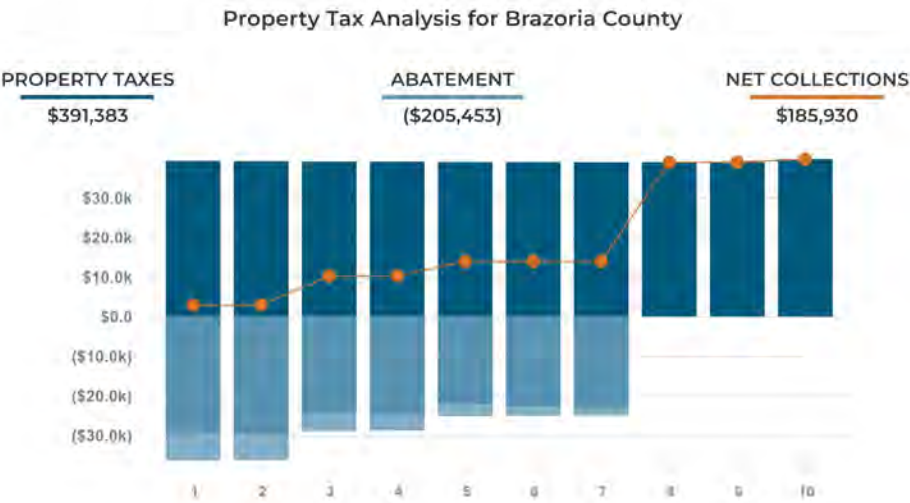
Annual Fiscal Net Benefits for Brazoria County



Brazoria County Public Support

Tax Incentives

The following property tax incentive is modeled for Brazoria County in this analysis.



City of Pearland Fiscal Impact

The table below displays the estimated additional benefits, costs, and net benefits to be received by City of Pearland over the next 10 years of the Project.

NET BENEFITS OVER 10 YEARS: CITY OF PEARLAND

BENEFITS	PROJECT	HOUSEHOLDS	TOTAL
Sales Taxes	\$54,150	\$10,540	\$64,690
Real Property Taxes	\$751,306	\$0	\$751,306
FF&E Property Taxes	\$87,327	\$0	\$87,327
Inventory Property Taxes	\$0	\$0	\$0
New Residential Property Taxes	\$0	\$3,570	\$3,570
Hotel Occupancy Taxes	\$0	\$0	\$0
Building Permits and Fees	\$135,000	\$0	\$135,000
Utility Revenue	\$96,096	\$17,728	\$113,823
Utility Franchise Fees	\$9,408	\$1,756	\$11,164
Miscellaneous Taxes and User Fees	\$34,496	\$6,378	\$40,873
Benefits Subtotal	\$1,167,782	\$39,971	\$1,207,753
COSTS	PROJECT	HOUSEHOLDS	TOTAL
Cost of Government Services	(\$49,728)	(\$9,173)	(\$58,901)
Cost of Utility Services	(\$102,144)	(\$18,852)	(\$120,995)
Costs Subtotal	(\$151,871)	(\$28,024)	(\$179,896)
Net Benefits	\$1,015,911	\$11,947	\$1,027,857

Annual Fiscal Net Benefits for City of Pearland

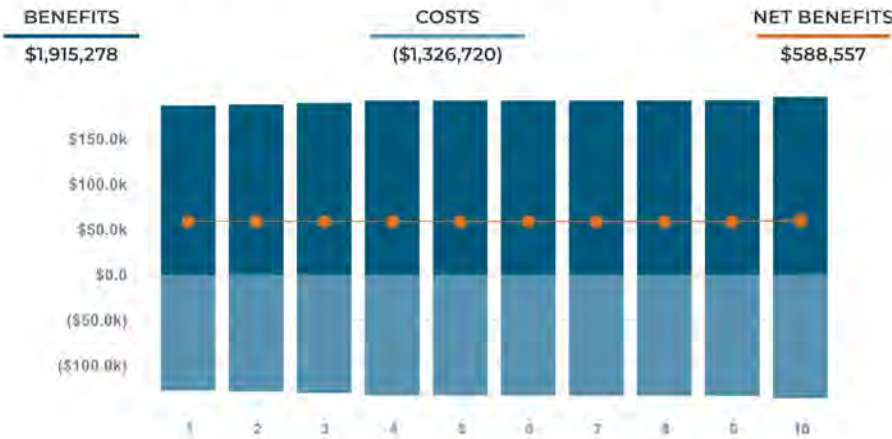


Alvin ISD Fiscal Impact

The table below displays the estimated additional benefits, costs, and net benefits to be received by Alvin ISD over the next 10 years of the Project.

NET BENEFITS OVER 10 YEARS: ALVIN ISD			
BENEFITS	PROJECT	HOUSEHOLDS	TOTAL
Real Property Taxes	\$1,659,397	\$0	\$1,659,397
FF&E Property Taxes	\$192,878	\$0	\$192,878
Inventory Property Taxes	\$0	\$0	\$0
New Residential Property Taxes	\$0	\$7,158	\$7,158
Addtl. State & Federal School Funding	\$0	\$55,845	\$55,845
Benefits Subtotal	\$1,852,275	\$63,003	\$1,915,278
COSTS	PROJECT	HOUSEHOLDS	TOTAL
Cost to Educate New Students	\$0	(\$54,868)	(\$54,868)
Reduction in State School Funding	(\$1,266,956)	(\$4,896)	(\$1,271,852)
Costs Subtotal	(\$1,266,956)	(\$59,764)	(\$1,326,720)
Net Benefits	\$585,319	\$3,238	\$588,557

Annual Fiscal Net Benefits for Alvin ISD



Alvin Community College Fiscal Impact

The table below displays the estimated additional benefits, costs, and net benefits to be received by Alvin Community College over the next 10 years of the Project.

NET BENEFITS OVER 10 YEARS: ALVIN COMMUNITY COLLEGE			
BENEFITS	PROJECT	HOUSEHOLDS	TOTAL
Real Property Taxes	\$197,708	\$0	\$197,708
FF&E Property Taxes	\$22,980	\$0	\$22,980
Inventory Property Taxes	\$0	\$0	\$0
New Residential Property Taxes	\$0	\$1,959	\$1,959
Benefits Subtotal	\$220,688	\$1,959	\$222,647
COSTS	PROJECT	HOUSEHOLDS	TOTAL
None Estimated	\$0	\$0	\$0
Costs Subtotal	\$0	\$0	\$0
Net Benefits	\$220,688	\$1,959	\$222,647

Annual Fiscal Net Benefits for Alvin Community College



Pearland Drainage Dist. #4 Fiscal Impact

The table below displays the estimated additional benefits, costs, and net benefits to be received by Pearland Drainage Dist. #4 over the next 10 years of the Project.

NET BENEFITS OVER 10 YEARS: PEARLAND DRAINAGE DIST. #4			
BENEFITS	PROJECT	HOUSEHOLDS	TOTAL
Real Property Taxes	\$166,217	\$0	\$166,217
FF&E Property Taxes	\$19,320	\$0	\$19,320
Inventory Property Taxes	\$0	\$0	\$0
New Residential Property Taxes	\$0	\$1,647	\$1,647
Benefits Subtotal	\$185,537	\$1,647	\$187,184
COSTS	PROJECT	HOUSEHOLDS	TOTAL
None Estimated	\$0	\$0	\$0
Costs Subtotal	\$0	\$0	\$0
Net Benefits	\$185,537	\$1,647	\$187,184

Annual Fiscal Net Benefits for Pearland Drainage Dist. #4



Methodology

Overview of Methodology

The Impact DashBoard model combines project-specific attributes with community data, tax rates, and assumptions to estimate the economic impact of the Project and the fiscal impact for local taxing districts over a 10-year period.

The economic impact as calculated in this report can be categorized into two main types of impacts. First, the direct economic impacts are the jobs and payroll directly created by the Project. Second, this economic impact analysis calculates the spin-off or indirect and induced impacts that result from the Project. Indirect jobs and salaries are created in new or existing area firms, such as maintenance companies and service firms, that may supply goods and services for the Project. In addition, induced jobs and salaries are created in new or existing local businesses, such as retail stores, gas stations, banks, restaurants, and service companies that may supply goods and services to new workers and their families.

The economic impact estimates in this report are based on the Regional Input-Output Modeling System (RIMS II), a widely used regional input-output model developed by the U. S. Department of Commerce, Bureau of Economic Analysis. The RIMS II model is a standard tool used to estimate regional economic impacts. The economic impacts estimated using the RIMS II model are generally recognized as reasonable and plausible assuming the data input into the model is accurate or based on reasonable assumptions. Impact DataSource utilizes adjusted county-level multipliers to estimate the impact occurring at the sub-county level.

Two types of regional economic multipliers were used in this analysis: an employment multiplier and an earnings multiplier. An employment multiplier was used to estimate the number of indirect and induced jobs created or supported in the area. An earnings multiplier was used to estimate the amount of salaries to be paid to workers in these new indirect and induced jobs. The employment multiplier shows the estimated number of total jobs created for each direct job. The earnings multiplier shows the estimated amount of total salaries paid to these workers for every dollar paid to a direct worker. The multipliers used in this analysis are listed below:

332410 POWER BOILER AND HEAT EXCHANGER MANUFACTURING		BRAZORIA COUNTY
Employment Multiplier	(Type II Direct Effect)	1.924

Earnings Multiplier	(Type II Direct Effect)	1.5991
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Most of the revenues estimated in this study result from calculations relying on (1) attributes of the Project, (2) assumptions to derive the value of associated taxable property or sales, and (3) local tax rates. In some cases, revenues are estimated on a per new household, per new worker, or per new school student basis.

The company or Project developer was not asked, nor could reasonably provide data for calculating some other revenues. For example, while the city will likely receive revenues from fines paid on speeding tickets given to new workers, the company does not know the propensity of its workers to speed. Therefore, some revenues are calculated using an average revenue approach.

This approach uses relies on two assumptions:

1. The taxing entity has two general revenue sources: revenues from residents and revenues from businesses.
2. The taxing entity will collect (a) about the same amount of miscellaneous taxes and user fees from each new household that results from the Project as it currently collects from existing households on average, and (b) the same amount of miscellaneous taxes and user fees from the new business (on a per worker basis) will be collected as it collects from existing businesses.

In the case of the school district, some additional state and federal revenues are estimated on a per new school student basis consistent with historical funding levels.

Additionally, this analysis sought to estimate the additional expenditures faced by local jurisdictions to provide services to new households and new businesses. A marginal cost approach was used to calculate these additional costs.

This approach relies on two assumptions:

1. The taxing entity spends money on services for two general groups: revenues from residents and revenues from businesses.
2. The taxing entity will spend slightly less than its current average cost to provide local government services (police, fire, EMS, etc.) to (a) new residents and (b) businesses on a per worker basis.

In the case of the school district, the marginal cost to educate new students was estimated based on a portion of the school's current expenditures per student and applied to the headcount of new school students resulting from the Project.

About Impact DataSource

Established in 1993, Impact DataSource is an Austin, Texas-based economic consulting firm. Impact DataSource provides high-quality economic research, specializing in economic and fiscal impact analyses. The company is highly focused on supporting economic development professionals and organizations through its consulting services and software. Impact DataSource has conducted thousands of economic impact analyses of new businesses, retention and expansion projects, developments, and activities in all industry groups throughout the U.S.

For more information on Impact DataSource, LLC and our product Impact DashBoard, please visit our website www.impactdatasource.com

Appendix

BRAZORIA COUNTY PROPERTY TAX ABATEMENT					
YR.	LAND	BUILDINGS...	FF&E	INVENTORIES	TOTAL
1	\$0	\$29,111	\$7,278	\$0	\$36,388
2	\$0	\$29,693	\$6,550	\$0	\$36,243
3	\$0	\$24,229	\$4,658	\$0	\$28,887
4	\$0	\$24,714	\$4,075	\$0	\$28,789
5	\$0	\$22,057	\$3,057	\$0	\$25,114
6	\$0	\$22,498	\$2,547	\$0	\$25,045
7	\$0	\$22,948	\$2,038	\$0	\$24,986
8	\$0	\$0	\$0	\$0	\$0
9	\$0	\$0	\$0	\$0	\$0
10	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$175,250	\$30,202	\$0	\$205,453

BRAZORIA COUNTY PROPERTY TAX ABATEMENT SCHEDULE				
YR.	LAND	BUILDINGS...	FF&E	INVENTORIES
1	0.0%	100.0%	100.0%	0.0%
2	0.0%	100.0%	100.0%	0.0%
3	0.0%	80.0%	80.0%	0.0%

4	0.0%	80.0%	80.0%	0.0%
5	0.0%	70.0%	70.0%	0.0%
6	0.0%	70.0%	70.0%	0.0%
7	0.0%	70.0%	70.0%	0.0%
8	0.0%	0.0%	0.0%	0.0%
9	0.0%	0.0%	0.0%	0.0%
10	0.0%	0.0%	0.0%	0.0%



BRASK, INC.
BRASK, INC. – NEELA
NEELILA, LLC

COMBINED FINANCIAL STATEMENTS AND
INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Year Ended December 31, 2022

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

June 5, 2023

To the Board of Directors
Brask, Inc.
Brask, Inc. – Neela
Neelila, LLC
Sulphur, LA

We have reviewed the accompanying combined financial statements of Brask, Inc., Brask, Inc. – Neela, and Neelila, LLC, which comprise the combined balance sheet as of December 31, 2022, and the related combined statements of income, changes in stockholders/members' equity and cash flows for the year then ended, and the related notes to the financial statements.

A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the combined financial statements that are free from material misstatement, whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the combined financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Brask, Inc., Brask, Inc. – Neela, and Neelila, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

To the Board of Directors
June 5, 2023
Page Two

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying combined financial statements in order for them to be in accordance with the accounting principles generally accepted in the United States of America.

Supplemental Information

The supplemental information included in the accompanying schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplemental information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplemental information. We have not audited the information and do not express an opinion on such information.

Dragson, Casiday & Shillory

BRASK, INC.
BRASK, INC. - NEELA
NEELILA, LLC

BALANCE SHEET - COMBINED

December 31, 2022

ASSETS

CURRENT ASSETS

Cash - unrestricted	\$ 3,578,598
Investments	10,331,762
Accounts receivable	
Contracts, net of allowance for doubtful accounts of \$0	21,149,019
Other	567,115
Contract assets	6,060,944
Due from shareholders	18,052
Due from Sarbak, LLC	129
Inventory	461,920
Prepaid income and franchise tax, state	150,000
Prepaid expenses and other current assets	186,000
Total current assets	<u>42,503,539</u>

PROPERTY, PLANT AND EQUIPMENT

Land	2,565,892
Furniture and fixtures	451,759
Machinery and equipment	11,627,200
Transportation equipment	211,283
Small tools	21,134
Other equipment	96,332
Buildings and improvements	9,229,876
	<u>24,203,476</u>
Less accumulated depreciaton	<u>(14,248,476)</u>
	9,955,000

OTHER ASSETS

Goodwill, net	89,960
Note receivable - CoFlo Technologies, LLC	725,000
Investment-LLC	17,944
Organization costs, net	-
Start-up costs, net	-
	<u>832,904</u>
	<u><u>\$ 53,291,443</u></u>

See accompanying notes and independent accountants' review report.

Continued

BRASK, INC.
BRASK, INC. - NEELA
NEELILA, LLC

BALANCE SHEET - COMBINED - CONTINUED

December 31, 2022

LIABILITIES AND STOCKHOLDER'S EQUITY

CURRENT LIABILITIES

Current maturities of long-term debt	\$ 252,292
Notes payable - line of credit	996,181
Due to Sarbak, LLC	-
Due to shareholder	-
Accounts payable	5,851,118
Accrued expenses	456,063
Deferred tax	113,364
Notes payable - shareholders	941,009
Contract liabilities	8,153,748
Total current liabilities	<u>16,763,775</u>

LONG-TERM DEBT

Notes payable - long term, less current maturities	<u>2,109,469</u>
--	------------------

STOCKHOLDER'S EQUITY

Common stock	
Voting(Neela) - no par value; 100,000 shares authorized; 2000 shares issued and outstanding at December 31, 2022	2,000
Voting(Brask) - no par value; 2,000 shares authorized; 341 shares issued and outstanding at December 31, 2022	
Non-voting(Brask) - no par value; 8,000 shares authorized; 499 shares issued and outstanding at December 31, 2022	591,458
Retained earnings/Members' equity	<u>37,134,741</u>
	37,728,199
Less: Treasury stock (Brask) - 49 shares voting; 511 shares non-voting at December 31, 2022, at cost	<u>(3,310,000)</u>
	<u>34,418,199</u>
	<u><u>\$ 53,291,443</u></u>

See accompanying notes and independent accountants' review report.

BRASK, INC.
BRASK, INC. - NEELA
NEELILA, LLC

STATEMENT OF INCOME - COMBINED

Year Ended December 31, 2022

Contract income	\$ 74,425,348
Direct contract costs	<u>(55,797,540)</u>
Gross profit	18,627,808
General and Administrative Expenses	<u>10,858,146</u>
Income (loss) from operations	7,769,662
Other income (expense)	
Bonuses paid and accrued (non stockholder)	(223,920)
Investment income (loss)	(2,339,784)
Interest expense	(75,373)
Employee retention credit	2,012,825
Gain or (loss) on sale of investments	540,849
Other income	<u>542,227</u>
	<u>456,824</u>
Income before stockholder bonus and income taxes	8,226,486
Stockholder bonus	<u>-</u>
Income before income taxes	8,226,486
Income tax benefit (expense)	
Current	-
Deferred	<u>134,570</u>
	<u>134,570</u>
Net income (loss)	<u><u>\$ 8,361,056</u></u>

See accompanying notes and independent accountants' review report.

BRASK, INC.
BRASK, INC. - NEELA
NEELILA, LLC

STATEMENT OF CHANGES IN RETAINED EARNINGS/MEMBERS' EQUITY - COMBINED

Year Ended December 31, 2022

Ending Balance, December 31, 2021	\$ 32,340,805
Distributions	(4,567,120)
Capital contribution	1,000,000
Net income (loss)	<u>8,361,056</u>
Ending Balance, December 31, 2022	<u><u>\$ 37,134,741</u></u>

See accompanying notes and independent accountants' review report.

BRASK, INC.
BRASK, INC. - NEELA
NEELILA, LLC

STATEMENT OF CASH FLOWS - COMBINED

Year Ended December 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Net income (loss)	\$ 8,361,056
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	
Amortization expense	50,638
Depreciation expense	1,047,885
Gain or (loss) on sale of investments	(540,849)
(Increase) decrease in assets:	
Accounts receivable	(8,165,916)
Other receivables	(567,115)
Inventory	(226,204)
Prepaid expenses	809,249
Contract assets	(3,310,385)
Increase (decrease) in liabilities:	
Accounts payable	1,288,363
Accrued expenses	75,321
Deferred tax liability	(134,569)
Income tax payable, state	-
Contract liabilities	3,657,422
CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>2,344,896</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of fixed assets	(1,294,421)
(Purchase) sale of investments	(3,516,893)
(Income) loss on investments	2,646,649
(Income) loss on investments	13,868
Capital contributions	1,000,000
Proceeds from sale of investment	3,607,914
CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	<u>2,457,117</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Distributions	(4,567,120)
Change in loans from affiliates	(545,781)
Net change in loans to shareholders	(870,835)
Net borrowings (payments) on notes payable-line of credit	996,181
Principal payments on notes payable-shareholders	(394,845)
CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	<u>(5,382,400)</u>

NET INCREASE (DECREASE) IN CASH (580,387)

CASH AT BEGINNING OF YEAR 4,158,985

CASH AT END OF YEAR \$ 3,578,598

SUPPLEMENTAL DISCLOSURES:

Cash paid for interest	<u>\$ 75,373</u>
Cash paid for income taxes	<u><u>\$ -</u></u>

See accompanying notes and independent accountants' review report.

BRASK, INC.
BRASK, INC. – NEELA
NEELILA, LLC

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Brask, Inc. (Brask) began operations in 1961, and is located in Calcasieu Parish, Louisiana. It operates in the manufacturing industry performing engineering, fabrication, and repair and maintenance on products for companies in local industry and nationwide. The Company concentrates in various product lines. The upstream business concentrates on equipment such as "Tank Within a Tank", portable tanks, blending units, cargo tanks, transport trailers and single and double pump skid units. The downstream business utilizes management's vast experience in the fabrication and repair of shell and tube heat exchangers. The Company contracts with its customers for such items and produces the equipment according to approved specifications.

Brask, Inc. – Neela (Neela) was incorporated in 2007, began operations in August 2011 and is located in Pearland, TX. It operates in the manufacturing industry performing engineering, fabrication, and repair and maintenance on products for companies in local industry and nationwide. The Company is primarily engaged to provide services to end users in terms of repairs and replacement parts. The vision for Brask, Inc. – Neela is to provide high quality, quick turnaround services in replacement of shell and tube heat exchangers.

Neelila, LLC (Neelila) began operations in August of 2011, and is located in Pearland, TX. It owns land and a building which receives rent from a manufacturing facility (a related entity) which performs engineering, fabrication, and repair and maintenance on products for companies in local industry and nationwide.

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred. This basis of accounting conforms to accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of 90 days or less.

Principles of Combining

The combined financial statements include Brask, Inc., Brask, Inc. – Neela, and Neelila, LLC. All significant intercompany and/or related party transactions and balances have been eliminated in combining.

BRASK, INC.
BRASK, INC. – NEELA
NEELILA, LLC

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Investments

Investments consist of equities, mutual funds and mutual bonds with a cost of \$10,446,870 at December 31, 2022, which do not meet the Company's definition of cash equivalents. The investments are carried at their fair values on the balance sheet. Unrealized gains and losses are included in the statement of income. Accumulated unrealized appreciation (depreciation) in assets classified as investments at December 31, 2022 was \$(115,108).

Revenue and Cost Recognition

The Company adopted Accounting Standards Codification Topic 606, "Revenue from Contracts with Customers" ("ASC 606") on January 1, 2019. In accordance with ASC 606, revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. ASC 606 requires recognition of revenues based on performance obligations. Brask, Inc. and Brask, Inc. - Neela meet the "over time" recognition requirement of this performance obligation.

The Company recognizes revenues over time as the performance creates or enhances an asset that the customer controls as it is created or enhanced. The fixed fee construction projects generally use a percentage-of-completion method to measure the progress towards complete satisfaction for the performance obligation as the Company believes it best depicts the transfer of control to the customer which occurs as the Company incurs costs on the contract. Under the percentage-of-completion method, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation.

The asset "Contract asset," represents revenues recognized in excess of amounts billed. The liability, "Contract liability," represents billings in excess of revenues recognized.

The Company recognizes revenue on Cost-Plus projects based upon an established percentage of profit relative to cost incurred.

The Company recognizes revenue from non-fixed fee projects at the closing of a sale. During construction, all direct material and labor costs and those indirect costs related to acquisition and construction are capitalized. Capitalized costs are charged to earnings upon closing of a sale.

For income tax purposes, the Company recognizes income on manufacturing contracts when the product is shipped and accepted by customers.

BRASK, INC.
BRASK, INC. – NEELA
NEELILA, LLC

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Accounts receivable – Contracts

The Company uses the reserve for bad debt method of valuing doubtful accounts receivable, which is based on historical experience, coupled with a review of the current status of existing receivables.

The balance of the reserve for doubtful accounts, against accounts receivable to properly reflect the realizable value, is \$0 at December 31, 2022.

Inventory

Stock inventory is stated at cost using the first in, first out method. All inventory is stated at the lower of cost or net realizable value.

Income Taxes

Effective January 1, 2010, Brask, Inc., with the consent of its shareholder, has elected under the Internal Revenue Code to be an S corporation. In lieu of corporation income taxes, the shareholder of an S corporation is taxed on the Company's taxable income. For 2022, the Company elected to utilize the Louisiana's Pass-through entity tax election. The entity will pay the Louisiana income tax for the individuals and recognize the expense at the Company level.

Deferred taxes results primarily from using different depreciation methods, recognition of jobs in progress and unrealized gain on investments for financial reporting from those used for income tax reporting. The deferred tax liability represents the future tax consequences of those differences that will either be taxable or deductible. The net deferred tax liability of \$113,364 results from the following:

Depreciation	\$ 49,842
Recognition of jobs in progress	62,336
Unrealized gain on investments	<u>1,186</u>
Net Deferred tax liability	<u>\$113,364</u>

Effective January 1, 2008, Neela, with the consent of its shareholders, has elected under the Internal Revenue Code to be an S corporation. In lieu of corporation income taxes, the shareholder of an S corporation is taxed on the Company's taxable income. Therefore, no provision or liability for income taxes has been included in the financial statements.

Neelila is a limited liability company, and therefore, is treated as a disregarded entity for federal income tax purposes. The members are taxed individually on the net income of the Company.

BRASK, INC.
BRASK, INC. – NEELA
NEELILA, LLC

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Property, Plant and Equipment

All property, plant and equipment is recorded at cost and depreciated, using the straight-line method over their estimated useful lives as shown below.

	<u>Useful Lives</u>
Furniture and fixtures	3-7 years
Machinery and equipment	3-15 years
Transportation equipment	5-7 years
Small tools	3-5 years
Other equipment	10 years
Land improvements	15 years
Buildings and improvements	5-39 years

Repairs and maintenance charges which do not increase the useful lives of the assets are charged to operations as incurred. Expenditures for additions, improvements and replacements are capitalized. Upon sale or retirement, the cost and related accumulated depreciation are eliminated from the respective accounts, and the resulting gain or loss is included in the results of operations.

Depreciation expense was \$1,047,885 for the year ended December 31, 2022.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Advertising costs

Advertising costs are charged to operations as incurred. Advertising cost expensed for the year ended December 31, 2022 was \$25,927.

Subsequent Events

Management has evaluated subsequent events through June 5, 2023, the date the financial statements were available to be issued.

BRASK, INC.
BRASK, INC. – NEELA
NEELILA, LLC

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022

NOTE 2 – ACCOUNTS RECEIVABLE - CONTRACTS

Receivables on contracts at December 31, 2022 consist of:

Completed contracts	\$12,763,436
Uncompleted contracts	8,385,583
Retainages	<u>-</u>
	21,149,019
Less allowance for doubtful accounts	<u>-</u>
	<u>\$21,149,019</u>

Brask, Inc. had contract receivable balances from five customers that amounted in total to 52% of its receivables at December 31, 2022.

Neela had contract receivable balances from six customers that amounted in total to 71% of its receivables at December 31, 2022.

NOTE 3 – OTHER ASSETS

Included in other assets are the following:

Organization costs	\$ 13,232
Less accumulated amortization	<u>13,232</u>
	<u>\$ -</u>
Start-up costs	\$ 124,844
Less accumulated amortization	<u>124,844</u>
	<u>\$ -</u>

Goodwill, net of accumulated amortization (calculated on 10 years) is as follows:

Goodwill	\$ 522,827
Amortization	<u>432,867</u>
	<u>\$ 89,960</u>

Amortization expense at December 31, 2022 is \$44,980.

NOTE 4 – INVESTMENTS

The Investment - LLC consists of membership in Preferred Contractors of Louisiana, LLC (workers' compensation) of \$17,944 and is stated at cost and does not exceed estimated net realizable value.

BRASK, INC.
BRASK, INC. – NEELA
NEELILA, LLC

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022

NOTE 5 – FAIR VALUE MEASUREMENT

The fair values of assets measured on a recurring basis at December 31, 2022 is as follows:

	Fair Value Measurements			Total
	Quoted prices In Active Markets for Identical assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Equities	\$ 6,144,308	\$ -	\$ -	\$ 6,144,308
Mutual funds	733,500	-	-	733,500
Fixed income	-	3,453,954	-	3,453,954
Totals	<u>\$ 6,877,808</u>	<u>\$ 3,453,954</u>	<u>\$ -</u>	<u>\$10,331,762</u>

The Company categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The company has the following recurring fair value measurements as of December 31:

Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date have a value of \$6,877,808.

Level 2 inputs – Municipal bonds totaling \$3,453,954 are valued using the market-based approach comprised of a combination of directly observable quoted prices and a matrix pricing technique that relies on the securities' relationship to other benchmark quoted securities.

NOTE 6 – NOTE RECEIVABLE

At December 31, 2022, the Brask, Inc. had a master promissory note for commercial line of credit from CoFlo Technologies, LLC (CoFlo) the amount of \$1,000,000. This line of credit bears a variable interest rate equal to 3.00 percentage points over LIBOR rate. At December 31, 2022, the balance of this line of credit was \$725,000. Interest on aggregate amount of all unpaid loan advances shall be payable monthly on the first business day of each calendar month beginning December 1, 2018. This note shall mature and shall be paid in full on the earlier of one hundred twenty (120) days after demand for payment or immediately upon default.

BRASK, INC.
BRASK, INC. – NEELA
NEELILA, LLC

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022

NOTE 7 – LINES OF CREDIT

At December 31, 2022, Brask, Inc. and Neela had a revolving lines of credit with Hancock Whitney Bank (the bank) in the amount of \$2,000,000 and \$2,000,000, respectively. These lines of credit are secured by a UCC priority lien on accounts receivable, inventory, equipment and fixtures and deposit accounts and bear a variable interest rate to 0.75 percentage points under Prime rate for the U.S. as published in the "money Rates" section of the Wall Street Journal (the "Index"), not to be less than four percent (4%) per annum. At December 31, 2022, the balance of these lines of credit for Brask, Inc. and Neela was \$0 and \$996,181, respectively.

The Business Loan Agreements for both companies contain certain requirements and covenants including maintenance of debt to tangible net worth ratio not exceeding 2.50 to 1.00 and minimum debt service coverage of 1.25 to 1.00. Debt Service Coverage is defined as net income after income tax expense, plus interest, amortization and depreciation expenses, less distributions made for the then twelve months then ending, to interest expense, plus current maturities of long term debt plus current maturities of capital leases. The combined financial statements are in compliance with all requirements and covenants for December 31, 2022.

NOTE 8 – LONG-TERM DEBT

Following is a summary of long-term debt of Neelila at December 31, 2022.

Note payable to Bal Sareen, dated May 4, 2016	
and; payable in equal monthly payments in the	
amount of \$26,685, including interest at a rate of 3%,	
maturing May 4, 2031, collateralized by the building.	\$ 2,379,206
Less current maturities of long-term debt	<u>252,292</u>
Long-term portion	2,126,914
Less Bond acquisition costs and finance fees, net	<u>17,445</u>
	<u>\$ 2,109,469</u>

Following are maturities of long-term debt:

Year Ending <u>December 31,</u>	
2023	\$ 252,292
2024	259,965
2025	267,873
2026	276,020
2027	284,415
Thereafter	1,038,641

BRASK, INC.
BRASK, INC. – NEELA
NEELILA, LLC

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022

NOTE 8 – LONG-TERM DEBT - CONTINUED

Bond acquisition costs and finance fees, net are as follows:

Bond acquisition costs	\$ 80,185
Less accumulated amortization	<u>63,036</u>
	<u>\$ 17,149</u>
 Finance fees	 \$ 1,384
Less accumulated amortization	<u>1,088</u>
	<u>\$ 296</u>

Amortization expense is calculated based on 173 months which is the original life of the loan.

NOTE 9 – RELATED PARTY TRANSACTIONS

In addition to the long-term debt in Note 8, at December 31, 2022, the companies were indebted to its shareholders in the amount of \$941,009. The debt is due on demand and bears interest at current market rates. \$0 of interest was paid on this debt for 2022. Also, at December 31, 2022, the companies have a shareholder receivable of \$18,052.

At December 31, 2022, Brask, Inc. had a receivable of \$129 from Sarbak, LLC, a related party.

NOTE 10 – CONCENTRATION OF RISK

The Companies maintains its cash in bank deposit accounts which, at times throughout the year, may exceed Federal Deposit Insurance Corporation (FDIC).

Brask performs substantially all of its work within the states of Louisiana and Texas. Neela performs substantially all of its work within the state of Texas. Neelila has geographical risk since it is located in the Houston, TX area.

For 2022, Brask and Neela had six and five customers that made up 48% and 47% of the Companies' total revenues, respectively.

BRASK, INC.
BRASK, INC. – NEELA
NEELILA, LLC

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022

NOTE 12 – DEFINED CONTRIBUTION PENSION PLAN

Brask adopted a 401(k) profit-sharing plan effective May 1, 2000. As of January 2012, Neela adopted Brask, Inc.'s plan. Employees are eligible to participate in the plan if at least 21 years of age and after completion of twelve months of continuous service with a minimum of 1,000 hours worked. The Plan allows for discretionary employer matching contributions and discretionary profit sharing contributions to be determined each year.

Employer contributions vest according to the following schedule:

<u>Years of Vesting Service</u>	<u>Vested Percentage</u>
1	0%
2	20%
3	40%
4	60%
5	80%
6	100%

For the year ended December 31, 2022, Brask and Neela made a matching contribution of 50% of the first 6% of employee contributions amounting to \$95,144.

SUPPLEMENTAL INFORMATION

BRASK, INC.
BRASK, INC. - NEELA
NEELILA, LLC

BALANCE SHEETS - COMBINING

December 31, 2022

ASSETS

	Brask, Inc.	Brask, Inc. - Neela
	<u>Brask, Inc.</u>	<u>Neela</u>
CURRENT ASSETS		
Cash - unrestricted	\$ 2,512,429	\$ 1,010,539
Investments	9,653,212	678,550
Accounts receivable		
Contracts, net of allowance for doubtful accounts of \$0	9,312,235	11,836,784
Other	2,136	564,979
Contract assets	2,210,591	3,850,353
Due from Brask, Inc.	-	2,065,590
Due from Neelila, LLC	51,962	372,116
Due from Sarbak, LLC	129	-
Due from shareholders	18,052	-
Inventory	378,464	83,456
Prepaid income and franchise tax, state	150,000	-
Prepaid expenses and other current assets	93,000	93,000
Total current assets	<u>24,382,210</u>	<u>20,555,367</u>
PROPERTY, PLANT AND EQUIPMENT		
Land	242,595	-
Furniture and fixtures	312,614	139,145
Machinery and equipment	6,398,971	5,228,229
Transportation equipment	150,919	60,364
Small tools	21,134	-
Other equipment	96,332	-
Buildings and improvements	4,501,411	714,730
	<u>11,723,976</u>	<u>6,142,468</u>
Less accumulated depreciaton	<u>(7,842,411)</u>	<u>(4,850,236)</u>
	3,881,565	1,292,232
OTHER ASSETS		
Goodwill, net	89,960	-
Note receivable - CoFlo Technologies, LLC	725,000	-
Investment-LLC	17,944	-
Organization costs, net	-	-
Start-up costs, net	-	-
	<u>832,904</u>	<u>-</u>
	<u>\$ 29,096,679</u>	<u>\$ 21,847,599</u>

See independent accountants' review report.

Continued

BRASK, INC.
BRASK, INC. - NEELA
NEELILA, LLC

BALANCE SHEETS - COMBINING - CONTINUED

December 31, 2022

ASSETS - CONTINUED

	Neelila, LLC	Eliminations	Total
CURRENT ASSETS			
Cash - unrestricted	\$ 55,630	\$ -	\$ 3,578,598
Investments	-	-	10,331,762
Accounts receivable			
Contracts, net of allowance for doubtful accounts of \$0	-	-	21,149,019
Other	-	-	567,115
Contract assets	-	-	6,060,944
Due from Brask, Inc.	-	(2,065,590)	-
Due from Neelila, LLC	-	(424,078)	-
Due from Sarbak, LLC	-	-	129
Due from shareholders	-	-	18,052
Inventory	-	-	461,920
Prepaid income and franchise tax, state	-	-	150,000
Prepaid expenses and other current assets	-	-	186,000
Total current assets	55,630	(2,489,668)	42,503,539
PROPERTY, PLANT AND EQUIPMENT			
Land	2,323,297	-	2,565,892
Furniture and fixtures	-	-	451,759
Machinery and equipment	-	-	11,627,200
Transportation equipment	-	-	211,283
Small tools	-	-	21,134
Other equipment	-	-	96,332
Buildings and improvements	4,013,735	-	9,229,876
	6,337,032	-	24,203,476
Less accumulated depreciaton	(1,555,829)	-	(14,248,476)
	4,781,203	-	9,955,000
OTHER ASSETS			
Goodwill, net	-	-	89,960
Note receivable - CoFlo Technologies, LLC	-	-	725,000
Investment-LLC	-	-	17,944
Organization costs, net	-	-	-
Start-up costs, net	-	-	-
	-	-	832,904
	\$ 4,836,833	\$ (2,489,668)	\$ 53,291,443

See independent accountants' review report.

BRASK, INC.
BRASK, INC. - NEELA
NEELILA, LLC

BALANCE SHEETS - COMBINING - CONTINUED

December 31, 2022

LIABILITIES AND STOCKHOLDER'S EQUITY

	Brask, Inc.	Brask, Inc. - Neela
	<u>Brask, Inc.</u>	<u>Neela</u>
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ -	\$ -
Due to Brask, Inc.		
Due to Brask, Inc. - Neela	2,065,590	-
Due to Sarbak, LLC	-	-
Due to sharholder	-	-
Notes payable - line of credit	-	996,181
Accounts payable	2,438,682	3,412,436
Accrued expenses	276,868	179,195
Deferred tax	113,364	-
Notes payable - shareholders	-	941,009
Contract liabilities	4,061,844	4,091,904
Total current liabilities	<u>8,956,348</u>	<u>9,620,725</u>
LONG-TERM DEBT		
Notes payable - long term, less current maturities	<u>-</u>	<u>-</u>
STOCKHOLDER'S EQUITY		
Common stock		
Voting(Neela) - no par value; 100,000 shares authorized; 2000 shares issued and outstanding at December 31, 2022	-	2,000
Voting(Brask) - no par value; 2,000 shares authorized; 341 shares issued and outstanding at December 31, 2022		
Non-voting(Brask) - no par value; 8,000 shares authorized; 499 shares issued and outstanding at December 31, 2022	591,458	-
Retained earnings/Members' equity	22,858,873	12,224,874
	<u>23,450,331</u>	<u>12,226,874</u>
Less: Treasury stock (Brask) - 49 shares voting; 511 shares non-voting at December 31, 2022, at cost	(3,310,000)	-
	<u>20,140,331</u>	<u>12,226,874</u>
	<u>\$ 29,096,679</u>	<u>\$ 21,847,599</u>

See independent accountants' review report.

Continued

BRASK, INC.
BRASK, INC. - NEELA
NEELILA, LLC

BALANCE SHEETS - COMBINING - CONTINUED

December 31, 2022

LIABILITIES AND STOCKHOLDER'S EQUITY - CONTINUED

	Neelila, LLC	Eliminations	Total
CURRENT LIABILITIES			
Current maturities of long-term debt	\$ 252,292	\$ -	\$ 252,292
Due to Brask, Inc.	51,962	(51,962)	-
Due to Brask, Inc. - Neela	372,116	(2,437,706)	-
Due to Sarbak, LLC	-	-	-
Due to shareholder	-	-	-
Notes payable - line of credit	-	-	996,181
Accounts payable	-	-	5,851,118
Accrued expenses	-	-	456,063
Deferred tax	-	-	113,364
Notes payable - shareholders	-	-	941,009
Contract liabilities	-	-	8,153,748
Total current liabilities	<u>676,370</u>	<u>(2,489,668)</u>	<u>16,763,775</u>
LONG-TERM DEBT			
Notes payable - long term, less current maturities	<u>2,109,469</u>	<u>-</u>	<u>2,109,469</u>
STOCKHOLDER'S EQUITY			
Common stock			
Voting(Neela) - no par value; 100,000 shares authorized; 2000 shares issued and outstanding at December 31, 2022	-	-	2,000
Voting(Brask) - no par value; 2,000 shares authorized; 341 shares issued and outstanding at December 31, 2022			
Non-voting(Brask) - no par value; 8,000 shares authorized; 499 shares issued and outstanding at December 31, 2022	-	-	591,458
Retained earnings/Members' equity	<u>2,050,994</u>	<u>-</u>	<u>37,134,741</u>
	2,050,994	-	37,728,199
Less: Treasury stock (Brask) - 49 shares voting; 511 shares non-voting at December 31, 2022, at cost	<u>-</u>	<u>-</u>	<u>(3,310,000)</u>
	2,050,994	-	34,418,199
	<u>\$ 4,836,833</u>	<u>\$ (2,489,668)</u>	<u>\$ 53,291,443</u>

See independent accountants' review report.

BRASK, INC.
BRASK, INC. - NEELA
NEELILA, LLC

STATEMENTS OF INCOME - COMBINING

Year Ended December 31, 2022

	Brask, Inc.	Brask, Inc. - Neela
Contract income	\$ 37,797,750	\$ 37,445,601
Rental income	-	-
Direct contract costs	(28,595,966)	(28,019,577)
Gross profit	9,201,784	9,426,024
General and Administrative Expenses	5,824,257	5,232,369
Income (loss) from operations	3,377,527	4,193,655
Other income (expense)		
Bonuses paid and accrued (non stockholder)	(223,920)	-
Investment income (loss)	(2,043,475)	(296,309)
Interest expense	-	-
Employee retention credit	1,220,681	792,144
Gain or (loss) on sale of investments	540,849	-
Other income	272,826	269,401
	(233,039)	765,236
Income before stockholder bonus and income taxes	3,144,488	4,958,891
Stockholder bonus	-	-
Income before income taxes	3,144,488	4,958,891
Income taxes benefit (expense)		
Current	-	-
Deferred	134,570	-
	134,570	-
Net income (loss)	\$ 3,279,058	\$ 4,958,891

See independent accountants' review report.

Continued

BRASK, INC.
BRASK, INC. - NEELA
NEELILA, LLC

STATEMENTS OF INCOME - COMBINING - CONTINUED

Year Ended December 31, 2022

	Neelila, LLC	Eliminations	Total
Contract income	\$ -	\$ (818,003)	\$ 74,425,348
Rental income	330,000	(330,000)	-
Direct contract costs	-	818,003	(55,797,540)
Gross profit	<u>330,000</u>	<u>(330,000)</u>	<u>18,627,808</u>
General and Administrative Expenses	<u>131,520</u>	<u>(330,000)</u>	<u>10,858,146</u>
Income (loss) from operations	198,480	-	7,769,662
Other income (expense)			
Bonuses paid and accrued (non stockholder)	-	-	(223,920)
Investment income	-	-	(2,339,784)
Interest expense	(75,373)	-	(75,373)
Employee retention credit	-	-	2,012,825
Gain or (loss) on sale of investments	-	-	540,849
Other income	-	-	542,227
	<u>(75,373)</u>	<u>-</u>	<u>456,824</u>
Income before stockholder bonus and income taxes	123,107	-	8,226,486
Stockholder bonus	<u>-</u>	<u>-</u>	<u>-</u>
Income before income taxes	123,107	-	8,226,486
Income taxes benefit (expense)			
Current	-	-	-
Deferred	<u>-</u>	<u>-</u>	<u>134,570</u>
	<u>-</u>	<u>-</u>	<u>134,570</u>
Net income (loss)	<u>\$ 123,107</u>	<u>\$ -</u>	<u>\$ 8,361,056</u>

See independent accountants' review report.

BRASK, INC.
BRASK, INC. - NEELA
NEELILA, LLC

STATEMENTS OF CHANGES IN RETAINED EARNINGS/MEMBERS' EQUITY - COMBINING

Year Ended December 31, 2022

	Brask, Inc.	Brask, Inc. - Neela	Neelila, LLC	Total
Ending Balance, December 31, 2021	\$ 22,741,427	\$ 8,671,491	\$ 927,887	\$ 32,340,805
Distributions	(3,161,612)	(1,405,508)	-	(4,567,120)
Capital contribution	-	-	1,000,000	1,000,000
Net income (loss)	3,279,058	4,958,891	123,107	8,361,056
Ending Balance, December 31, 2022	<u>\$ 22,858,873</u>	<u>\$ 12,224,874</u>	<u>\$ 2,050,994</u>	<u>\$ 37,134,741</u>

See independent accountants' review report.

BRASK, INC.
BRASK, INC. - NEELA
NEELILA, LLC

STATEMENTS OF CASH FLOWS - COMBINING

Year Ended December 31, 2022

	Brask, Inc.	Brask, Inc. - Neela
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 3,279,058	\$ 4,958,891
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Amortization expense	44,980	-
Depreciation expense	601,055	342,474
Gain or (loss) on sale of investments	(540,849)	-
(Increase) decrease in assets:		
Accounts receivable, net	(2,005,712)	(6,160,204)
Other receivables	(2,136)	(564,979)
Inventory	(160,893)	(65,311)
Prepaid expenses	174,947	634,302
Contract assets	(1,042,205)	(2,268,180)
Increase (decrease) in liabilities:		
Accounts payable	(855,797)	2,144,160
Accrued expenses	7,310	68,011
Deferred tax liability	(134,569)	-
Income tax payable, state	-	-
Contract liabilities	943,578	2,713,844
CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	308,767	1,803,008
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for purchases of fixed assets	(76,199)	(116,027)
(Purchase) sale of investments	(3,385,016)	(131,877)
(Income) loss on investments	2,350,340	296,309
Decrease (increase) in investment	13,868	-
Capital contributions	-	-
Proceeds from sale of investment	3,607,914	-
CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	2,510,907	48,405
CASH FLOWS FROM FINANCING ACTIVITIES		
Distributions	(3,161,612)	(1,405,508)
Change in loans from affiliates	497,699	(1,166,733)
Net change in loans to shareholder	(991,970)	121,135
Net borrowings (payments) on notes payable-line of credit		996,181
Net borrowings (payments) on notes payable-shareholders	-	(150,000)
CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	(3,655,883)	(1,604,925)
NET INCREASE (DECREASE) IN CASH	(836,209)	246,488
CASH AT BEGINNING OF YEAR	3,348,638	764,051
CASH AT END OF YEAR	<u>\$ 2,512,429</u>	<u>\$ 1,010,539</u>
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>

See independent accountants' review report.

Continued

BRASK, INC.
BRASK, INC. - NEELA
NEELILA, LLC

STATEMENTS OF CASH FLOWS - COMBINING - CONTINUED

Year Ended December 31, 2022

	Neelila, LLC	Total
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 123,107	\$ 8,361,056
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Amortization expense	5,658	50,638
Depreciation expense	104,356	1,047,885
Gain or (loss) on sale of investments	-	(540,849)
(Increase) decrease in assets:		
Accounts receivable, net	-	(8,165,916)
Other receivables	-	(567,115)
Inventory	-	(226,204)
Prepaid expenses	-	809,249
Contract assets	-	(3,310,385)
Increase (decrease) in liabilities:		
Accounts payable	-	1,288,363
Accrued expenses	-	75,321
Deferred tax liability	-	(134,569)
Income tax payable, state	-	-
Contract liabilities	-	3,657,422
CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	233,121	2,344,896
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for purchases of fixed assets	(1,102,195)	(1,294,421)
(Purchase) sale of investments	-	(3,516,893)
(Income) loss on investments	-	2,646,649
Decrease (increase) in investment	-	13,868
Capital contributions	1,000,000	1,000,000
Proceeds from sale of investment	-	3,607,914
CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	(102,195)	2,457,117
CASH FLOWS FROM FINANCING ACTIVITIES		
Distributions	-	(4,567,120)
Change in loans from affiliates	123,253	(545,781)
Net change in loans to shareholder	-	(870,835)
Net borrowings (payments) on notes payable-line of credit	-	996,181
Net borrowings (payments) on notes payable-shareholders	(244,845)	(394,845)
CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	(121,592)	(5,382,400)
NET INCREASE (DECREASE) IN CASH	9,334	(580,387)
CASH AT BEGINNING OF YEAR	46,296	4,158,985
CASH AT END OF YEAR	<u>\$ 55,630</u>	<u>\$ 3,578,598</u>
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	<u>\$ 75,373</u>	<u>\$ 75,373</u>
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>

See independent accountants' review report.

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, 3519 Liberty Drive, Suite 350, Pearland, Texas 77581, 281.997.3000, www.pearlandedc.com. Please attach exhibits and additional information.

Applicant Information

Name of Business: Brask, Inc.-Neela

Date: 9-5-2023

Address: 8720 Industrial Dr.

City: Pearland

State: TX

Zip: 77584

Contact Person: Lovkesh Kevin Sareen

Title: President

Phone: 281-201-0006

Fax: 281-201-5235

Email: lsms@braskinc.com

NAICS Codes for primary business operations: 3324

Federal ID Number: 77-0695782

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:

What is your State of Texas tax ID number:

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:

1) Lovkesh Kevin Sareen

Business Information

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

Brask is a leading manufacturer of Shell and Tube Heat Exchangers. Brask has two locations strategically located on the Gulf Coast to serve its customers. In 2011, Brask worked with the City of Pearland and PEDC to construct a 100,000 square foot manufacturing facility on Industrial Drive near State Highway 35. Brask specializes in the design and fabrication of custom packaged heat exchangers for the oil and gas downstream market. The Pearland facility includes offices and production areas and currently has 93 employees.

Business Structure:

☐ Cooperative

☐ Corporation

☐ Limited Liability Company

☐ Not for Profit

☐ Partnership

☒ S-Corporation

☐ Sole Proprietorship

State of Incorporation: Texas

Years in business: 12

Identify the Business' owners and percent ownership: Privately owned

Annual Sales (Most Recent): \$32,000,000

Projected Total Sales:

Year 1: \$36,200,000

Year 2: \$37,400,000

Year 3: \$39,500,000

How many employees are currently employed by the Business including all locations, subsidiaries, divisions worldwide? List the Business' Texas Locations and the Current Number of full-time equivalent (FTE) Employees at each Location (including Pearland if applicable): 228 - Sulphur, LA - 115 / Pearland - 93

Current annual payroll of Pearland facility excluding any benefits (if applicable): \$8.9M

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

If yes, please describe. Brask 100% health insurance for employee only

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

If yes, please describe. Match 50% up to 6%

Please provide a brief description of the Business' involvement in the community(ies) that it has locations.

Brask is involved in the Pearland and Houston community which is part of our core values. Brask has a relationship with Pearland Chamber of Commerce, Forgotten Angels, Adult Reading Center, India House, Indo Chamber of Commerce of Greater Houston, and other local schools/charitable organizations in which volunteering and financial compensations are donated on yearly basis.

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): See attached

Type of Business Project:

☐ New Location

☒ Expansion of Pearland Facility

☐ Modernization of Existing Pearland Facility

Type of Facility:

☒ Manufacturing

☐ Regional Service

☐ Other Basic Industry

☐ Reg. Distribution Center

☐ Reg. Entertainment Center

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

Brask is considering constructing an additional 40,000 square feet of manufacturing space at its location. Brask would invest \$14 million in facilities and equipment for the expansion that would be built on land currently owned by Brask. The expansion will result in the retention of 93 jobs and the creation of an additional 22 jobs. This project will allow Brask to develop a new product line with another company that utilizes state of the art cleaning technologies. Once operational, Brask will be able to help our refining and petrochemical customers reduce their carbon footprint. This is an ESG (Environmental Social Governance) Project which creates a positive impact on society and the environment. Brask is looking at multiple locations. The support from City of Pearland will impact the decision on location. Based on past experiences dealing with City of Pearland plus current market conditions, cost continue to escalate.

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

If yes, please explain.

When would construction begin? 2023

What is the anticipated completion date to begin operations? 2024

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.

No competitors are in the Pearland area however Brask has competition in the Houston market.

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.

Brask's business model with this new facility is to get into the repair and maintenance business. If this project does not move forward, Brask cannot sustain current headcount on new fabrication at the Pearland facility. 48

If yes, where and what assistance is being offered?
Sulphur, LA

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 I.E.E.D certification? ☐ Yes ☒ No

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)			Wage at End of Year Three
Job Title/Classification	Number of CREATED Jobs	Starting Wage (Average would be ok)	Number of Jobs Created at End of Year 3	
Shop Employee	17	\$850,000		
Office Employee	8	\$1,000,000		
		\$		
		\$		
		\$		
		\$		
		\$		
		\$		
		\$		
		\$		
		\$		
		\$		
		\$		
		\$		
		\$		
Total CREATED Jobs	25	\$1,850,000		

Full-Time RETAINED Jobs*	(Add additional rows as needed)	
Job Title/Classification	Number of RETAINED Jobs	Current Wage
All jobs	48	\$3,360,000
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
Total RETAINED Jobs		\$3,360,000

*Existing jobs based in Pearland

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): Construction of an 40,000 SF manufacturing building which will have areas for production, warehousing and office.

Description of ineligible property to be included in project, including inventory and personal property: Equipment, machinery, furniture, computers. See attachment

This would be something similar as what was in the 2008 Application

The proposed reinvestment zone is located in:

County: Brazoria
Drainage District: Brazoria County Drainage District # 4
School District: Alvin ISD
College District: Alvin Community College
Other Taxing Jurisdictions:

What is the parcel(s) tax identification number(s): 614903, 614904, 703936

Tax Abatement Requested: 50% of eligible property for a term of 5 years (or) requesting staggered tax abatement terms as follows:

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. Brask will apply to Brazoria County for an abatement if granted by the City of Pearland

Construction Estimates

Commencement Date: 2023 If Modernization
Construction Man Years: Estimated Economic Life of Existing Plant in years:
Completion Date: 2024 Added Economic Life from Modernization in years:
Peak Construction Jobs:

2022 APPRAISED BASE VALUE ON SITE		ESTIMATED VALUE OF NEW VALUE ADDED	
Land	265,060	Land	\$1,000,000
Improvements	\$0	Improvements	\$8,000,000
		Training	\$ 500,000
Personal Property – computers, furniture and fixtures, inventory, machinery and other equipment, raw materials, supplies and work in progress	\$0	Personal Property – computers, furniture and fixtures, inventory, machinery and other equipment, raw materials, supplies and work in progress	\$4,500,000
Total of Pre-existing Value	\$265,060	Total of New Value Added	\$14,000,000
Total Value of Pre-existing and New Value	\$265,060		

Project Budget

AMOUNTS BUDGETED			
Use of Funds	Cost	Source	Commitment Status
Land Acquisition	\$1,000,000		Land Acquired
Site Preparation			
Cost of Utilities to Site			
Building Acquisition			
Building Construction	\$8,000,000	Comerica	Approved
Building Remodeling			
Machinery & Equip.			
Computer Hardware			
Computer Software			
Furniture & Fixtures			
Working Capital			
Moving Expenses			
For all the above	\$4,500,000		
Job Training	\$500,000		
TOTAL	\$14,000,000		

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: **Brask is considering two locations and incentives are needed to offset the cost of development of the site and for increasing cost of construction**

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? **Brask will sign a Tax Abatement Agreement with the City of Pearland**

Attachments

Please attach the following documents:

- A1** Completed Economic Impact Data Sheet – plat attached
- 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: (If requested)
 - 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 (If requested)
 - 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.

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

Bal Sareen
Bal Sareen / CEO

Name and Title (typed or printed)

9-14-20
Date

INSTRUCTIONS

Applicants and projects must meet the requirements established by the City of Pearland *Guidelines and Criteria for Granting Tax Abatement in a Reinvestment Zone* found in Resolution No. R2019-36 (attached) in order to receive positive consideration. Section 2 of the Guidelines, for example, sets out regulations governing eligible facilities, eligible and ineligible improvements, terms and economic qualifications. Conformance with all sections, however, is required for eligibility.

APPLICANT INFORMATION

The taxing unit may consider applicant financial capacity in determining whether to enter into an abatement agreement. Established companies for which public information is available, or the wholly owned businesses of such companies, should include with the application a copy of their latest annual report to stockholders. Other applicants and new companies should attach a statement showing when the company was established, business references (name, contact and telephone number of principal bank, accountant and attorney) and may be required to submit an audited financial statement and business plan.

PROJECT INFORMATION

Only facilities listed in Section 2(a) of the *Guidelines* may receive abatement without applying for a variance. Check guideline definitions in Section 1 to see if project qualifies.

TAX ABATEMENT INFORMATION

Estimated Appraised Value on Site - The value as of January 1 immediately preceding abatement should be the value established by the Appraisal District. If the applicant must estimate value because the taxable value is not known or is combined with other properties under a single tax account, please so state. Projections of value should be a "best estimate" based on taxability in Texas. The projection of project values not abated should include personal property and ineligible project-related improvements such as office space in excess of that used for plant administration, housing, etc.