ECONOMIC DEVELOPMENT AGREEMENT

STATE OF TEXAS §
§
COUNTY OF GALVESTON §

This Economic Development Agreement (this "Agreement") is made and entered into as of the 3rd day of February, 2026, by and between the City of Friendswood, a home-rule municipality situated in Galveston and Harris Counties, Texas (the "City"), and Sterling Estates, LLC, a Texas limited liability company (the "Developer"), collectively referred to herein as the "Parties" and individually as a "Party."

WITNESSETH:

WHEREAS, the Developer's President owns the property located at 505 Briarmeadow Avenue, Friendswood, Galveston County, Texas; and

WHEREAS, the Developer proposes to redevelop the property, which was formerly the site of Friendswood Independent School District's Cline Elementary, and create a new residential subdivision, which will have a total estimated value in improvements of approximately TWO MILLION NINE HUNDRED THOUSAND NO/100 DOLLARS ($2,900,000.00) (the "Project"); and

WHEREAS, the Developer has applied to City for an economic development grant to help defray a portion of the costs of public infrastructure, namely a twelve-inch (12") water line along Briarmeadow Avenue (the "Public Improvement"); and

WHEREAS, the Public Improvement will allow the City to provide better service to its citizens, as it will create a looped water line, which will (i) provide consistent water pressure, (ii) prevent stagnation, which will improve water quality, and (iii) increase the reliability of the City's water system by allowing for continued service during main breaks; 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, on January 29, 2026, the Community and Economic Development Committee considered the Project and determined that the same would bring extraordinary benefit to the City consistent with the City's economic development program, as it will create new taxable values to the ad valorem tax rolls and result in increased sales and use tax from those residing within the new development; and

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

WHEREAS, the City hereby finds and determines that the Project encourages new private investment and employment and will act as a catalyst for further economic development in the City; and

WHEREAS, the City desires to provide an economic development 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 Developer for the Economic Development Grant, which application is attached hereto as Exhibit "B."

2.02 "Commencement Date" means the date the Developer receives a permit from the City for the Project or February 2, 2026, whichever is earlier.

2.03 "Completion Date" means the date the City accepts the Public Improvements or December 31, 2026, whichever is earlier.

2.04 "Economic Development Grant" means that grant as described in Section 4.01.

2.05 "Effective Date" is the date this Agreement is signed by the City Manager.

2.06 "GCAD" means the Galveston Central Appraisal District or its successor.

2.07 "Parties" means both the City and the Developer.

2.08 "Party" means either the City or the Developer.

2.09 "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.

2.10 "Project" means the redevelopment of the Property, as described in the recitals hereinabove and in Exhibit "B," which is attached hereto and incorporated herein for all intents and purposes.

2.11 "Property" means that real property owned by the Developer's president and located at 505 Briarmeadow Avenue, being approximately 11.389 acres of land being out of Lots 7 and 8 in Block 5 and Lots 3 and 4 in Block 7 of Friendswood Subdivision in the Sarah McKissick or J.R. Williams League, Galveston County, Texas, and being the same tract described in Instrument Number 2025030548 of the Official Records of Galveston County, Texas, and depicted in Exhibit "A," which is attached hereto and incorporated herein for all intents and purposes.

2.12 "Taxable Value" means the amount determined by GCAD after 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 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. The Developer shall invest the following in the Project:

Real Property Improvements $2,900,000

3.02 Creation of Taxable Value. By the tax year commencing immediately after the Completion Date, the Developer agrees that the Property will have a Taxable Value of at least THREE MILLION FIVE HUNDRED THOUSAND DOLLARS ($3,500,000.00). Thereafter, throughout the term of this Agreement, the Property and improvements thereon must maintain, at a minimum, a Taxable Value of THREE MILLION FIVE HUNDRED THOUSAND NO/100 DOLLARS ($3,500,000.00). Developer agrees to waive all rights, under all applicable laws (i) to contest any ad valorem taxes assessed by GCAD, and (ii) to protest the appraised value of the Property and improvements thereon.

3.03 Payment Obligations. The Developer will pay before delinquency all property taxes, special assessments (including any special assessments imposed on or against the Property for constructing or improving the Property), and governmental charges of any kind, if any, imposed on the Property and any personal property located on the Property during the term of this Agreement.

3.04 Execution of Work. During the term of this Agreement, the Developer agrees, at its own cost and expense, to construct the Public Improvements and to prosecute the work necessary to develop the Project in full compliance with this Agreement and with all codes, rules and regulations of the City as well as all other governmental entities having jurisdiction over the Property and the Project. All maintenance, repair, alteration, and/or construction work undertaken by the Developer shall be done in a workmanlike manner.

3.05 Certificate of Compliance. On or before February 1 of each year during the term hereof during the term of this Agreement, the Developer shall complete the Certificate of Compliance, which is attached hereto as Exhibit "C," and deliver such certificate to the City. The form is subject to revision by the City in its sole discretion; provided, however, the certificate may only require certification of the information necessary to verify that the Developer has complied with the terms and conditions of this Agreement.

The City, and its representatives have the right to inspect only such pertinent records of the Developer as are reasonably necessary to verify compliance with all requirements of this Agreement. Inspections shall be preceded by at least two weeks' notice in wiring to the Developer. The City shall identify to the Developer the specific reason it is seeking information, and the Developer will identify and provide specific information responsible to the City's request. The Developer shall make copies of the pertinent records available to the City at the Project site or delivery them directly to the City.

3.06 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:

Year of Non-Compliance after Completion Date	Percentage to be Reimbursed
1	100%
2	100%
3	75%
4	50%
5	25%

IV.
City's Obligations

4.01 Economic Development Grant.
The City shall pay to the Developer an Economic Development Grant pursuant to the Program in the amount of FOUR HUNDRED NINETY-TWO THOUSAND FIVE HUNDRED THIRTY-SIX AND NO/100 DOLLARS ($492,536.00) within thirty (30) days after the Completion Date; provided the plat has been recorded in the real property records of Galveston County, Texas, by such date and has provided proof of membership in the Friendswood Chamber of Commerce. The Economic Development Grant shall be subject to recapture in accordance with Section 3.06.

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 of the fifth (5^{th}) tax year after the Completion Date.

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 Development Grant as required by Section 3.06 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:
Sterling Estates, LLC
1506 E Winding Way Dr., Suite 401
Friendswood, TX 77546-5391
Attn: Adam Hill

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," "B," and "C" 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 KABIRI, City Manager

February 03, 2026

(Date)

ATTEST:

RAQUEL MARTINEZ, City Secretary

STERLING ESTATES, LLC

ADAM HILL, Managing Member

2-3-2026

(Date)

STATE OF TEXAS §
§
COUNTY OF GALVESTON §

The foregoing instrument was acknowledged before me on this the 3 day of ~~January~~ February, 2026, by Adam Hill, Managing Member of Sterling Estates, LLC.

[SEAL]

RAQUEL P. MARTINEZ
Notary Public, State of Texas
Comm. Expires 12-16-2026
Notary ID 12442177-7

Notary Public in and for the State of Texas

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K.H.

Exhibit "A"

505 Briarmeadow Ave.

Exhibit "B"

INCENTIVE WORKSHEET
PROJECTS
OFFICE OF ECONOMIC DEVELOPMENT USE THIS SECTION

Project Name Given: Sterling Estates

Date: 1/27/2026

PROJECT CONTACT

Name: Adam Hill
Address: 1506 Winding way ste 301
Friendswood TX 77546
Company: Hill Hubbard Development
Phone: (281) 850-6759
Fax: ( )
E-Mail: adam.hill@sterling-builders.com
Mobil:

GENERAL PROJECT DATA

Company Name: Hill Hubbard Development
Web Address:

Location Address: 505 Briar Meadow

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:
Tax Acct #s:

Primary Type of Product or Service: INFILL RESIDENTIAL DEVELOPMENT
NAICS:

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

SALES AND INVENTORY

	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	$	%	$	
At Full Operation	$ (year)	%	$	
Estimated Annual Growth (percent)	%		%	%

FACILITY AND CONSTRUCTION INVESTMENT

Estimated construction start date 3·1·2026

	Amount	Percent Subject to Local Sales Tax
Estimated Construction Material Purchases:	$ 2.9M	%
Estimated New Furniture and Equipment Purchases:	$	%
Est. $ of Operating Purchases from Local Service Firms		

Anticipated Size of Facility	(Square Feet)
Year 1	
Year 2	
Year 5	

Value of Property before Improvements

Land	Real Property	Business Personal Property
$ 1,900,000	$	$

Investment in Improvements and Bus. Personal Property

Lease Terms	Land	Real Property	Business Personal Property
Amount $	$ 2,500,000	$	$
Lease Dates			

UTILITY IMPACT

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

27 NEW HOMES WITH TAXABLE VALUE OF $35M @ BUILD-OUT.

EMPLOYMENT CHARACTERISTICS

Total Number of Employees	
Year 1	
At Full Operation	
Percent Annual Growth	%

Type Employee	By 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:	

OUTLINE FOR IMPACT STATEMENT OF BUSINESS

I. **Information about the Business**
   a. History
   b. Ownership
   c. Divisions/locations
   d. When, where you started
   e. State of organization
   f. Directors and Officers
   g. Provide copy of annual report/submission to Dun & Bradstreet

II. **Reasons for economic development incentives. Include any special considerations.**

III. **Describe the project**
   a. Facts about the proposed site (acreage, cost, location, ownership, and proposed use).
   b. Submit map of metes and bounds or other valid legal property description of the property.
   c. Type and value of proposed improvements (budget, list of fixed in place equipment to be included in the project).
   d. Project timeline---construction start date and end date.
   e. Environmental impact information must be provided, noting any anticipated impacts of the project on the environment, including, but not limited to storm water runoff, floodplains location, wetlands impact, waste(s) generated, hazardous waste/hazardous substances/regulated substances used or generated, noise levels, and state and federal environmental permits and registrations held or required.
   f. All other governmental assistance/incentives being requested or already approved for the project, (e.g. SBA loan, Freeport Tax Exemption).

IV. **Jobs**
   a. Provide information on current level of employment, including: (1) current payroll; and (2) breakdown of current employment by zip code. Attach a copy of the company's most recent filing with the Texas Workforce Commission or other supporting documentation that can be used to determine actual employment level at time of application.
   b. Provide information on the projected job creation associated with the project, including: (1) new employee needs; e.g. skilled vs. non-skilled, level of education, experience, etc; (2) proposed pay scale; (3) any training which the company will provide to its new employees; (4) upward mobility opportunities, career tracks, etc. available to less educated and experienced workers; and (5) if this is a consolidation, information on number of "new hires" vs. "transfers."
   c. Provide information on construction jobs to be created by project.
   d. Provide statement of commitment to equal opportunity hiring.

V. **Competition with local business**
   a. List any competition or similar businesses in the area.

VI. **How will this project attract new business?**

VII. **Provide information on alternative site considerations/and incentives being offered the company.**

VIII. **If leasing property, please attach copy of lease. If company owns or is purchasing land, please attach copy of deed or executed contract-option to purchase.**

APPLICATION WILL NOT BE CONSIDERED COMPLETE UNTIL
ALL THE REQUIRED INFORMATION HAS BEEN SUBMITTED

Hill Hubbard
Sterling Estates 505 Briar Meadow
11/20/2025

WATER DISTRIBUTION SYSTEM			Tadem
12-Inch PVC DR 18 (AWWA C-900) Water Line (All Depths) (Including Bedding And Backfill); Complete in Place. Per City of Friendswood Specs & Details.	LF	1,310	$242,350.00
Road Bore 12-inch PVC DR 18 (AWWA C-900) Water Line (All Depths) with 18" Casing, Spacers and End Seals: Per City of Friendswood Specs & Details	LF	60	$16,200.00
8-Inch PVC DR 18 (AWWA C-900) Water Line (All Depths) (Including Bedding And Backfill); Complete in Place. Per City of Friendswood Specs & Details.	LF	20	$3,600.00
6-Inch PVC DR 18 (AWWA C-900) Water Line (All Depths) (Including Bedding And Backfill); Complete in Place. Per City of Friendswood Specs & Details.	LF	10	$1,700.00
Fire Hydrant Assemblies; Include MJ Tee, 6-Inch MJ Gate Valve With Box, 6-Inch Lead, Thrust Blocking And Fire Hydrant; All Depths; Bedding And Backfill & Joint Restraint Devices ; Complete-In-Place Per City of Friendswood Specs & Details	EA	4	$37,000.00
12-Inch Steel Pipe Verticle Offset Water Line (All Depths) (w/ all req. fittings) (Including Bedding And Backfill); Complete in Place. Per City of Friendswood Specs & Details.	EA	2	$8,400.00
WATER DISTRIBUTION SYSTEM			
12" 45° Bend Fittings W/ Joint Restraint Devices and Concrete Thrust Blocking) Per City of Friendswood Specs & Details.	EA	2	$1,900.00
12" Gate Valve & Box; Include Mechanical Joint Restraint Devices; Complete in Place Per City of Friendswood Specs & Details.	EA	8	$58,000.00
8" Gate Valve & Box; Include Mechanical Joint Restraint Devices; Complete in Place Per City of Friendswood Specs & Details.	EA	3	$18,750.00
6" Gate Valve & Box; Include Mechanical Joint Restraint Devices; Complete in Place Per City of Friendswood Specs & Details.	EA	1	$4,250.00
12-inch x 12-inch MJ Tee W/ Joint Restraint Devices and Concrete Thrust Blocking) Per City of Friendswood Specs & Details.	EA	1	$8,300.00
12-inch x 8-inch MJ Tee W/ Joint Restraint Devices and Concrete Thrust Blocking) Per City of Friendswood Specs & Details.	EA	3	$20,400.00
12-inch x 6-inch MJ Tee W/ Joint Restraint Devices and Concrete Thrust Blocking) Per City of Friendswood Specs & Details.	EA	5	$29,500.00
12-inch x 6-inch MJ Reducer W/ Joint Restraint Devices and Concrete Thrust Blocking) Per City of Friendswood Specs & Details.	EA	1	$6,100.00
Wet Connection	EA	3	$26,250.00
Hydro Mulch Disturbed Areas of ROW	AC	1	$4,850.00
Trench Safety System for Water Line	LF	2,493	$4,986.00
TOTAL OFFSITE WATER BASE BID			**$492,536.00**

EXHIBIT "C"

CITY OF FRIENDSWOOD
ECONOMIC DEVELOPMENT AGREEMENT REPORTING FORM

Developer: _____

Reporting Tax Year: _____

Completion Date: _____

Initial Investment prior to Completion Date $_____

Taxable Value for Reporting Tax Year $_____

I, Adam Hill, Managing Member of Sterling Estates, LLC, hereby certify that (i) the forgoing information is true and correct, (ii) all payment obligations as described in Section 3.03 of the Agreement been paid in full, and (ii) the Developer has maintained the Property throughout the reporting year in accordance with Section 3.04.

STERLING ESTATES, LLC

_____
Adam Hill, Managing Member

STATE OF TEXAS §
§
COUNTY OF §

The foregoing instrument was acknowledged before me on this the ___ day of _____, 20____, by Adam Hill, Managing Member of Sterling Estates, LLC.

[SEAL]

_____
Notary Public in and for the State of Texas