

CITY OF LEAGUE CITY  
COUNTY OF GALVESTON  
STATE OF TEXAS

CHAPTER 380 ECONOMIC DEVELOPMENT INCENTIVES GRANT AGREEMENT

This Chapter 380 Economic Development Incentives Grant Agreement ("Agreement") is made by and between the City of League City, Texas ("City"), a home rule Municipal Corporation of the State of Texas, located at 300 West Walker Street, League City, Texas, 77573, and Saddlecreek Ranch, Ltd. (the "Grantee"), located at 400 Vista Road, Suite 101A, Pasadena, Texas, 77573.

RECITALS:

WHEREAS, the City is authorized, pursuant to Chapter 380 of the Texas Local Government Code, to establish and provide for the administration of one or more programs, including programs for making loans and grants of public money, to promote state or local economic development and to stimulate business and commercial activity in the City; and

WHEREAS, the Grantee proposes to develop, or sell for development, property within the city limits of the City of League City, site generally located west of Walker Street, north of Victory Lakes Drive, east of Interstate 45 and bisected by Town Center Drive and more specifically described as Victory Lakes Commercial Reserve as noted in Exhibit "A" to this Agreement, which is attached hereto and incorporated by reference; and

WHEREAS, the City desires to acquire approximately 20,942 square feet of property from the Grantee in order to design and construct a portion of Jag Hollow noted in Exhibit "B" which will enable the Grantee to develop, or sell for development, the Property defined herein; and

WHEREAS, the City will conditionally pay the Grantee \$14.00 per square foot or \$293,188 for the right of way to construct the road described in Exhibit "B" with payment of fifty percent (50%) due upon construction of 10,000 square feet of new buildings and the final fifty percent (50%) due upon the construction of another 7,000 square feet of new buildings on the property described in Exhibit "A", and

WHEREAS, the Grantee will be deemed to have donated the right of way as described in Exhibit "B" if 17,000 square feet of new buildings is not constructed on the property described in Exhibit "A" within three (3) years of the effective date of this agreement, and

WHEREAS, the City believes the development contemplated by Grantee will contribute to the economic development of the City by generating employment and other economic benefits to the City; and

WHEREAS, the City wants to encourage the Grantee to develop the subject Improvements to the Property in the City in a manner that establishes the area as a regional destination, and to promote local economic development and to stimulate business and commercial activity in the City

NOW, THEREFORE, in consideration of the mutual benefits and premises contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Authorization

The City has concluded that it is authorized to enter into this Agreement pursuant to Section 380.001, et seq. of the Texas Local Government Code and that the obligations of the City are valid and binding, subject to the conditions precedent as stated herein. The Grantee's execution and performance of this Agreement constitutes a valid and binding obligation of Grantee. The City acknowledges that the Grantee is acting in reliance upon the City's performance of its obligations under this Agreement in making its decision to commit substantial resources and money, and Grantee acknowledges that City is acting in reliance upon Grantee's full and complete performance of its obligations under this Agreement in making its decision to commit substantial resources to the development of the Property.

2. Definitions

*"Calendar Year"* means the period beginning January 1 and ending December 31.

*"Certificate of Occupancy"* means that final document issued by the City of League City, Texas, entitled "Certificate of Occupancy," indicating that all applicable codes, regulations, and ordinances enforced by the City of League City have been unconditionally, fully and completely complied with in all respects. A Certificate of Occupancy shall not include a certificate issued in error, mistake or misrepresentation of facts, nor any temporary or conditional document authorizing temporary or conditional occupancy.

"*Payment(s)*" means the amount(s) paid by the City to the Grantee under this Agreement.

"*Effective Date*" means the date this Agreement has been signed by all Parties.

"*Force Majeure*" means any event in which any Party shall be delayed, hindered in or prevented from the performance of any act required under this Agreement by reason of casualty, fire, flood, windstorm, earthquake, explosion, lightning, or other act of God; strikes, lockouts, riots, wars, or other civil disturbances; or similar accident not reasonably within the Party's control which materially impairs the Party's ability to perform any act required under this Agreement.

"*Improvements*" means the following specific real property improvements that Grantee proposes to construct or have constructed or installed on the Property, including buildings containing approximately 17,000 square feet of enclosed area.

"*The Property*" means that certain tract of real property located in League City, Galveston County, Texas and generally located west of Walker Street, north of Victory Lakes Drive, east of Interstate 45 and bisected by Town Center Drive and more specifically described as Victory Lakes Commercial Reserve as noted in Exhibit "A" to this Agreement, which is attached hereto and incorporated by reference.

3. Term

This Agreement will become enforceable upon the Effective Date and will terminate on the first to occur of: (a) March 26, 2016 (which date is the end of the three year period for the construction of 17,000 square feet of new buildings) or (b) termination of this Agreement by the City as provided herein.

4. Grantee's New Investment

The Grantee understands that the City is entering into this Agreement based upon the following understanding of the Grantee's new investment in the City and in consideration of the Grantee's adherence to the conditions set forth and the Grantee represents and warrants that as of the date of this Agreement and the Grantee's agreement thereto, the following fairly describes its proposed undertaking on the Property.

The construction, of not less than 17,000 square feet of enclosed commercial area, including adjoining space for parking intended to serve the users of such facility and their guests.

5. Payments – Conditional Reimbursement of Value of Right of Way

The City agrees to conditionally reimburse Grantee for the agreed value of approximately 20,942 square feet of property to construct Jag Hollow from I-45 to Town Center Drive. The reimbursement sum shall not exceed the sum of \$293,188. The City further agrees to construct Jag Hollow by December 31, 2013. The City and the Grantee further expressly understand and agree that this agreement is expressly conditioned upon (1) Grantee's conveyance of the 20,942 square feet of property to City within thirty (30) days of the Effective Date in order that the City may construct Jag Hollow by December 31, 2013 (2) the City's conditional reimbursement to the Grantee of \$293,188 for the agreed value of the right of way to construct Jag Hollow, and (3) the Grantee's construction of not less than 17,000 square feet of new commercial buildings on or before March 26, 2016.

6. Payments – to Grantee

The City shall conditionally pay Grantee the sum of \$146,594.00 when 10,000 square feet on new commercial buildings have been constructed on the Property and an occupancy permit has been issued by the City of League City Building Department. Final payment of \$146,594.00 will be made by the City to Grantee when another 7,000 square feet of new commercial buildings have been constructed and an occupancy permit has been issued by the City of League City Building Department, provided that such occupancy permit is issued on or before March 26, 2016. Grantee shall submit a request for a sum of \$146,594.00 when 10,000 square feet of new buildings have been constructed and an occupancy permit issued. The Owner's request for payment shall be accompanied by a copy of the occupancy permit. Grantee shall submit a request for final payment of \$146,594.00 when another 7,000 square feet of new buildings have been constructed on or before March 26, 2016. The Owner's request for payment shall be accompanied by a copy of the occupancy permit. The City shall make its payments to Grantee within 90 days of Grantee's delivery to the City of a request for payment.

7. Default

If either party should default (the "Defaulting Party") with respect to any of its obligations under this Agreement and should fail, within sixty days after delivery

of written notice of such default from the other party (the "Complaining Party") to cure such default, the Complaining Party, by action or proceeding at law or in equity, may be awarded its damages, if any, for such default.

8. Changes in Law

If during the term of this Agreement state law applicable to sales and use taxes changes and, as a result, the Chapter 380 Payments differ from the amount which would have been paid to the Grantee under the laws in effect as of the Effective Date, then the City, in its sole discretion, may adjust the Chapter 380 Payments utilizing whatever discretionary taxes and revenues are legally available to the City to be allocated to the Chapter 380 Payments. The foregoing does not require the City to use funds from sources which are not within the City's discretion to allocate to the Agreement in order to achieve the same economic benefits to both Parties, which would have resulted if the law had not changed.

9. Mutual Assistance

The City and the Grantee shall take all reasonable measures which are 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.

10. Representations and Warranties

The City represents and warrants to the Grantee that this Agreement is within the scope of its authority and the provisions of its charter and that it is duly authorized and empowered to enter into this Agreement. The Grantee represents and warrants to the City that it has the requisite authority to enter into this Agreement.

11. No Obligation by the Grantee to Commence Construction

In the event that the Grantee elects to not undertake the Improvements which are the subject of this agreement, this Agreement shall not create or impose any obligations upon the Grantee or City.

12. Attorney's Fees

In the event any legal action or proceeding is commenced to enforce or interpret provisions of this Agreement, the prevailing party in any such legal action shall be entitled to recover its reasonable attorney's fees and expenses incurred by reason of such action.

13. Statutes and Ordinances

Nothing in this Agreement shall alter the Grantee's obligation to comply with all state statutes, local ordinances, rules and regulations, covering the construction and operation of its development.

14. Section Names, Other Headings, and Construction

Section names or other headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. All references to the singular shall include the plural, and to the plural the singular.

15. Severability

If for any reason any provision of this Agreement is held to be invalid by a court of competent jurisdiction, such holding shall not affect, impair or invalidate the remainder of the Agreement but shall be confined in its operation to the specific provision of this Agreement held invalid. The invalidity of any provision of this Agreement in any one or more instances shall not affect or prejudice in any way the validity of this Agreement in any other instance.

16. Amendment

This Agreement may only be amended, altered, or revoked by written instrument signed by both the Grantee and the City.

17. Successors and Assigns

This Agreement shall be binding on and inure to the benefit of the parties, their respective successors and assigns.

18. Notice

Any notice and/or statement required and permitted to be delivered shall be deemed delivered by depositing same in the United States mail, certified with return receipt requested, postage prepaid, addressed to the appropriate party at the following addresses, or at such other addresses provided by the parties in writing:

Grantee: Saddlecreek Ranch, Ltd.  
400 Vista Road, Suite 101A  
Pasadena, Texas 77504

City: City Manager of the City of League City  
City Hall  
300 West Walker Street  
League City, Texas 77573

19. Interpretation

Regardless of the actual drafter of this Agreement, this Agreement shall, in the event of any dispute over its meaning or application, be interpreted fairly and reasonably, and neither more strongly for or against any party.

20. Applicable Law

This Agreement is made, and shall be construed and interpreted under the laws of the State of Texas and venue of any cause of action to enforce this agreement shall lie in Galveston County, Texas.

21. Counterparts

This Agreement may be executed in multiple counterparts, each of which shall be considered an original, but all of which shall constitute one instrument.

EXECUTED this 27<sup>th</sup> day of MARCH, 2013.

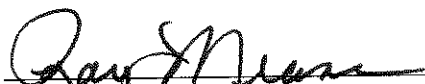
CITY OF LEAGUE CITY, TEXAS

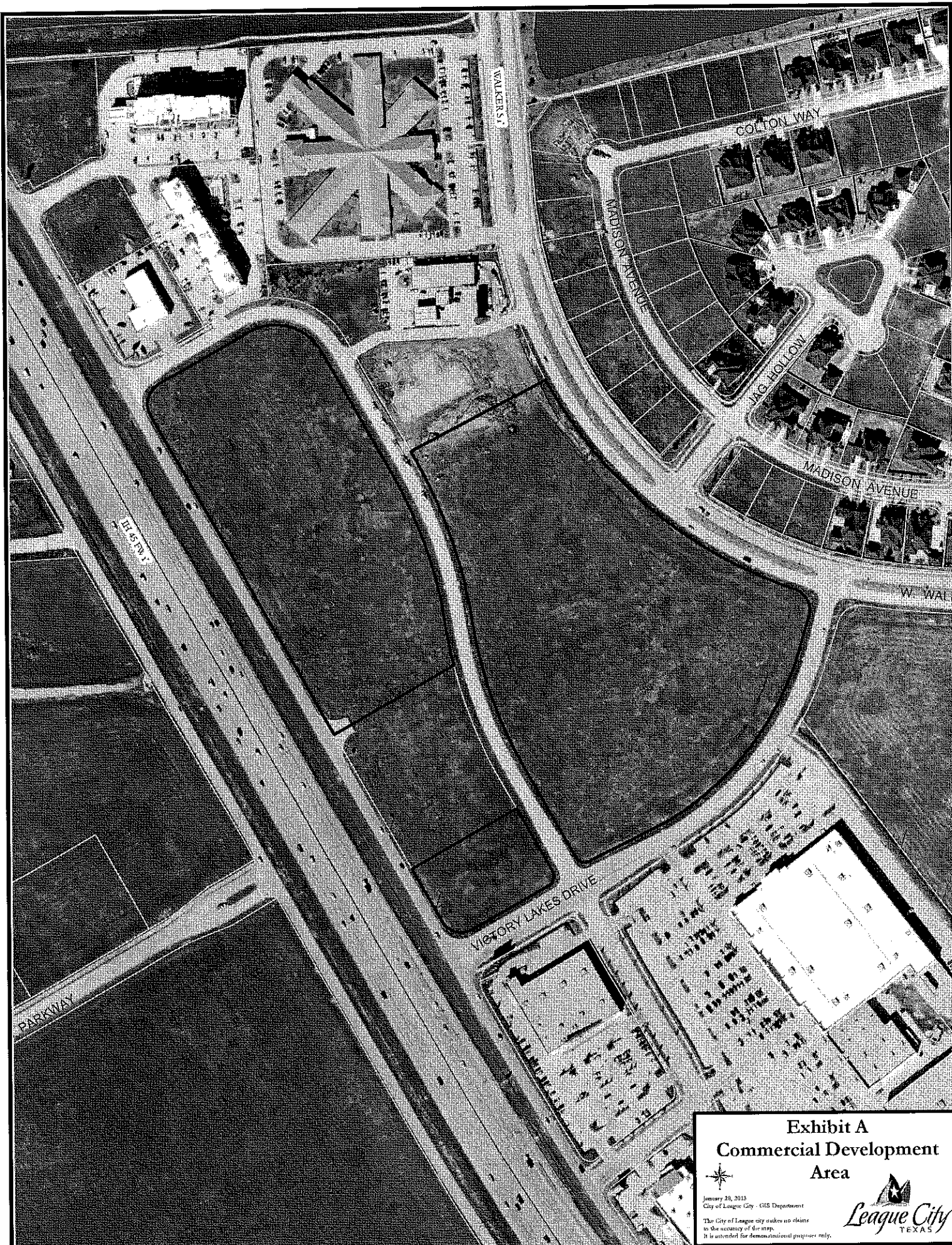
  
\_\_\_\_\_  
Mike Loftin, City Manager

ATTEST:

  
\_\_\_\_\_  
Diana Stapp, City Secretary

SADDLECREEK RANCH LTD.


BY:   
\_\_\_\_\_  
Roy Meese, President



**Exhibit A**  
**Commercial Development**  
**Area**

January 28, 2013  
 City of League City - GIS Department

The City of League City makes no claims  
 to the accuracy of the map.  
 It is intended for demonstrational purposes only.





## EXHIBIT "B"

A 0.4808 acre (20,942 Sq. Ft.) tract of land out of and a part of the Unrestricted Reserve "D", Block 1, of Victory Lakes Commercial, Section 1, a subdivision in Galveston County, Texas, according to the map or plat thereof recorded in Volume 2005A, Page 178, of the Galveston County Map Records and also being out of and a part of Block 1, of Victory Lakes Commercial Lot D-7B, a subdivision in Galveston County, Texas, according to the map or plat thereof recorded in Volume 2012A, Page 13, of the Galveston County Map Records, said 0.4808 acre tract being more particularly described by metes and bounds on as follows:

BEGINNING at the north corner of said Lot D-7B and being in a curve to the left, having a radius of 1028.00', same being the west right of way line of Town Center Drive (60' R.O.W);

THENCE in a southerly direction along and with said curve to the left, same being the west right of way line of said Town Center Drive, an arc distance of 25.67' (Chord Bearing S14°31'42"E 25.67') to a 5/8" iron rod set for the most easterly south corner of the tract herein described;

THENCE N76°29'26"W, a distance of 39.87' to a 5/8" iron rod set for the PC of a curve to the left, having a radius of 470.00';

THENCE in a southwesterly direction along said curve to the left, an arc distance of 94.13' (Chord Bearing S66°11'26"W 93.98') to a 5/8" iron rod set for the PT of said curve;

THENCE S60°27'22"W, a distance of 137.36' to a 5/8" iron rod set for an angle point of the tract herein described;

THENCE S16°31'43"W, a distance of 54.79' to a 5/8" iron rod set for the most southerly corner of the tract herein described and being in the east right of way line of Interstate Highway No. 45 (300' R.O.W.);

THENCE N29°32'27"W along and with the east right of way line of said Interstate Highway No. 45, a distance of 26.21' to the west corner of said Lot D-7B and passing for a total distance of 134.48' to a 5/8" iron rod set for the most westerly corner of the tract herein described;

THENCE S76°47'46"E, a distance of 53.73' to a 5/8" iron rod set for an angle point of the tract herein described;

THENCE N60°27'22"E, a distance of 137.36' to a 5/8" iron rod set for the PC of a curve to the right, having a radius of 530.00';

THENCE in a easterly direction along said curve to the right an arc distance of 118.24' (Chord Bearing S66°50'40"E 118.00') to a 5/8" iron rod set for the PT of said curve;

THENCE N46°06'37"E, a distance of 34.57' to a 5/8" iron rod set for the most northerly corner of the tract herein described and being in a curve to the left, having a radius of 1028.00', same being the west right of way line of said Town Center Drive;

THENCE in a southerly direction along and with said curve to the left, same being the west right of way line of said Town Center Drive, an arc distance of 70.61' (Chord Bearing S11°50'43"E 70.59') to the POINT OF BEGINNING of the tract herein described.

Basis of Bearing: Grid North Texas State Plane Coordinate System, Nad83, South Central Zone.

NOTE: THIS PROPERTY DESCRIPTION HAS BEEN PREPARED BASED ON AN ACTUAL SURVEY MADE ON THE GROUND UNDER THE DIRECTION OF ROBERT D. ELLIS REGISTERED PROFESSIONAL LAND SURVEYOR 4006, DATED JAN. 23, 2013, AND TO WHICH REFERENCE IS HEREBY MADE.

PREPARED  
JAN. 23, 2013

BY

ELLIS SURVEYING SERVICES  
8419 EMMETT F. LOWRY EXPY. TEXAS CITY, TX. 77591  
TEL.: 409-938-8700 FAX: 866-678-7685

UNRESTRICTED RESERVE  
 "D", BLOCK 1, OF  
 VICTORY LAKES  
 COMMERCIAL, SECTION 1  
 VOL. 2005A, PG. 178,  
 G.C.M.R.

TOWN CENTER DRIVE  
 (60' R.O.W.)

P.O.B.  
 N. CORNER  
 D-7B

PROPOSED 60' R.O.W.  
 20,942 Sq. Feet  
 0.4808 Acres

LOT D-7B, BLOCK 1,  
 OF VICTORY LAKES  
 COMMERCIAL  
 VOL. 2012A, PG. 13,  
 G.C.M.R.

INTERSTATE HIGHWAY No. 45  
 (300' R.O.W.)

10' WATER LINE ESMT.

CURVE	ARC LENGTH	RADIUS	CHORD BEARING	CHORD LENGTH
C1	25.67'	1028.00'	S 14°31'42" E	25.67'
C2	94.13'	470.00'	S 66°11'26" W	93.98'
C3	118.24'	530.00'	S 66°50'40" E	118.00'
C4	70.61'	1028.00'	S 11°50'43" E	70.59'

NOTES:

- 1) All corners set with 5/8" iron rods, stamped RD ELLIS RPLS 4006 unless otherwise noted.
- 2) Basis of Bearing: Grid North Texas State Plane Coordinate System, Nad83, South Central Zone

**ELLIS SURVEYING SERVICES**

8419 Emmett F. Lowry Texas City, Texas 77591  
 Tel.: 409-938-8700 Fax: 866-678-7685

**EXHIBIT "B"**

A 0.4808 ACRE OF LAND OUT OF  
 THE UNRESTRICTED RESERVE "D",  
 BLOCK 1, OF VICTORY LAKES  
 COMMERCIAL, SECTION 1, & LOT D-7B,  
 BLOCK 1, VICTORY LAKES COMMERCIAL,  
 SECTION 1

CITY OF LEAGUE CITY,  
 GALVESTON COUNTY, TEXAS



SCALE: 1" = 60'