

City of Houston, Texas, Ordinance No. 2021 - _____

AN ORDINANCE APPROVING AND AUTHORIZING A TAX ABATEMENT AGREEMENT BETWEEN THE CITY OF HOUSTON, TEXAS AND SCD BLK 250 HOUSTON LLC, FOR THE CONSTRUCTION OF A LEED MIXED-USE OFFICE TOWER WITH RETAIL SPACE; CONTAINING OTHER PROVISIONS RELATING TO THE FOREGOING SUBJECT; AND DECLARING AN EMERGENCY.

* * * * *

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HOUSTON, TEXAS:

Section 1. That the City Council hereby approves and authorizes the contract, agreement, or other undertaking described in the title of this Ordinance, in substantially the form as shown in the document attached hereto as Exhibit "A" and incorporated herein by this reference. The Mayor is hereby authorized to execute such document and all related documents on behalf of the City. The City Secretary is hereby authorized to attest to all such signatures and to affix the City seal to all such documents.

Section 2. That the City Council hereby finds that the terms of the Agreement authorized by this Ordinance meet the guidelines and criteria of Chapter 44 of the City of Houston Code of Ordinances ("Code") relating to tax abatement; that the property subject to abatement under the Agreement authorized by this Ordinance lies within the SCD BLK 250 Tax Abatement Reinvestment Zone, a designated reinvestment zone authorized by Chapter 312 of the Texas Tax Code and Section 44-131 of the Code; that this agreement will result in no substantial potential adverse effect on the provision of City services or the tax base; and that the investment in the project will likely attract major investment in the zone that would be a benefit to the land.

Section 3. That the City Attorney is hereby authorized to take all action necessary to enforce all legal obligations under such contract, agreement, or other undertaking without further authorization from the City Council.

Section 3. That there exists a public emergency requiring that this Ordinance be passed finally on the date of its introduction as requested in writing by the Mayor; therefore, this Ordinance shall be passed finally on such date and shall take effect immediately upon its passage and approval by the Mayor, however, in the event that the Mayor fails to sign this Ordinance within five days after its passage and adoption, it shall take effect in accordance with Article VI, Section 6, Houston City Charter.

PASSED AND ADOPTED this _____ day of _____, 2021.

APPROVED this _____ day of _____, 2021.

Mayor of the City of Houston, Texas

Pursuant to Article VI, Section 6, Houston City Charter, the effective date of the foregoing Ordinance is _____.

City Secretary


(Prepared by Legal Department )
(KK:gd December 1, 2021 Senior Assistant City Attorney)
(Requested by Andy Icken, Chief Development Officer, Office of the Mayor)
(L.D. File No. 042-2100106-001)

Exhibit "A"

Tax Abatement Agreement

TAX ABATEMENT AGREEMENT

BETWEEN

CITY OF HOUSTON

AND

SCD BLK 250 HOUSTON LLC

This **TAX ABATEMENT AGREEMENT** ("Agreement") is made, entered, and executed by and between the **CITY OF HOUSTON, TEXAS**, a municipal corporation and home-rule city ("**City**"), and **SCD BLK 250 HOUSTON LLC** ("**Company**"), a Delaware limited liability company authorized to transact business in the State of Texas, which presently owns the taxable real property described in EXHIBIT 1 ("The Property") located within the jurisdictional limits of the City of Houston, Harris County, Texas, and specifically located within the "SCD BLK 250 Tax Abatement Reinvestment Zone" ("**Reinvestment Zone**"). Collectively, the City and Company are herein after referred to singularly as "Party" and collectively as the "**Parties.**" Capitalized terms have the meanings defined in the first section of this Agreement.

RECITALS

WHEREAS, encouraging new development and growth of existing development through incentives for green building methods is a priority of City's economic development program; and

WHEREAS, in accordance with the requirements of Section 44-131(a)(1)-(3) of the City's Code, (i) the Company desires to construct a new commercial Facility (hereinafter defined) for which Company has registered to apply for LEED certification, (ii) construction of the Facility had not commenced prior to the submission of Company's application for tax abatement, and (iii) Company expects to incur project costs totaling in excess of \$3,000,000; and

WHEREAS, in accordance with Section 44-123 of the City's Code, the Company filed a written application for tax abatement dated June 14, 2021; and

WHEREAS, in accordance with Section 44-131(b) the Company is seeking LEED Platinum certification of the Facility; and

WHEREAS, the City Council finds that it is reasonably likely that this Agreement will contribute to the retention, expansion, and creation of primary employment and will attract major investment in the Reinvestment Zone that would be a benefit to property within the Reinvestment Zone and that would contribute to the economic development of the City; and

WHEREAS, the City Council finds that the Improvements (hereinafter defined) are practical and are of benefit to the area within the Reinvestment Zone and to the City; and

WHEREAS, the City Council finds that there will be no substantial potential adverse effect on the provision of City services or on the tax base caused by this Agreement; and

WHEREAS, the Company has represented that the Improvements will be designed, constructed, and installed in the Facility according to all applicable federal, state, and local environmental regulations; and

WHEREAS, the City Council finds that the terms of this Agreement meet the applicable requirements of Chapter 44, Article IV, of the City's Code; and

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

1. Definitions

As used in this Agreement, the following capitalized terms shall have the meanings assigned to them below, unless otherwise defined or the context clearly requires otherwise.

- a. "Abatement Application" means the completed tax abatement application filed by Company with the City on June 14, 2021.
- b. "Abated Property" means improvements to the following types of property made subsequent to this Agreement: buildings, structures, fixed machinery and equipment, site improvements, office space and related fixed improvements necessary to the operation and administration of the Facility, and tangible personal property.
- c. "Abatement Ordinance" means the Ordinance approved by City Council relating to this Agreement.
- d. "Abatement Period" means the ten (10) year time period that begins on the Effective Date of Abatement.
- e. "Affiliate" of any person or entity identified in this Agreement means any other person or entity which, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under direct or indirect common control with such specified person or entity. For purposes of this definition, the term "control" when used with respect to any person or entity in conjunction with the term "affiliate" means (i) the ownership, directly or indirectly, of fifty percent (50%) or more of the voting securities of such person or entity, or (ii) the right to direct management or operations of such person or entity, directly or indirectly, whether through the ownership (directly or indirectly) of securities, by contract or otherwise, and the terms "controlling" and "controlled" have meaning correlative to the foregoing term "control" as herein defined.

- f. "Agreement" means this Tax Abatement Agreement between the City of Houston and Company.
- g. "Agreement Effective Date" means the date upon which City countersigns this Agreement.
- h. "Base Year Value" means \$52,589.00 which is the sum of the assessed value of the improvements to the property in the Reinvestment Zone as of January 1, 2021.
- i. "Chapter 44" means Article IV, Tax Abatement, of the City Code, as amended.
- j. "City" means the City of Houston, Texas.
- k. "City Council" means the City Council of the City of Houston, Texas.
- l. "City Code" means the Code of Ordinances of the City of Houston, Texas, as amended.
- m. "Company" means the abatement recipient, SCD BLK 250 Houston LLC, a Delaware limited liability company authorized to transact business in the State of Texas, which owns the real and/or personal property against which the ad valorem taxes levied will be partially abated pursuant to Chapter 312 of the Tax Code and Chapter 44 of the City Code.
- n. "Department" means the City's Office of the Mayor, Economic Development, or its successor.
- o. "Director" means the Chief Development Officer of the Department or his or her designee, or any person who may be designated in writing by the Mayor of the City to perform the functions delegated to the Director in this Agreement, but only for so long as the designations remain in effect.
- p. "Effective Date of Abatement" means the January 1st immediately following the date that both the following events have occurred; (i) construction of the Facility has been completed in accordance with the terms of this Agreement, and (ii) a LEED certification has been obtained for the Facility and received by the City.
- q. "EXHIBIT 1" attached to this Agreement and made a part hereof includes a legal description and a map of the Zone.
- r. "EXHIBIT 2" attached to this Agreement and made a part hereof lists the street addresses and the respective HCAD (hereinafter defined) tax account numbers of the taxable property currently and to be located in the Zone.
- s. "EXHIBIT 3" attached to this Agreement and made a part hereof describes the Abated Property.

- t. "EXHIBIT 4" attached to this Agreement and made a part hereof includes financial information, e.g., a project summary and economic impact analysis, related to the Abated Property.
- u. "Investment Requirement" means the Company's expenditure of a minimum of \$117,000,000 in funds utilized to construct the Facility.
- v. "Facility" means a real estate development comprised of a commercial office building with retail facilities.
- w. "Force Majeure" means an event or occurrence caused by (i) provisions of law, or the operation or effects of rules, regulations or orders promulgated by any governmental authority having jurisdiction over Company or the Facility as defined in this Agreement; (ii) any demand or requisition, arrest, order, request, directive, restraint or requirement of any government or governmental agency whether federal, state, military, local or otherwise; (iii) the action, judgment or decree of any court having competing jurisdiction; (iv) floods, storms, hurricanes, evacuation due to threats of hurricanes, lightning, earthquakes, washouts, high water, fires, sinkholes, evacuation due to threats of sinkholes, acts of God or public enemies, wars (declared or undeclared), blockades, epidemics, riots or civil disturbances, insurrections, strikes, labor disputes (it being understood that nothing contained in this Agreement shall require Company to settle any such strike or labor dispute), explosions, breakdown or failure of plant, machinery, equipment, lines of pipe or electric power lines (or unplanned or forced outages or shutdowns of the foregoing for inspections, repairs or maintenance), inability to obtain, renew or extend franchises, licenses or permits, loss interruption, curtailment or failure to obtain electricity, gas, steam, water, wastewater disposal or other utilities, utility services, inability to obtain or failure of suppliers to deliver equipment, parts or material; or (v) any other case (except financial), whether similar or dissimilar, over which Company has no reasonable control and which provides or prevents performance.
- x. "HCAD" means the Harris County Appraisal District.
- y. "Improvements" means buildings, structures, fixed machinery and equipment, site improvements, office space and related fixed improvements necessary to the operation and administration of the Facility, and tangible personal property that are developed, constructed, or installed in the Reinvestment Zone by or on behalf of the Company and its affiliates subsequent to the Agreement Effective Date.
- z. "Ordinance" means City Ordinance No. 20____ - __ adopted on _____, 20____¹ creating the Reinvestment Zone.

¹ City Secretary to insert ordinance number and date adopted by City Council.

- aa. "Real Property" means the land in the Reinvestment Zone and all improvements existing prior to the Agreement Effective Date, which land is or will be owned by the Company. The Real Property is more specifically described on EXHIBIT 1.
- bb. "Reinvestment Zone" means the SCD BLK 250 Tax Abatement Reinvestment Zone, which is more particularly described in EXHIBIT 2 of this Agreement.
- cc. "Tax Code" means the Texas Tax Code, V.T.C.A., as amended.

2. Authorization

This Agreement is authorized by the Texas Property Redevelopment and Tax Abatement Act, Texas Tax Code, Chapter 312, V.T.C.A., as amended, by authorization of the City pursuant to Chapter 44, Article IV of the Code of Ordinances of the City of Houston, which establishes the property tax abatement program for properties in designated reinvestment zones, and by the Ordinance. Company's execution and performance of this Agreement has been duly authorized and constitutes the valid and binding obligation of Company from and after execution hereof by all Parties.

3. Property

The street addresses and HCAD tax account numbers of the Real Property and the Improvements are listed on EXHIBIT 2.

4. Representations and Warranties

- a. The City properly complied with the notice and public hearing requirements for the designation of a reinvestment zone pursuant to Sec. 312.201 of the Tax Code and did thereby designate the Reinvestment Zone by Ordinance.
- b. The Parties agree that the representations contained in the Abatement Application, and the recitations and findings contained in the Abatement Ordinance adopted by the City are true and correct and are hereby incorporated into this Agreement. In the event of any conflict between the terms of this Agreement and the terms of the Abatement Application, the terms of this Agreement shall control, and the terms of the Abatement Application shall be automatically amended to conform to the terms of this Agreement.
- c. The Company represents and warrants that construction or installation of the Improvements described in EXHIBIT 3 began after the submission of Company's Abatement Application. The Company represents that the Real Property is comprised of approximately .9455 acres of land.
- d. The Company represents that, to the best of the knowledge of Matthew Damborsky and employees, and representatives with direct interest of the Company who participated in the negotiation or internal analysis of this Agreement, no interest in

the Real Property or the Improvements is held or leased by a member of the City Council or a member of the City's Planning Commission.

- e. The Company represents and warrants that it will invest a minimum of \$117,000,000.00 in constructing and installing the Improvements in the Reinvestment Zone by the Effective Date of Abatement.
- f. The Company represents and warrants that it will operate the Facility as described in EXHIBIT 4.
- g. The Company represents and warrants that the Improvements will be constructed, installed, and operated in accordance with all applicable federal, state, and local environmental laws and regulations.

5. Terms of the Agreement

- a. The Company shall cause the Improvements to be developed, constructed and installed substantially in conformity with the description, plans, and specifications described in EXHIBIT 3 and applicable provisions of the City of Houston Building Code ("Building Code"). In case of any conflict between EXHIBIT 3 and the Building Code, the Building Code shall prevail. In addition, during the Abatement Period, the Company shall comply with Chapter 42 of the City's Code, if applicable (platting regulations), and all other laws and regulations applicable to the construction and installation of the Improvements.
- b. Upon completion of the construction and installation of the Improvements, the Company shall use the Facility or cause the Facility to be used for the proposed uses specified in this paragraph during the Abatement Period; provided, however, the Director may approve a change from those proposed uses, if the Director determines that the change is consistent with Chapter 44 and with the City's general purpose of encouraging development or redevelopment of the Reinvestment Zone during the Abatement Period.
- c. The Company shall maintain the Improvements in good repair and condition during the Abatement Period.
- d. The Company shall allow City employees to have access to the Facility for the purpose of inspecting the Improvements to ensure that the Improvements are completed, installed, and maintained in accordance with the terms of this Agreement, during the term of this Agreement. All inspections will be made only after giving the Company at least forty-eight (48) hours' advance notice and will be conducted in such manner as to not unreasonably interfere with the construction and/or operation of the Facility. All inspections will be made during normal business hours with one (1) or more representatives of the Company and in accordance with the Company's safety and security procedures. The above shall not act as a limitation on the City's ability to otherwise perform any inspections or

to otherwise enter the Facility pursuant to the Code, the Building Code, or otherwise.

- e. The Company shall provide and cause its affiliates to provide City employees reasonable access to any relevant records requested and necessary for the purpose of conducting an audit of the Facility to ensure compliance with this Agreement. Any such audit shall be made only after giving the Company at least seven (7) days' advance notice and will be conducted in such a manner as to not unreasonably interfere with the operation of the Facility. Documents and materials provided by the Company or its affiliates to the City in connection with any audit or other inspections under this Agreement which contain information that is, or which themselves are, confidential or proprietary to Company shall not be removed from the Facility nor shall the information contained in them be used or disclosed by the City other than for the sole purpose of determining the Company's compliance with the terms and conditions of this Agreement, unless disclosure is otherwise required by state or federal law. In the event that the City receives any request for information pursuant to the Texas Open Records Act or similar provision of federal law, the City agrees to promptly give the Company notice of that request. If the Company, for itself or one or more of its affiliates, advises the City that it believes that the right of the City to withhold said information from disclosure is allowed by the Texas Open Records Act or other applicable state or federal statute, rule or regulation, the City agrees to withhold the information or to immediately request an opinion from the Texas Attorney General or other appropriate public official with authority under law to render such decision on the right of the City to withhold said information. If the decision rendered is to the effect that disclosure is not required to be made, then the City agrees to withhold disclosure of said information unless thereafter authorized by the Company to be disclosed. The City agrees that during any period after request but before the rendering of a decision by the Texas Attorney General or other appropriate public official regarding the obligation of the City to make disclosure of information deemed confidential, proprietary or both by the Company, it will not disclose the requested information unless ordered to do so by a court of competent jurisdiction.
- f. The Company shall not assign this Agreement without the written approval of the City, which approval from the Director, shall not be unreasonably withheld. In addition, any assignment must comply with the provisions of Section 44-134 of the City's Code and shall provide that the assignee shall irrevocably and unconditionally assume all the duties and obligations of the assignor upon the same conditions as set out in this Agreement. No assignment shall be permitted if Company or the assignee is delinquent in payment of ad valorem taxes due the City.
- g. This Agreement may be amended at any time upon the mutual written consent of all Parties hereto subject to approval by the City Council.
- h. Not later than April 15th or such other date as required by HCAD, whichever date is earlier, of each year during of the Abatement Period, the Company shall file the appropriate form with HCAD to qualify for the tax abatement granted under this

Agreement for that year. In addition, not later than April 15th or such other date as required by HCAD, whichever date is earlier, of each year during the Abatement Period, the Company shall render to HCAD the value of all taxable personal property, including the tangible personal property included in the Improvements, located in the Zone on the preceding January 1st.

- i. Commencing on the Effective Date of Abatement, and on or before January 1st of each subsequent year during the Abatement Period, the chief financial officer, or equivalent, of the Company shall provide the Director a sworn statement that the Company is in compliance and has been in compliance with all provisions of this Agreement in the prior year.
- j. The chief financial officer, or equivalent, of the Company who cannot make the sworn statement required by paragraph (i) above on any January 1st shall provide the Director with a written statement identifying any provision of the Agreement with which the Company is not or has not been in full compliance.
- k. Failure by the chief financial officer, or equivalent, of the Company to timely provide the Director with either the sworn statement required by paragraph (i) above or the statement required by paragraph (j) above will result in automatic default under this Agreement for which no notice of default or opportunity to cure shall be required.
- l. The Company shall have the option and right at any time during the Abatement Period, to give the City written notice that the Company has elected to terminate this Agreement and its right to a tax abatement on the Improvements (a "Termination Notice") effective as of the year in which the Termination Notice is given by the Company; provided, however, at the time the Termination Notice is given by the Company, no event of default shall exist which has not been cured. Upon the giving of a Termination Notice by the Company and subject to the proviso of the preceding sentence, this Agreement and all rights and obligations of the Parties shall cease and terminate, and the Company shall not be entitled to any tax abatement pursuant to this Agreement for the year in which the Termination Notice is given by the Company and for all years remaining in the Abatement Period.

6. Tax Abatement

- a. The Base Year Value is \$52,589.00
- b. In consideration of the Company's commitment to invest a minimum of \$117,000,000.00 in the Improvements in the Reinvestment Zone and Company's commitment to achieve LEED Platinum certification, the City agrees to grant the Company a fifteen percent (15%) abatement of the ad valorem taxes on the increase of the value of the Improvements over the Base Year Value of the Improvements in the Reinvestment Zone during the Abatement Period. In addition, the abatement of the ad valorem taxes granted by this Agreement is specifically subject to the rights of the holders of outstanding bonds of the City as of the

effective date of this Agreement. The Abatement Period begins on the January 1st following the date on which the United States Green Building Council provides LEED Platinum certification and a final certificate of occupancy for the Improvements is issued by the City. In no case shall the Abatement Period exceed ten (10) years from the Effective Date of Abatement.

- c. From the Agreement Effective Date to the Effective Date of Abatement, ad valorem taxes levied on ineligible property, as that term is defined in Section 44-127(e) of the City Code, including the Real Property, shall be fully payable.
- d. From the Effective Date of Abatement to the end of the Abatement Period:
 - (1) Ad valorem taxes levied on “ineligible property,” as that term is defined in Section 44-127(e) of the Code, including the Real Property, shall be fully payable.
 - (2) Ad valorem taxes levied on the Base Year Value of “eligible property,” as that term is defined in Section 44-127(d) of the Code, shall be fully payable.
 - (3) Eighty five percent (85%) of the ad valorem taxes levied on the Improvements, as determined each year, shall be fully payable.
- e. The City shall enter into only one tax abatement agreement for the Facility described in this Agreement during the existence of the Reinvestment Zone.

7. **Default and Recapture**

a. **Events of Default**

The Company shall be in default under this Agreement if any of the following occur at any time from the Agreement Effective Date until the expiration of the Abatement Period or such earlier date on which this Agreement may otherwise expire or otherwise be terminated:

- (1) The Facility is completed and is occupied, but does not receive LEED Platinum certification from the United States Green Building Council or subsequently is wholly vacated or abandoned for any reason other than the occurrence of a fire, explosion, or other casualty or accident or natural disaster;
- (2) The Company fails to comply timely with investment or payment requirements stated in this Agreement;
- (3) The Company fails to comply timely with any material term of this Agreement;
- (4) The Company fails to file any required report or statement or to give any required notice pursuant to this Agreement; or

- (5) Employees or designated representatives of the City determine pursuant to an inspection under Section 44-132 of the City Code that the Company has not complied with this Agreement.

b. Notice

- (1) If the Director determines that an event of default has occurred, the Director shall notify the Company in writing at the address stated in the Agreement, and if the condition of default is not cured within sixty (60) days from the date of the notice, then the City may take any one or more of the following actions set forth in Section 7(d) of this Agreement; provided, however, that the City shall only be required to give a sixty (60) day notice of default for failure to comply with the Investment Requirement. The Company's failure to comply with the Investment Requirement is an "incurable default." Within such sixty (60) day notice period, the Company shall be entitled to question the accuracy of the City's determination of the incurable default but shall not be entitled to cure the default. After the sixty (60) day notice period, if the City concludes that its determination of the incurable default is correct ("noticed incurable default"), then the City shall be entitled to pursue any one or more of the remedies set forth in Section 7(d) of this Agreement.
- (2) If the Company is in default under Section 7(a) of this Agreement, the Company shall notify the City within ninety (90) days of the default and if the default is one that can be cured hereunder, the default shall be cured within sixty (60) days following the date of the notice of default. If the Company fails to cure the curable default within such sixty (60) day period, then the City may pursue any one or more of the remedies listed in Section 7(d) of this Agreement.

c. Cure

In curing an event of default based on any of the items set forth in Section 7(a) of this Agreement, and assuming the event of default is curable and is not an incurable default, the Company shall provide sufficient evidence to the Director that the default has been cured within sixty (60) days following the date of the notice of default. Sufficient evidence shall include the providing of the information not timely provided and/or providing evidence of the completion of the act(s) not timely performed. The City shall have the right to ask for additional information to confirm the adequate cure of any default.

d. City Remedies for Default

- (1) In the event of a noticed incurable default or a curable default which has not been cured after notice and an opportunity to cure was given, no tax abatement shall be allowed for the calendar year in which the default occurs (and thereafter) and the City shall have the right to pursue any one or more of the following remedies: terminate the Agreement; terminate the Company's right to any future abatement under the Agreement without terminating the Agreement; pursue any and all remedies allowed under the Agreement; and pursue any and all remedies allowed under Texas law.

- (2) In addition to the foregoing, in the event of a noticed incurable default or a curable default which has not been cured after notice and an opportunity to cure has been given, the City, in its sole discretion, may recover the taxes abated during the year for which said default occurred. Provided, however, that if the uncured default is for delinquency of payment of ad valorem taxes due the City, or abandonment as specified in Paragraph 7 a. (1) of this Agreement, then the City may recover all taxes abated for both the year in which the default occurred as well as all taxes abated in previous years. The Company shall pay to the City all such previously abated taxes that are due within thirty (30) days of the City's written demand therefor. Any taxes or economic incentive not paid timely shall bear interest at the rate of twelve percent (12%) annually.
- (3) Notwithstanding the foregoing, the Director and the City Attorney are hereby authorized to negotiate and enter into amendments and revisions to the Agreements under which there are noticed incurable defaults or curable defaults which have not been cured after notice and opportunity to cure has been given. In the foregoing circumstances, the Parties are also authorized to negotiate and enter into any other and further agreements they determine best protect the City's interests.

e. Survival

The City's right and authority to pursue any default and to recover abated taxes granted under this Section 7 shall survive the amendment, revision, expiration, or termination of this Agreement.

8. Administration

- a. The Chief Appraiser of HCAD shall annually determine the taxable value of the Improvements listed in EXHIBIT 3. Once the taxable values of the Improvements have been established and the amount of the tax abatement calculated, the Chief Appraiser of HCAD shall notify the affected jurisdictions that levy taxes on the Improvements of the amounts of the taxable values of the Improvements.
- b. Upon completion of construction or installation of the Improvements, the Director shall annually evaluate the Facility to ensure compliance with this Agreement and prepare a report of any violations of this Agreement.

9. Compliance with Applicable Government Regulations

Except as specifically provided herein, nothing in this Agreement shall be construed to alter or affect the obligation of the Company to comply with any ordinance, rule or regulation of the City, or the laws and regulations of the State of Texas and the United States.

10. Governing Law; Venue

This Agreement shall be construed under the laws of the State of Texas. Venue for any action under this Agreement shall be the State District Court of Harris County, Texas.

11. Merger

The Parties agree that this Agreement and its incorporated Exhibits contains all of the terms and conditions of the understanding of the Parties relating to the subject matter hereof. All prior negotiations, discussions, correspondence, and preliminary understandings between the Parties and others relating hereto are superseded by this Agreement.

12. Notices

All notices shall be in writing and unless hand-delivered, shall be sent by U.S. Mail certified, return receipt requested. Unless otherwise provided in this Agreement, all notices shall be delivered to the following addresses:

To the Company: SCD BLK 250 HOUSTON LLC
800 Capitol Street
Houston, Texas 77002

Attention: Matthew Damborsky

With a copy to:

BC Global LP
808 Travis Street, Suite 1424
Houston, Texas 77002

Attention: Alberto P. Cardenas, Jr.

With a copy to:

c/o Skanska USA Commercial Development Inc.
2112 Pennsylvania Avenue, N.W., Suite 550
Washington, D.C. 20037

Attention: General Counsel

To the City: Mailing Address:
Chief Development Officer
Office of the Mayor, Economic Development
P. O. Box 1562
Houston, Texas 77251

Physical Address:

Chief Development Officer
Office of the Mayor, Economic Development
901 Bagby, 4th Floor
Houston, Texas 77002

Each Party may designate a different address by giving the other Party written notice ten (10) days in advance of such designation.

13. Severability

If any term, provision or condition of this Agreement, or any application thereof, is held invalid, illegal or unenforceable in any respect under any Law (as hereinafter defined), this Agreement shall be reformed to the extent necessary to conform, in each case consistent with the intention of the Parties, to such Law, and to the extent such term, provision or condition cannot be so reformed, then such term, provision or condition (or such invalid, illegal or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this Agreement, as the case may be, and the validity, legality and enforceability of the remaining terms, provisions and conditions contained herein (any other application such term, provision or condition) shall not in any way be affected or impaired thereby. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement in a mutually acceptable manner so as to affect the original intent of the Parties as closely as possible to the end that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 13, the term "Law" shall mean any applicable statute, law (including common law), ordinance, regulation, rule, ruling, order, writ, injunction, decree or other official act of or by any federal, state or local government, governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, or judicial or administrative body having jurisdiction over the matter or matters in question.

14. Force Majeure

In the event either Party is rendered unable, wholly or in part, by Force Majeure to carry out any of its obligations under this Agreement, except the obligation to pay amounts owed or required to be paid pursuant to the terms of this Agreement, then the obligations of such Party, to the extent affected by such Force Majeure and to the extent that due diligence is being used to resume performance at the earliest practicable time, shall be suspended during the continuance of any inability so caused to the extent provided but for no longer period. As soon as reasonably possible after the occurrence of the Force Majeure relied upon, the Party whose contractual obligations are affected thereby shall give notice and full particulars of such Force Majeure to the other Party. Such cause, as far as possible, shall be remedied with all reasonable diligence.

15. Interpretation

When a reference is made in this Agreement to a Section, Paragraph or Exhibit, such reference shall be to a Section, Paragraph of, or Exhibit to, this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The words “include,” “includes,” and “including” when used in this Agreement shall be deemed in such case to be followed by the phrase “but not limited to” words used in this Agreement, regardless of the number or gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context shall require. This Agreement is the joint product of the Parties, and each provision of this Agreement has been subject to the mutual consultation, negotiation and agreement of each Party and shall not be construed for or against any Party.

16. Consent to Suit

Nothing in this Agreement shall be considered an express or implied consent by the City to being sued.

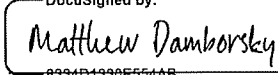
17. Counterparts

This Agreement has been executed by the Parties in multiple originals, each having full force and effect.

[Execution page follows]

**SCD BLK 250 HOUSTON LLC
a Delaware Limited Liability Company**

CITY OF HOUSTON, TEXAS

By: ^{DocuSigned by:}

8334D1930E554A8
Matthew Damborsky, Manager

Mayor

ATTEST:

ATTEST/SEAL:

By: _____
Name:
Title:

City Secretary

COUNTERSIGNED:

City Controller

DATE COUNTERSIGNED:

APPROVED:

Chief Development Officer,
Office of the Mayor, Economic Development

APPROVED AS TO FORM:

Assistant City Attorney
L.D. File No.

EXHIBIT 1

LEGAL DESCRIPTION OF PROPERTY

Block 250

Metes & Bounds

All that certain 0.9455 acres of land being a portion of Block 250, S. S. B. Addition (unrecorded), Houston, Harris County, Texas and being a portion of that certain tract of land described in deed dated 09-22-1997 from JMB/Houston Center Partners Limited Partnership to Crescent Real Estate Equities Limited Partnership filed in the Official Public Records of Real Property of Harris County, Texas at Clerk File No. S853086, Film Code 514-91-0517, and being more particularly described by metes and bounds as follows:

Commencing for reference at the City of Houston Engineering Department Reference Marker No. 311, located at the intersection of the centerline of Polk Avenue (80' wide) with the centerline of Crawford Street (80' wide); Thence N 35° 00' 00" E - 370.00', with the City of Houston Engineering Department Reference Line for Crawford Street to a point; Thence N 55° 00' 00" W - 40.00' to a set P.K. nail for the POINT OF BEGINNING of the herein described tract;

THENCE N 55° 00' 00" W - 125.00' with the northerly right-of-way line of Dallas Avenue (80' wide) to a set "X" in concrete for corner;

THENCE N 35° 00' 00" E - 100.00' to a point for corner;

THENCE N 55° 00' 00" W - 25.00' to a point for corner;

THENCE N 35° 00' 00" E - 50.00', with the easterly line of Lot 8 of said Block 250 to a set "X" in concrete for corner;

THENCE N 55° 00' 00" W - 100.00', with the northerly line of said Lot 8 to a set "X" in concrete for corner;

THENCE N 35° 00' 00" E - 100.00' with the easterly right-of-way line of La Branch Street (80' wide) to a set "X" in concrete for corner;

THENCE S 55° 00' 00" E - 149.76' with the northerly line of said Block 250 to a set "X" in concrete for corner, the beginning of a curve to the right having a central angle of 12° 48' 35", a radius of 300.00' and a chord which bears S 18° 40' 07" E - 66.93';

THENCE with said curve for an arc distance of 67.07' to a set "X" in concrete for corner;

THENCE S 12° 15' 51" E - 63.07' to a set "X" in concrete for corner;

THENCE S 35° 00' 00" W - 167.55' with the westerly right-of-way line of said Crawford Street to the POINT OF BEGINNING and containing 0.9455 acres (41,186 square feet) of land, more or less.

EXHIBIT 1

BOUNDARY MAP OF PROPERTY

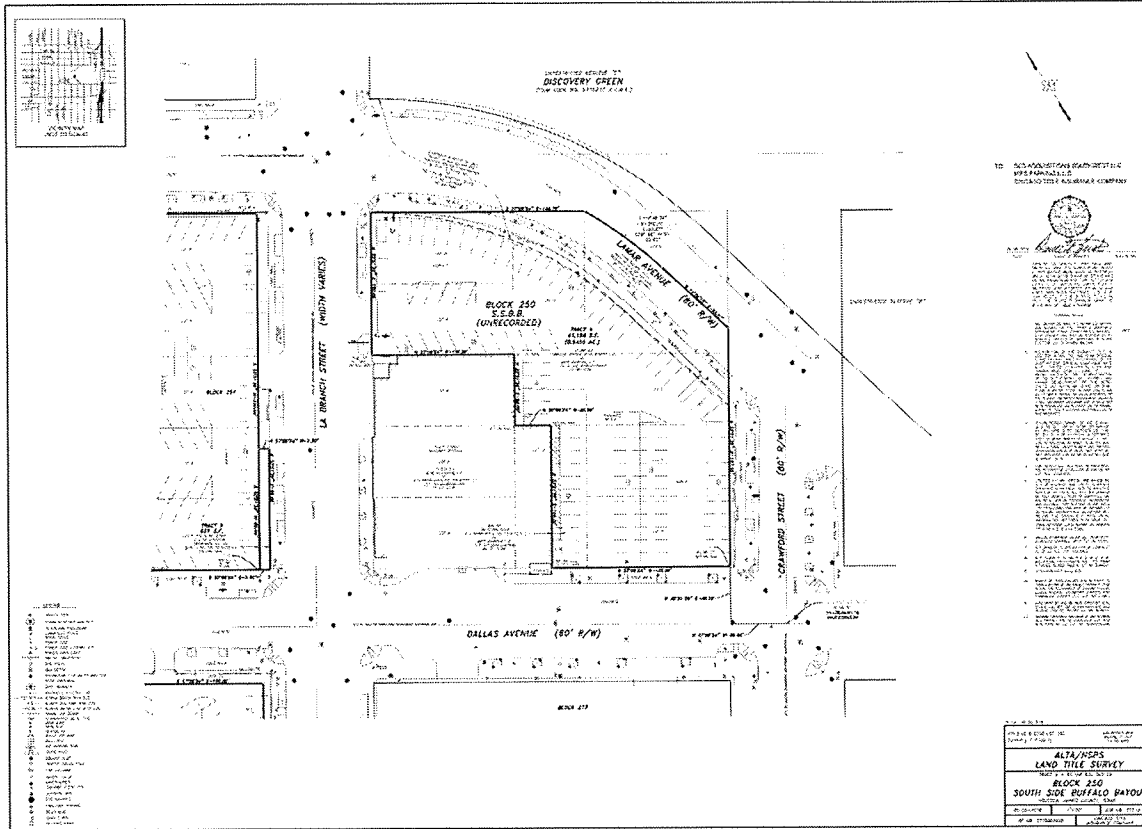


EXHIBIT 2

Tax Account Number

Street Address

1419210010001

1550 Lamar Street, Houston, Texas 77010

[HCAD to provide additional new account numbers needed]

EXHIBIT 3

ABATED PROPERTY

The "Improvements" as that term is defined in the Tax Abatement Agreement to which this EXHIBIT 3 is attached, are composed of Abatement Property, as defined in this Agreement, installed after the date on which the Abatement Application was submitted, as included with the project detail set forth in the LEED application summary sheet attached hereto.

8/18/2021

LEED Online

LEED ONLINE

Jennifer Findeisen

Projects
Block 250

Block 250

1000135907 - LEED v4 BD+C: CS

Details
Credits
Uploads
Team
Timeline
Interpretations
Clarifications
Payments
Design Preliminary Application

Project details

NAME	Block 250
REGISTRATION DATE	21 Sep 2020
PROJECT TYPE	Individual Project
LEED SYSTEM	LEED v4 BD+C: CS
LEED TYPE	R+URB
GROSS FLOOR AREA	450527 sq ft
ANTICIPATED START DATE	01 Sep 2020
ANTICIPATED END DATE	01 Sep 2023
ANTICIPATED TYPE	Office Administration/Professional
COUNTRY/REGION	United States
ADDRESS 1	1500 Lamar Street
CITY	Houston
STATE/PROVINCE	Texas
POSTAL CODE	77010
GEO LOCATION	29 763100, -95 368642
PRIVATE	Yes
AFFILIATED WITH A LEED LAB	No
INCLUDE STRUCTURED PARKING WITHIN THE PROJECT BOUNDARY	No
OWNER	Skanska USA
OWNER'S REPRESENTATIVE (EMPLOYEE OR OFFICER OF OWNER)	Sarah King
OWNER TYPE	Corporate/ Publicly Traded
OWNER COUNTRY/REGION	United States
EMAIL	sarah.king@skanska.usa

If the Owner's Representative, Owner type or owner email fields need to be edited, please [Contact Us](#).

Terms and Conditions

Certification Agreement

Has the owner sign the Certification Agreement? If not, please confirm the **Confirmation of Agent's Authority** form to confirm the agent's authority to accept the Certification Agreement for the Owner. If the completed form indicates the name properly entered for the Owner was incorrect and needs to be revised, please [Contact Us](#).

Confirmation of Agent's Authority Download

[UPLOAD AGENT'S AUTHORITY](#)

Has the project owner changed? If so, please download, complete, and upload the **Change of Owner Agreement** to assign the project application or certification to the new owner. After you've uploaded the form, please [Contact Us](#) so that we can review and issue the Owner information accordingly.

Change of Owner Agreement Download

[UPLOAD CHANGE OF OWNER AGREEMENT](#)

Are there multiple owners for the Project? If so, please submit the **Confirmation of Primary Owner's Authority** form to designate who owner to accept the Certification Agreement and administer the application. If the completed form indicates the name or entity entered for the Owner was incorrect and needs to be revised, please [Contact Us](#).

Confirmation of Primary Owner's Authority Download

https://www.leedonline.com/projects/details/1000135907

EXHIBIT 4

PROJECT SUMMARY AND ECONOMIC IMPACT ANALYSIS

PROJECT SUMMARY

1550 on the Green will be located directly adjacent to one of Houston’s most celebrated and iconic parks in downtown Houston, Discovery Green. Part of a three-block master plan, all owned by Skanska, this building is designed by world-renowned architect Bjarke Ingels Group (BIG). It is proposed that the project site will soon become a 370,000 SF office tower (including ground-floor retail) complete with market-changing amenities including multiple terraces that pull the park up into the building. With a unique side-core design, expansive floor plate and LEED Platinum mechanical system, 1550 on the Green will set a new standard for Houston architecture and office life.

The applicant recently developed Bank of America Tower, located at 800 Capitol Street, in downtown Houston, Texas.

Attach an environmental impact study if land is undeveloped or previously served a facility that may have contaminated the land.

The Project is currently participating in the Texas Commission of Environmental Quality’s (TCEQ) Voluntary Cleanup Program (VCP). An environmental impact study is not available. The Project anticipates completion of the VCP and certification from TCEQ once limited lead concentrations are removed following the completion of early excavation activities at the Project site.

What is the projected investment for the project? Provide complete itemized cost detail.

The construction budget for the Project is currently \$117,000,000 (\$117 Million). It is anticipated that the total number of construction-related jobs should number in the thousands with a peak number of about 300 active onsite construction jobs.

Note: The City’s application asks for annual sales information. The only revenue the Project owner has generated is from parking revenue which has been nominal since the beginning of 2020. Skanska USA Inc., which houses Skanska AB’s US entities including Skanska USA Commercial Development Inc., generated revenue of \$6.5B in 2020.

SKANSKA - "1550 ON THE GREEN"							
PROPERTY TAX PROJECTIONS							
Cost/Benefit Analysis							
Investment	117,000,000	Investment/Benefit		Abatement Percent	15%		
Percentage Investment applied to Improvement	80%			Tax Rate	0.0056184		
	Tax Year	Calendar Year	Growth	Improvement Value	Abatement Improvement Value	Abatement Improvement Value In \$	Abatement Value
Base Value of Improvements	2021	2022	4%	\$ 52,589.00	\$ 7,888.35	\$ 44.32	
First Year of Abatement	2024	2025	4%	\$ 93,600,000.00	\$ 14,040,000.00	\$ 78,882.34	\$ 78,838.02
	2025	2026	4%	\$ 97,344,000.00	\$ 14,601,600.00	\$ 82,037.63	\$ 81,993.31
	2026	2027	4%	\$ 101,237,760.00	\$ 15,185,664.00	\$ 85,319.13	\$ 85,274.81
	2027	2028	4%	\$ 105,287,270.40	\$ 15,793,090.56	\$ 88,731.90	\$ 88,687.58
	2028	2029	4%	\$ 109,498,761.22	\$ 16,424,814.18	\$ 92,281.18	\$ 92,236.86
	2029	2030	4%	\$ 113,878,711.66	\$ 17,081,806.75	\$ 95,972.42	\$ 95,928.10
	2030	2031	4%	\$ 118,433,860.13	\$ 17,765,079.02	\$ 99,811.32	\$ 99,767.00
	2031	2032	4%	\$ 123,171,214.54	\$ 18,475,682.18	\$ 103,803.77	\$ 103,759.45
	2032	2033	4%	\$ 128,098,063.12	\$ 19,214,709.47	\$ 107,955.92	\$ 107,911.60
Final Year of Abatement	2033	2034	4%	\$ 133,221,985.64	\$ 19,983,297.85	\$ 112,274.16	\$ 112,229.84
Construction completion 1QTR2024							\$ 946,626.58 Cost to City
Tax Abatement Effective Date: Jan. 1, 2025							