

## Agreement

This Agreement is between Oak Gallery Inc.(a “C” corporation) *dba* Texas Bottom Line Consulting (TBLC) being represented by Senior Property Tax Consultant (SPTC #10365), Robert X. Johnson (Consultant), and official company name. (Client). Consultant and the Client agree as follows:

Unless as otherwise provided within this Agreement, this Agreement covers all of Client's locations in Texas that are subject to personal property tax.

### 1. Definitions: (supplementing terms not defined in the Texas Property Tax Code)

- a. **COUNTY/CENTRAL APPRAISAL DISTRICT (CAD)**: The county government entity responsible for initially setting the Appraised Values (AV) on all property in that particular County.
- b. **NOTICE OF APPRAISED VALUE (NAV)**: The written notice issued by a CAD stating a property's APPRAISED VALUE (AV) for the tax year. Where broken out by component, InvNAV is the inventory portion and NonInvNAV is the non-inventory portion.
- c. **APPRAISED VALUE (AV)**: The value set for Taxation. Where needed, AV is separated into (i) Inventory AV (InvAV), and (ii) Non-Inventory AV (NonInvAV).
- d. **FINAL APPRAISED VALUE (FAV)**: The property's appraised value for the tax year after all administrative proceedings, if any, are complete. If there is no protest, FAV = NPAV. If there is protest/arbitration, FAV = PAV. Where broken out by component, InvFAV is the inventory portion and NonInvFAV is the non-inventory portion.
- e. **REDUCTION OF APPRAISED VALUE (RAV)**: The difference between NAV and FAV. Where broken out, inventory RAV (InvRAV) and a non-inventory RAV (NonInvRAV).
- f. **EXEMPTION AMOUNT (EA)**. Any personal-property exemption applicable to a location for the year (including any universal exemption enacted by the Legislature).  
  
How Exemptions Are Applied (Non-Inv first, then Inventory). At each stage (rendition, notice, post-rendition/non-protested, and final settlement/ARB determination/arbitration determination), the exemption amount is applied first to Non-Inventory AV and any remainder to Inventory AV. After this allocation, the remainder is referred to as the Taxable value for that component at that stage.
  - Taxable Inventory at Notice = TaxInvNAV (InvNAV after applying EA first to NonInvNAV).
  - Taxable Inventory at Non-Protested stage = TaxInvNPAV (InvNPAV after applying EA first to NonInvNPAV).
  - Taxable Inventory at Final/Protested stage = TaxInvPAV (InvPAV after applying EA first to NonInvPAV).
- g. **ORIGINAL COST OF GOODS LANDED (OCOGL)**: Client's historical cost new of merchandise inventory on the assessment date (January 1, or September 1 if elected under §23.12(f)), including inbound freight. For fee calculations where cost is the baseline, TBLC uses a Taxable Cost Baseline called TaxOCOGL, which is OCOGL reduced by any Exemption Amount that remains *after* it has been applied to Non-Inventory at the non-protested stage. Per CAD documentation sources, merchandise inventory is taxable at 100% of historical cost new.
- h. **ORIGINAL COST OF NON-INVENTORY (OCNI)**: The original cost of non-inventory as reported on the rendition for the current tax year.
- i. **NON-PROTESTED APPRAISED VALUE (NPAV)**: The property's AV after rendition and any informal adjustments before any ARB/arbitration. Where broken out, InvNPAV and NonInvNPAV are the inventory and non-inventory components. If the CAD does not state an inventory component, InvNPAV = NPAV – NonInvNPAV and NonInvNPAV is the rendered non-inventory value (or the CAD's stated non-inventory value if provided).
- j. **PROTESTED APPRAISED VALUE (PAV)**: The property's AV as finally determined **after** settlement, ARB determination, or binding arbitration determination under Chapter 41A (Judicial appeals under Chapter 42 are excluded). Where broken out: InvPAV plus NonInvPAV equal the total PAV.

k. **BASELINE AND REDUCTIONS** (Inventory; all values are Taxable):

- i) **Baseline** (Inventory). For each tax year and location, the inventory baseline is the greater of (1) TaxOCOGL (taxable cost baseline) or (2) TaxInvNAV (taxable inventory at Notice).
- ii) **Non-Contested Reduction** (Inventory). The positive difference, if any, between the Baseline and TaxInvNPAV (the taxable inventory after rendition).
- iii) **Contested Reduction** (Inventory). The positive difference, if any, between TaxInvNPAV and TaxInvPAV (the taxable inventory after a settlement/ARB determination/Arbitration determination).
- iv) **Total Inventory Reduction**. The sum of the Non-Contested Reduction and Contested Reduction

l. **WRITTEN NOTICE:** e-mail, U.S. mail, or private courier. E-mail is effective when sent and mail or other private courier services are effective three (3) days after the date sent.

## 2. Consultant Services: (Occupations Code §1152.001 & Property Tax Code)

TBLC will:

- a. prepare rendition statements/property reports under Chapter 22;
- b. represent Client in protests/appeals or in arbitration under Chapters 25; 41 & 41A;
- c. consult with or advise Client on renditions and protest/arbitration strategy;
- d. negotiate or enter agreements with the CAD on Client's behalf concerning matters subject to protest/appeal/arbitration;
- e. act as Client's agent under Section 1.111 upon execution of Form 50-162 for each account;
- f. forward Client-action correspondence within a reasonable time; and
- g. maintain Client's property-tax data and provide it upon request.

## 3. Client Responsibilities:

Client will:

- a. designate a contact (name, title, email, phone) and mailing address for notices;
- b. provide a list of all locations and execute Form 50-162 (Authorization of Agent) for each account;
- c. provide information needed to support TBLC's Good-Faith Estimate of inventory value;
- d. provide information to render non-inventory personal property (e.g., IRS depreciation schedule);
- e. provide prior year renditions and final NAVs for all Texas locations;
- f. promptly provide arbitration deposits if TBLC is authorized to represent Client in §41A arbitration (less \$50 retained per §41A.09 if Client prevails); and
- g. provide requested information within at least 30 days unless circumstances reasonably require a shorter period

## 4. Agreement renewal and termination:

- a. Client may cancel by Written Notice at any time. If renditions for a year have been filed, Client remains obligated for flat fees under §5(a) & (b) for that year and any contingency fees under §5(c) based on the Total Inventory Reduction achieved.
- b. TBLC may withdraw by Written Notice any time before March 1 (or by April 15 if an extension to May 15 is granted), or at any time after renditions have been filed; in either case, Client owes only fees earned under

§5(a) and 5(b).

- c. This Agreement automatically renews for each subsequent tax year.

## 5. Fees:

Structure: Client pays (i) a per-account administration fee and (ii) a per-location consulting fee, plus (iii) inventory-based contingency fees tied to taxable reductions calculated per location and per tax year. Flat fees are considered “earned” when the rendition for the account is filed. Non-inventory and inventory contingency fees are considered “earned” at the time the NAV is received (if non-protested) or at the date of any final resolution (if protested).

a. Flat Fees:

Per Account (admin): \$50 per CAD account for which TBLC files a rendition

b. Non-Inventory Fees:

Per Location (consulting): Client pays the greater of:

- i) First Year Fee: In the first tax year TBLC provides services for a location, 1.00% of that location's NonInvRAV for that same tax year (calculated by comparing prior year's NonInvFAV to the current year's NonInvFAV) *This first-year fee applies once per location; or*
- ii) Continuing Flat Fee (years after first):
  - o \$700 if original cost of Non-Inventory < \$1,000,000
  - o \$1,200 if  $\geq$  \$1,000,000 and < \$5,000,000
  - o \$1,700 if  $\geq$  \$5,000,000

*(Only one per-location consulting fee applies per physical location per year, regardless of number of accounts at that location.)*

c. Inventory Contingency Fee (all on Taxable values):

- **Non-Protested Reductions:**

Year 1 for a location: 0.75% of Non-Protested Reduction.

Year 2 (consecutive): 0.5% of Non-Protested Reduction

Year 3+ (consecutive): 0.25% of Non-Protested Reduction

*“Year 1” means the first tax year TBLC files a rendition or appears as agent for that location; “Year 2” and “Year 3+” mean consecutive subsequent years. A lapse of representation of  $\geq$  one (1) tax year resets to Year 1. Prior-year corrections initiated during Year 1 bill at the Year 1 rate.*

- **Protested Reduction:**

1.00% of the Protested Reduction when obtained via ARB or Chapter 41A arbitration (if represented by TBLC as Agent). This fee is in addition to any non-inventory fees under §5(b).

d. Savings Guarantee (Inventory Contingency). For each location, the tax savings from the Total Inventory Reduction (computed as Total Inventory Reduction  $\times$  that location's composite tax rate for the year) will be greater than or equal to the sum of the contingency fees under §5(c). If not, TBLC will reduce contingency fees to satisfy this guarantee (*flat fees under §5(a) & (b) are not part of this guarantee*).

e. Invoicing and Payment: TBLC invoices after service is complete, evidenced by (as applicable) the NAV, ARB order, documented settlement, website documentation reflecting the final AV, or arbitration award. Payment is due **within 30 days** of invoice. Client agrees to pay all earned fees to Consultant regardless of whether Client pursues attorney representation in §41A arbitration, judicial Appeal under Chapter 42, or under Texas Civil Practice and Remedies Code §171.088.

f. Late Fees: An additional **3% of the invoiced amount** is added for each whole 30-day period after the due date (e.g., 3% at 31–60 days late, 6% at 61–90 days late, etc.) until paid.

## 6. Confidentiality:

a. TBLC will keep Client's information in strict confidence and disclose it only to Client's attorneys, accountants, and authorized employees; TBLC employees; taxing authorities and appraisal representatives; ARB members; arbitrators; or others authorized by Client. With details suppressed, TBLC may analyze and compile data for industry-wide insights and may use the **aggregate** of Client's net tax savings to illustrate TBLC effectiveness.

b. Client will keep TBLC's valuation methods and communications reasonably protected and disclose them only to its owners, appropriate officers and employees, counsel/accountants, or others authorized by TBLC in writing.

## 7. Non-Competition Agreement:

Client acknowledges TBLC's methods are proprietary and confidential. Client agrees not to compete with TBLC, directly or indirectly, using TBLC's proprietary methods. Any attempt to do so is a breach and may give rise to legal action

## 8. Attorneys' Fees and Costs:

If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorney's fee, cost, including any collection cost, and necessary disbursements in addition to any other relief to which such party may be entitled. This Agreement shall be construed under and in accordance with the laws of the State of Texas, and all obligations of the Parties created in this Agreement are performable in Bexar County, Texas.

## 9. Entire Agreement:

This Agreement constitutes the sole and only agreement of the Parties and supersedes any prior understandings or written or oral agreements between the Parties respecting the subject matter of this Agreement. Upon Written Notice, and if agreed to by both parties, this Agreement may be amended.

NOTICE: "Regulated by The Texas Department of Licensing and Regulation, P. O. Box 12157, Austin, Texas 78711, 1-800-803-9202, 512-463-6599; website: [www.tdlr.texas.gov](http://www.tdlr.texas.gov)." as per 16 Texas Administrative Code, Chapter 66: §66.70(b) of Admin. Rules of TDLR

EXECUTED AT: 14930 Gateview Dr., San Antonio, Texas, 78248 on or about **??/??/???**

CONSULTANT - **By::** [REDACTED]  
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CLIENT- **By::** \_\_ authorized signature\_\_  
\_\_ printed name of signer\_\_  
for \_\_ company name\_\_  
\_\_ company address\_\_  
\_\_ City, \_\_ State \_\_ zip

\_\_ signer's email

\_\_ signer's contact phone