

# ECONOMIC DEVELOPMENT AGREEMENT

STATE OF TEXAS           §  
  §  
COUNTY OF GALVESTON §

This Economic Development Agreement (this "Agreement") is made and entered into as of the 17th day of July, 2023, by and between the City of Friendswood, a home-rule municipality situated in Galveston and Harris Counties, Texas (the "City"), and 1715 Friendswood, LLC, a Texas limited liability company (the "Developer"), collectively referred to herein as the "Parties."

## WITNESSETH:

WHEREAS, the Developer owns the property located at 1715 S. Friendswood Drive, Friendswood, Galveston County, Texas; and

WHEREAS, the Developer proposes to build out an entire floor of the structure located thereon (the "Project") for the University of Texas Medical Branch ("UTMB"); and

WHEREAS, the 27,000 square foot build-out will secure the presence of UTMB in the City with a 20,000 square-foot expansion, will create new skilled and professional jobs within the City, and will have a total estimated investment in improvements of approximately ONE MILLION EIGHT HUNDRED NINETY THOUSAND AND NO/100 DOLLARS (\$1,890,000.00); and

WHEREAS, the Developer has applied to City for a business incentive grant to help defray a portion of the costs of construction of the build-out; and

WHEREAS, pursuant to Article III, §52a, Texas Constitution, and Chapter 380, Texas Local Government Code, the City is authorized to establish programs to promote local economic development and to stimulate business and commercial activity in the municipality; and

WHEREAS, in accordance with such enabling laws, City has adopted a Chapter 380 Economic Development Program; and

WHEREAS, City hereby finds and determines that the Project meets the minimum eligibility requirements for an economic incentive grant pursuant to the Program; and

WHEREAS, City hereby finds and determines that the Project encourages new private investment and employment, and the commercial project can be reasonably anticipated to act as a catalyst for further economic development in the City; and

WHEREAS, City desires to provide an economic development incentive grant to induce the Developer to proceed with the implementation of the Project;

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

**I.**  
**Authority**

- 1.01 City. The City's execution of this Agreement is authorized by Chapter 380 of the Texas Local Government Code and constitutes a valid and binding obligation of the City.
- 1.02 Developer. The Developer's execution and performance of this Agreement constitutes a valid and binding obligation of the Developer.

**II.**  
**Definitions**

- 2.01 "Application" means the application submitted by the Development for the Economic Development Grant, which application is attached hereto as Exhibit "B" and incorporated herein for all intents and purposes.
- 2.02 "Commencement Date" means the date the Developer receives a building permit from the City for the Project or October 1, 2023, whichever is earlier.
- 2.03 "Completion Date" means the date the Developer receives a certificate of occupancy for the Project or April 1, 2024, whichever is earlier.
- 2.04 "Economic Development Grant" means that grant as described in Section 4.01.
- 2.05 "Effective Date" is July 10, 2023.
- 2.06 "GCAD" means the Galveston Central Appraisal District or its successor.
- 2.07 "Program" means the economic development program for this Project established by the City pursuant to Texas Local Government Code Chapter 380 to promote local economic development and stimulate business and commercial activity within the City.
- 2.08 "Project" means the 27,000 square foot build-out of multiple medical space for UTMB within the improvements located on the Property together with parking facilities for the Property.
- 2.09 "Property" means that real property owned by the Developer and located at 1715 S. Friendswood Drive, Friendswood, Galveston County, Texas, more specifically described as 3.7264 acres of land, being all of Reserve "D" of the Final Plat of Howard Subdivision Partial Replat No. 2, a subdivision in Galveston County, Texas, according to the map or plat thereof recorded under County Clerk's File No. 2019019333 of the Map Records of Galveston County, Texas, as depicted in Exhibit "A," which is attached hereto and incorporated herein for all intents and purposes.
- 2.10 "Taxable Value" means the amount determined by deducting from assessed value the amount of any applicable partial exemption.

**III.  
Developer's Obligations**

- 3.01 Construction of the Project.  
The Developer shall commence construction of the Project on or after the Commencement Date and shall complete the same on or before the Completion Date, unless an extension is granted in writing for good cause as determined by the City Council.
- 3.02 Creation of Taxable Value. By tax year 2025, the Developer agrees that the Property and all improvements thereon will have a taxable value of at least TWENTY MILLION AND NO/100 DOLLARS (\$20,000,000.00), as assessed by GCAD. Thereafter, throughout the term of this Agreement, the Property and improvements thereon must maintain, at a minimum, such taxable value.
- 3.03 Failure to Meet Obligations. In the event that the Developer fails to fulfill its obligations under the performance guidelines contained in this Article III, after receipt of notice and expiration of the cure period described in Section 5.02 below, the City may, at its option, terminate this Agreement, whereupon the Developer shall be required to reimburse the City within thirty (30) days for payments made by the City pursuant to this Agreement in accordance with the following:

<b>Year of Non-Compliance</b>	<b>Percentage to be Reimbursed</b>
2025	100%
2026	100%
2027	75%
2028	50%
2029	25%

**IV.  
City's Obligations**

- 4.01 Economic Incentive Grant.  
The City shall pay to the Developer an Economic Development Grant pursuant to the Program in amount of THREE HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS (\$350,000.00) within thirty (30) days after the Completion Date; provided the Developer has received a certificate of occupancy for the Project by such date and has provided proof of membership in the Friendswood Chamber of Commerce. The Economic Incentive Grant shall be subject to recapture in accordance with Section 3.03.

**V.  
General Terms**

- 5.01 Term. This Agreement shall become enforceable upon execution by the City Manager of the City and shall be effective on the Effective Date. Unless terminated earlier in accordance with its terms, this Agreement shall terminate on December 31, 2029.
- 5.02 Default. If either the City or the Developer should default in the performance of any obligations of this Agreement, the other Party shall provide such defaulting Party written notice of the default,

and, unless otherwise specified herein, a minimum period of ninety (90) days after the receipt of said notice to cure such default, prior to instituting an action for breach, pursuing any other remedy for default, or terminating this Agreement.

- 5.03 Termination. In the event this Agreement is terminated, due to an uncured default, the obligations on the part of both Parties shall be deemed terminated and of no further force or effect once the Developer reimburses the City that portion of the Economic Incentive Grant as required by Section 3.03 if the Developer was deemed in default by the City.
- 5.04 Mutual Assistance. The City and the Developer will do the things commercially reasonable, necessary or appropriate to carry out the terms and provisions of this Agreement, and to aid and assist each other in carrying out such terms and provisions in order to put each other in the same economic condition contemplated by this Agreement regardless of changes in public policy, the law or taxes or assessments attributable to the Project.
- 5.05 Entire Agreement. This Agreement contains the entire agreement between the parties. All prior negotiations, discussions, correspondence, and preliminary understandings between the parties and others relating hereto are superseded by this Agreement. This Agreement may only be amended, altered or revoked by written instrument signed by the City and the Developer.
- 5.06 Binding Effect. This Agreement shall be binding on and inure to the benefit of the parties and their respective successors and assigns.
- 5.07 Assignment. Except as provided below, the Developer may not assign all or part of its rights and obligations to a third party without prior written approval of the City, which approval shall not be unreasonably withheld or delayed.
- 5.08 Release. By this Agreement, the City does not consent to litigation or suit, and the City hereby expressly revokes any consent to litigation that it may have granted by the terms of this Agreement or any other contract or agreement, any charter, or applicable state law. Nothing contained herein shall be construed in any way so as to waive in whole or part the City's sovereign immunity. The Developer assumes full responsibility for its obligations under this Agreement and hereby releases, relinquishes, discharges, and holds harmless the City, its officers, agents, and employees from all claims, demands, and causes of action of every kind and character that is caused by or alleged to be caused by, arising out of, or in connection with the Developer's obligations. This release shall apply with respect to the Developer's obligations regardless of whether said claims, demands, and causes of action are covered in whole or in part by insurance.
- 5.09 Force Majeure. Timely performance by the parties is essential to this Agreement. However, neither party is liable for reasonable delay in performing its obligations under this Agreement to the extent the delay is caused by a force majeure that directly impacts the Agreement (excluding monetary obligations); provided that the affected party (i) uses diligence to remove the effects of the force majeure as quickly as possible and (ii) provides the other party with written notice of the force majeure and its possible effects within ten (10) days of the occurrence of the force majeure. For purposes of this section, "force majeure" shall mean any contingency or cause beyond the reasonable control of a party, as applicable, including, without limitations, acts of God or the public enemy, war, riot, civil commotion, insurrection, adverse weather, government or de facto governmental action or inaction (unless caused by negligence or omissions of such party), fires, explosions, floods, strikes, slowdowns or work stoppages, shortage of materials and labor.

- 5.10 Notice. Any notice and/or statement required or permitted to be delivered shall be deemed delivered by actual delivery, by facsimile, with receipt of confirmation, or by depositing the same in the United States mail, certified with return receipt requested, postage prepaid, addressed to the appropriate party at the following addresses:

DEVELOPER:  
1715 Friendswood, LLC  
505 S. Friendswood Drive, #119  
Friendswood, Texas 77546  
Attn: Louis Tannos

CITY:  
City of Friendswood  
910 S. Friendswood Dr.  
Friendswood, TX 77546  
Attn: City Manager

Either Party may designate a different address at any time upon written notice to the other party.

- 5.11 Interpretation. Each of the Parties has been represented by counsel of their choosing in the negotiation and preparation of this Agreement. Regardless of which party prepared the initial draft of this Agreement, this Agreement shall, in the event of any dispute regarding its meaning or application, be interpreted fairly and reasonably and neither more strongly for, nor against any party.
- 5.12 Applicable Law. This Agreement is made, and shall be construed and interpreted, under the laws of the State of Texas and venue shall lie in the State courts of Galveston County, Texas.
- 5.13 Severability. In the event any provisions of this Agreement are illegal, invalid or unenforceable under present or future laws, and in that event, it is the intention of the parties that the remainder of this Agreement shall not be affected. It is also the intention of the parties that in lieu of each clause and provision that is found to be illegal, invalid or unenforceable, a provision be added to this Agreement which is legal, valid or enforceable and is as similar in terms as possible to the provision found to be illegal, invalid or unenforceable.
- 5.14 Paragraph Headings. The paragraph headings contained in this Agreement are for convenience only and will in no way enlarge or limit the scope or meaning of the various and several paragraphs.
- 5.15 No Third-Party Beneficiaries. This Agreement is not intended to confer any rights, privileges or causes of action upon any third party.
- 5.16 No Joint Venture. It is acknowledged and agreed by the parties that the terms of this Agreement are not intended to and shall not be deemed to create any partnership or joint venture among the parties. The City, its past and future officers, elected officials, employees and agents do not assume any responsibilities or liabilities to any third party in connection with the Project or the design, construction or operation of any portion of the Project.
- 5.17 Public Information. Records and information provided to the City or its representative(s) to verify compliance with this Agreement shall be available for public inspection.

- 5.18 Exhibits. The following Exhibits "A" and "B" are attached and incorporated by reference for all purposes.
- 5.19 Multiple Originals. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute but one and the same instrument, which may be sufficiently evidenced by one counterpart.
- 5.20 Authority to Enter Contract. Each party has the full power and authority to enter into and perform this Agreement, and the person signing this Agreement on behalf of each party has been properly authorized and empowered to enter into this Agreement. The persons executing this Agreement hereby represent that they have authorization to sign on behalf of their respective entities.
- 5.21 Non-Waiver. Failure of either party hereto to insist on the strict performance of any of the agreements contained herein or to exercise any rights or remedies accruing hereunder upon default or failure of performance shall not be considered a waiver of the right to insist on and to enforce by an appropriate remedy, strict compliance with any other obligation hereunder to exercise any right or remedy occurring as a result of any future default or failure of performance.

EXECUTED by the authorized representatives of the Parties on the dates indicated below.

CITY OF FRIENDSWOOD, TEXAS

  
 MORAD KABIKI, City Manager

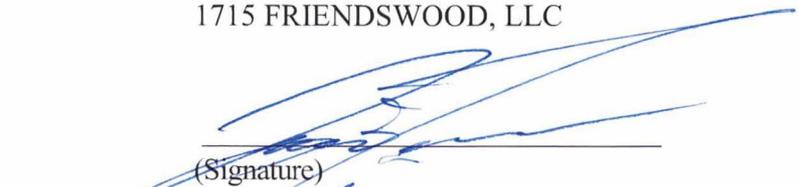
07/17/2023  
 (Date)

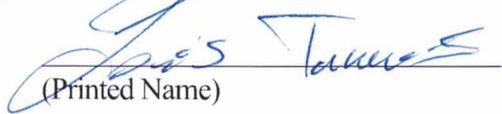
ATTEST:

  
 LETICIA BRYSCH, City Secretary



1715 FRIENDSWOOD, LLC

  
 (Signature)

  
 (Printed Name)

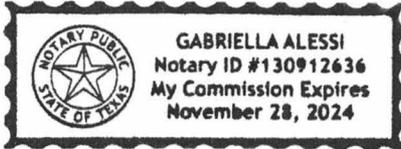
07-17-23  
 (Date)

STATE OF TEXAS       §  
                                  §  
COUNTY OF             §

The foregoing instrument was acknowledged before me on this the 17 day of July, 2023,  
by Louis Tannos, the owner of 1715 Friendswood, LLC.

[ SEAL ]

G. Alessi  
Notary Public in and for the State of Texas



# Exhibit "A"

## 1715 S. Friendswood Dr.



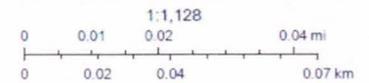
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City Limits

Address Points

Streets

Parcels



Houston- Galveston Area Council, Esri, Community Maps Contributors, City of Houston, Brazoria County, HPB, Texas Parks & Wildlife, © OpenStreetMap, Microsoft, CONANP, Esri, HERE, Garmin, Foursquare, SafeGraph, GeoTechnologies, Inc, METI/

City of Friendswood Staff  
Houston- Galveston Area Council | Esri Community Maps Contributors, City of Houston, Brazoria County, HPB, Texas Parks & Wildlife, © OpenStreetMap, Microsoft, CONANP, Esri, HERE, Garmin, Foursquare, SafeGraph, GeoTechnologies, Inc, METI/NASA, USGS, EPA, NPS, US Census Bureau, USDA |

# Exhibit "B"

## INCENTIVE WORKSHEET PROJECTS OFFICE OF ECONOMIC DEVELOPMENT USE THIS SECTION Project Name

Date 6/7/2023

Given 1715 Friendswood Buildout

### PROJECT CONTACT

Name Louis Tannos  
Address 505 S Friendswood Drive  
Friendswood TX 77546

Company 1715 Friendswood LLC  
Phone ( )  
Fax ( )  
E-Mail ltannos@tannosgroup.com  
Mobil \_\_\_\_\_

### GENERAL PROJECT DATA

Company Name 1715 Friendswood

Web Address \_\_\_\_\_

Location  
Address 1715 S Friendswood Drive, 4th floor

New Construction  Y  N  
Expansion  Y  N  
Renovation to Existing Building  Y  N  
If Relocation list current location: \_\_\_\_\_  
Anticipated Open Date \_\_\_\_\_

Type of Business Circle One:  Corporation  Partnership  Proprietorship  Other

Real Property \_\_\_\_\_  
Legal Descrip \_\_\_\_\_

County Galveston  
Tax Acct #s \_\_\_\_\_  
Primary Type of Product or Service Medical Clinic

NAICS \_\_\_\_\_

Circle One: R&D  Hqtrs.  Wholesale   
Basic Industry  Office  Retail  Other

### SALES AND INVENTORY

*Medical Clinics*

	Estimated Annual Sales by Facility	Percent Subject to Local Sales Tax	Estimated Annual Purchases of Operating items Subject to Local Sales Tax	Inventory
Year 1	\$ 12,524,850	0 %	\$ 1,000,000	N/A
At Full Operation	\$ (year)	%	\$	
Estimated Annual Growth (percent)	%		%	%

**FACILITY AND CONSTRUCTION INVESTMENT**

Estimated construction start date 8-1-2023

	Amount	Percent Subject to Local Sales Tax
Estimated Construction Material Purchases:	\$7,000,000	60 %
Estimated New Furniture and Equipment Purchases:	\$ 2,500,000	100 %
Est. \$ of Operating Purchases from Local Service Firms	5,000,000	80

**Value of Property before Improvements**

Anticipated Size of Facility (Square Feet)	Value of Property before Improvements		Business Personal Property
	Land	Real Property	
Year 1 <u>27,000</u>	\$ 3,000,000	\$	\$
Year 2 <u>27,000</u>			
Year 5 <u>27,000</u>			

**Investment in Improvements and Bus. Personal Property**

Lease Terms	Land	Real Property	Business Personal Property
Amount \$	\$ 3,750,000	\$ 7,000,000	\$ 2,500,000
Lease Dates <u>8/2023-8/2033</u>			

**UTILITY IMPACT**

	Water	Sewer
Average monthly usage by the facility:	Gal	Gal
Investment needed for the new facility:	\$	\$

**EMPLOYMENT CHARACTERISTICS**

*- Proprietary - multiple medical clinics*

Total Number of Employees	By	Type Employee	Percentage	Average Salary
		Executive	%	\$
		Professional	%	\$
		Administrative	%	\$
		Technical	%	\$
		Skilled Trades	%	\$
		Semi-Skilled	%	\$
		Trades	%	\$
		Unskilled Trades	%	\$
Total Facility Payroll	\$			
Number of Jobs Retained/Created in Friendswood				

**TOURISM**

Number of Annual Visitors:	
Average Duration of Stay:	

Reason for economic development incentives.

1715 Friendswood, LLC worked very diligently to come to an agreement with a national level class A medical provider to increase their foot print within the city of Friendswood. UTMB Health has committed to expanding access to advanced care in our area of Texas, with almost 100 clinics in Southeast Texas.

Currently UTMB has less than 7,000 sq ft within the city. This would be an increase of 27,000 sq ft of additional space providing high level medical care and a tremendous number of job, both skilled and professional, and increased dollars spent on local businesses within the city.

The building owner believes this tenant to be of high quality and importance to the sustained growth plan of the city and, as such, has taken drastic steps to secure the lease. The tenant, as a medical specialty clinic, has requested massive amounts of tenant improvement, rent abatements, and additional parking lots that go far beyond the current plans and budgets available to the developer in the range of 2.1 million dollars.

We believe bringing more footprint to UTMB is a valuable piece in the plans to bring more interest to the city and continued interest from other like quality investments from other national medical providers.