



# City of Sugar Land

## Sugar Land Development Corporation Agenda

Sugar Land City Hall  
2700 Town Center  
Boulevard North  
Sugar Land, TX 77479

Tuesday, July 1, 2025

Sugar Land Development Corporation Meeting

Cane Room 161

4:00 PM

### I. Attention

Members of the City Council, Board and/or Commission may participate in deliberations of posted agenda items through video conferencing means. A quorum of the City Council, Board and/or Commission will be physically present at the above-stated location, and said location is open to the public. Audio/Video of open deliberations will be available for the public to hear/view; and are recorded as per the Texas Open Meetings Act.

The meeting will live stream at <https://youtube.com/live/35HJEoSb8ZY?feature=share>.

### II. Call to Order

### III. Public Comment

Pursuant to Texas Government Code section 551.007, citizens are permitted to address the City Council, Board and/or Commission in person with regard to matters posted for consideration on the agenda. Each speaker must complete a "Request to Speak" form and give it to the City Secretary or designee, prior to the beginning of the meeting.

Each speaker is limited to 3 minutes, speakers requiring a translator will have 6 minutes, regardless of the number of agenda items to be addressed. Comments or discussion by City Council, Board, and/or Commission members, will only be made at the time the subject is scheduled for consideration.

For questions or assistance, please contact the Office of the City Secretary (281) 275-2730.

### IV. Minutes

#### A. MINUTES

Consideration of and action on the minutes of the April 1, 2025 Sugar Land Development Corporation meeting and the May 20, 2025 Sugar Land Development Corporation and Sugar Land 4B Corporation joint meeting.

**Linda Mendenhall, City Clerk**

### V. Appointments

#### A. ECONOMIC DEVELOPMENT COMMITTEE APPOINTMENT

Consideration of and action on the appointment of a Director to City of Sugar Land Economic Development Committee.

**Elizabeth Huff, Director of Economic Development**

### VI. Contracts and Agreements

#### A. ECONOMIC DEVELOPMENT PERFORMANCE AGREEMENT WITH APPLIED OPTOELECTRONICS, INC.

Consideration of and action on authorization of an Economic Development Performance Agreement with Applied Optoelectronics, Inc., in the amount of \$2,000,000.00.

**Jennifer Alexander, Business Development Manager**

## **VII. Workshop**

### **A. FISCAL YEAR 2026 BUDGET**

Review of and discussion on the proposed Fiscal Year 2026 Budget.

**Justyn Mejorado, Assistant Director of Budget**

## **VIII. Director's Report**

A.

- Marketing, Promotions, and Events
- Strategic and Capital Projects
- Business Recruitment and Retention Efforts

**Elizabeth Huff, Director of Economic Development**

## **IX. Adjournment**

The Sugar Land Development Corporation reserves the right to adjourn into Executive Session at any time during this meeting for the purpose of consultation with the Attorney as authorized by Texas Government Code Sections 551.071 to discuss any of the matters listed above.

If you plan to attend this public meeting and you have a disability that requires special arrangements at the meeting, please contact the City Secretary, (281) 275-2730. Requests for special services must be received 48 hours prior to the meeting time. Reasonable accommodations will be made to assist your needs.

The agenda and supporting documentation is located on the [City Website](#) under meeting agendas.

**Posted on this 27th day of June, 2025 at 10:45 A.M.**



## Sugar Land Development Corporation Agenda Request July 1, 2025

---

**Agenda Request No:** IV.A.

**Agenda of:** Sugar Land Development Corporation Meeting

**Initiated by:** Linda Mendenhall, City Clerk

**Presented by:** Linda Mendenhall, City Clerk

**Responsible Department:**

---

**Agenda Caption:**

**MINUTES**

Consideration of and action on the minutes of the April 1, 2025 Sugar Land Development Corporation meeting and the May 20, 2025 Sugar Land Development Corporation and Sugar Land 4B Corporation joint meeting.

**Recommended Action:**

Consider the minutes of the April 1, 2025 Sugar Land Development Corporation meeting and the May 20, 2025 Sugar Land Development Corporation and Sugar Land 4B Corporation joint meeting.

**Executive Summary:**

Consider the minutes of the April 1, 2025 Sugar Land Development Corporation meeting and the May 20, 2025 Sugar Land Development Corporation and Sugar Land 4B Corporation joint meeting.

### **Budget**

---

**Expenditure Required:** N/A

**Current Budget:** N/A

**Additional Funding:** N/A

**Funding Source:** N/A

**Account Number (ORG-OBJ-Project):** N/A

### **Attachments**

1. April 1, 2025 Sugar Land Development Corporation Meeting Minutes

2. May 20, 2025 Joint SL4B-SLDC Minutes (3)



# SUGAR LAND DEVELOPMENT CORPORATION

## MINUTES

Sugar Land City Hall  
2700 Town Center Boulevard North  
Sugar Land, Texas 77479

TUESDAY, APRIL 1, 2025

### SUGAR LAND DEVELOPMENT CORPORATION MEETING OF THE SUGAR LAND DEVELOPMENT CORPORATION AND THE GOVERNING BODY OF THE CITY OF SUGAR LAND

#### COUNCIL CHAMBER

<https://youtube.com/live/abVRVe6xBO0?feature=share>

3:30 PM

#### QUORUM PRESENT

All members of the Board were present except for William Ferguson and Jennifer Lane.

#### I. ATTENTION

- A. *Members of the City Council, Board and/or Commission may participate in deliberations of posted agenda items through videoconferencing means. A quorum of the City Council, Board and/or Commission will be physically present at the above-stated location, and said location is open to the public. Audio/Video of open deliberations will be available for the public to hear/view, and are recorded as per the Texas Open Meetings Act.*

*The meeting will live stream at <https://youtube.com/live/abVRVe6xBO0?feature=share>.*

#### II. PUBLIC COMMENT

Citizens who desire to address the City Council, Board and/or Commission with regard to matters on the agenda will be received at this time. A "Request to Speak" form is to be given to the City Secretary, or designee, prior to the beginning of the meeting. Each speaker is limited to three (3) minutes, and speakers requiring a translator will have six minutes, regardless of the number of agenda items to be addressed. Comments or discussion by the City Council, Board, and/or Commission Members, will only be made at the time the subject is scheduled for consideration.

No members of the public addressed the Board.

#### III. RESOLUTIONS

- A. Consideration of and action on SUGAR LAND DEVELOPMENT CORPORATION RESOLUTION NO. SLDC-R-25-02: RESOLUTION APPROVING AND AUTHORIZING THE SUGAR LAND DEVELOPMENT CORPORATION TO ENTER INTO AN AGREEMENT WITH THE CITY OF SUGAR LAND REGARDING SITE IMPROVEMENTS IN THE IMPERIAL HISTORIC DISTRICT FOR ECONOMIC DEVELOPMENT PURPOSES.

*Devon Rodriguez, Director of Redevelopment*

Devon Rodriguez, Director of Redevelopment, gave a presentation, made comments and answered questions from the Board.

A motion to Approve, Motion was made by Joe Zimmerman and seconded by Suzanne Whatley, the motion Passed.

Ayes: Jacobson, Kermally, McCutcheon, Whatley, Zimmerman

Absent: Ferguson, Lane

**IV. ADJOURNMENT**

A motion to **Approve**, Adjournment at 3:40 p.m., was made by Carol McCutcheon and seconded by Stewart Jacobson, the motion **Passed**.

Ayes: Jacobson, Kermally, McCutcheon, Whatley, Zimmerman

Absent: Ferguson, Lane

---

**Linda Mendenhall, City Clerk**





# City of Sugar Land

---

## Sugar Land Development Corporation Minutes

Sugar Land City Hall  
2700 Town Center  
Boulevard North  
Sugar Land, TX 77479

Tuesday, May 20, 2025  
Sugar Land Development Corporation Meeting  
Minutes  
City Council Chamber  
6:30 PM

### I. Attention

Members of the City Council, Board and/or Commission may participate in deliberations of posted agenda items through video conferencing means. A quorum of the City Council, Board and/or Commission will be physically present at the above-stated location, and said location is open to the public. Audio/Video of open deliberations will be available for the public to hear/view; and are recorded as per the Texas Open Meetings Act.

The meeting will live stream at <https://youtube.com/live/orjfoVJH1fw?feature=share>

### II. Call to Order/Roll Call

The Chair will call the meeting to order, verify the presence of a quorum, and open the public meeting.

Stewart Jacobson, President, called to order the Sugar Land Development Corporation meeting at 6:54 p.m.

The following members of the Board were present: William Ferguson, Suzanne Whatley, Stewart Jacobson, Joe Zimmerman, Rick Miller, and Robert Boettcher. Naushad Kermally was absent.

Steve Bezecny, Vice President, called to order the Sugar Land 4B Corporation meeting at 6:54 p.m.

The following members of the Board were present: Mary Ryder, Steve Bezecny, William Ferguson, Suzanne Whatley, and Stewart Jacobson. Kurt Kirchof and Alan Goodrich were absent.

### III. Public Comment

Pursuant to Texas Government Code section 551.007, citizens are permitted to address the City Council, Board and/or Commission in person with regard to matters posted for consideration on the agenda. Each speaker must complete a "Request to Speak" form and give it to the City Secretary or designee, prior to the beginning of the meeting.

Each speaker is limited to 3 minutes, speakers requiring a translator will have 6 minutes, regardless of the number of agenda items to be addressed. Comments or discussion by City Council, Board, and/or Commission members, will only be made at the time the subject is scheduled for consideration.

For questions or assistance, please contact the Office of the City Secretary (281) 275-2730.

No members of the public addressed the Boards.

### IV. Contracts and Agreements

A. **Consideration of and action on** approval of three (3) Economic Development Performance Agreements between the Sugar Land Development Corporation, Sugar Land 4B Corporation, and LCFRE Sugar Land Town Square, LLC to fund various aspects of the improvements and repositioning efforts in support of the Sugar Land Town Square revitalization strategy as follows:

1. **Building B Improvements (\$6M):** Modernization of shared amenities, streetscapes, and communal office spaces to create more flexible, functional environments for tenants.
2. **Building H Improvements (\$2M):** Significant upgrades to the lobby, tenant signage, and garden renovations to improve the overall amenities of the building.
3. **Office Tenant Improvements (\$4.5M):** To attract and retain high-quality tenants, linked to a job creation milestone.

**Jessica Huble, Assistant Director of Redevelopment, Alba Penate-Johnson, Assistant Director of Economic Development**

Jessica Huble, Assistant Director of Redevelopment, and Alba Penate-Johnson, Assistant Director of Economic Development, gave a presentation, made comments, and answered questions from the Boards.

### **1. Building B Improvements (\$6M)**

The Sugar Land Development Corporation approved the Sugar Land Town Square Phase II Repositioning Agreement for Building B improvements in the amount of 6 million dollars.

A motion to **Approve, Sugar Land Town Square Phase II Repositioning Agreement for Building B improvements in the amount of 6 million dollars**, was made by Joe Zimmerman and seconded by Suzanne Whatley, the motion **Passed**.

Ayes: Joe Zimmerman, William Ferguson, Suzanne Whatley, Stewart Jacobson, Rick Miller  
Nays: Robert Boettcher  
Absent: Naushad Kermally

The Sugar Land 4B Corporation approved the Sugar Land Town Square Phase II Repositioning Agreement for Building B improvements in the amount of 6 million dollars.

A motion to **Approve, Sugar Land Town Square Phase II Repositioning Agreement for Building B improvements in the amount of 6 million dollars**, was made by Suzanne Whatley and seconded by Mary Ryder, the motion **Passed**.

Ayes: Steve Bezecny, William Ferguson, Suzanne Whatley, Stewart Jacobson, Mary Ryder  
Absent: Kirk Kirchof, Alan Goodrich

### **2. Building H Improvements (\$2M):**

The Sugar Land Development Corporation approved the Sugar Land Town Square Phase II

Repositioning Agreement for Building H improvements in the amount of 2 million dollars.

A motion to **Approve, Sugar Land Town Square Phase II Repositioning Agreement for Building H improvements in the amount of 2 million dollars**, was made by Rick Miller and seconded by Joe Zimmerman, the motion **Passed**.

Ayes: Joe Zimmerman, William Ferguson, Suzanne Whatley, Stewart Jacobson, Rick Miller

Nays: Robert Boettcher

Absent: Naushad Kermally

The Sugar Land 4B Corporation approved the Sugar Land Town Square Phase II Repositioning Agreement for Building H improvements in the amount of 2 million dollars.

A motion to **Approve, Sugar Land Town Square Phase II Repositioning Agreement for Building H improvements in the amount of 2 million dollars**, was made by Mary Ryder and seconded by Suzanne Whatley, the motion **Passed**.

Ayes: Steve Bezecny, William Ferguson, Suzanne Whatley, Stewart Jacobson, Mary Ryder

Absent: Kirk Kirchof, Alan Goodrich

### **3. Office Tenant Improvements (\$4.5M)**

The Sugar Land Development Corporation approved the Sugar Land Town Square Phase II Repositioning Agreement for Office Tenant Improvements in the amount of 4.5 million dollars.

A motion to **Approve, Sugar Land Town Square Phase II Repositioning Agreement for Office Tenant Improvements in the amount of 4.5 million dollars**, was made by Joe Zimmerman and seconded by Rick Miller, the motion **Passed**.

Ayes: Joe Zimmerman, William Ferguson, Suzanne Whatley, Stewart Jacobson, Rick Miller

Nays: Robert Boettcher

Absent: Naushad Kermally

The Sugar Land 4B Corporation approved the Sugar Land Town Square Phase II Repositioning Agreement for Office Tenant Improvements in the amount of 4.5 million dollars.

A motion to **Approve, Sugar Land Town Square Phase II Repositioning Agreement for Office Tenant Improvements in the amount of 4.5 million dollars**, was made by Suzanne Whatley and seconded by Mary Ryder, the motion **Passed**.

Ayes: Steve Bezecny, William Ferguson, Suzanne Whatley, Stewart Jacobson, Mary Ryder

Absent: Kirk Kirchof, Alan Goodrich

### **V. Adjournment**

The Sugar Land Development Corporation adjourned the meeting at 7:28 p.m.

A motion to **Adjourn at 7:28 p.m.**, was made by Suzanne Whatley and seconded by Stewart Jacobson; the motion **Passed**.

Ayes: Joe Zimmerman, William Ferguson, Suzanne Whatley, Stewart Jacobson, Rick Miller,  
Robert Boettcher

Absent: Naushad Kermally

The Sugar Land 4B Corporation adjourned the meeting at 7:28 p.m.

A motion to **Adjourn at 7:28 p.m.**, was made by Mary Ryder and seconded by Steve Bezecny;  
the motion **Passed**.

Ayes: Steve Bezecny, William Ferguson, Suzanne Whatley, Stewart Jacobson, Mary Ryder

Absent: Kirk Kirchof, Alan Goodrich

---

**Linda Mendenhall, City Clerk**





## Sugar Land Development Corporation Agenda Request July 1, 2025

---

**Agenda Request No:** V.A.

**Agenda of:** Sugar Land Development Corporation Meeting

**Initiated by:** Natalie Serrano, City Council Liaison

**Presented by:** Elizabeth Huff, Director of Economic Development

**Responsible Department:** Economic Development

---

**Agenda Caption:**

**ECONOMIC DEVELOPMENT COMMITTEE APPOINTMENT**

Consideration of and action on the appointment of a Director to City of Sugar Land Economic Development Committee.

**Recommended Action:**

Consideration of and action on appointment of Director to City of Sugar Land Economic Development Committee.

**Executive Summary:**

The City of Sugar Land's standing committee for economic development is the Economic Development Committee (EDC). Per City Council Resolution No. 09-24, the Policy for the Creation and Operation of City Council Committees and Task Forces (Policy), the role of the EDC is to make recommendations to the City Council on all major economic development projects that have the potential to be funded through one or more of the following: the City, the Sugar Land Development Corporation, the Sugar Land 4B Corporation, or a TIRZ.

Further, the Policy states that the Committee shall consist of three members: the Mayor, a Council member currently serving on Sugar Land 4B Corporation to be selected and appointed by the Mayor, and a member of SLDC to be selected and appointed by the members of the Sugar Land Development Corporation.

The SLDC may appoint one Director to serve on the EDC Standing Committee for the next term.

**Budget**

---

**Expenditure Required:** N/A

**Current Budget:** N/A

**Additional Funding:** N/A

**Funding Source:** N/A

**Account Number (ORG-OBJ-Project):** N/A

**Attachments**

None



## Sugar Land Development Corporation Agenda Request July 1, 2025

---

**Agenda Request No:** VI.A.

**Agenda of:** Sugar Land Development Corporation Meeting

**Initiated by:** Jennifer Alexander, Business Development Manager

**Presented by:** Jennifer Alexander, Business Development Manager

**Responsible Department:** Economic Development

---

**Agenda Caption:**

**ECONOMIC DEVELOPMENT PERFORMANCE AGREEMENT WITH APPLIED OPTOELECTRONICS, INC.**

Consideration of and action on authorization of an Economic Development Performance Agreement with Applied Optoelectronics, Inc., in the amount of \$2,000,000.00.

**Recommended Action:**

Approval of an Economic Development Performance Agreement between the Sugar Land Development Corporation and Applied Optoelectronics, Inc. ("AOI"), in the amount of \$2,000,000.00.

**Executive Summary:**

Applied Optoelectronics, Inc. (AOI), headquartered in Sugar Land, Texas since 2000, is a vertically integrated designer, developer, and manufacturer of advanced optical and laser components and equipment for high-bandwidth communication networks. AOI was founded in 1997 at the University of Houston, and established its Sugar Land headquarters in 2000. They went public in 2013 (NASDAQ: AAOI) and completed a headquarters expansion in Sugar Land in 2016. Their headquarters are located at 13139 Jess Pirtle Blvd, Sugar Land, Texas.

AOI is actively expanding and reshoring its manufacturing operations to meet growing market demand and advance its long-term strategic goals. The company currently employs approximately 345 people in Sugar Land and is expanding its presence in the datacenter market through a partnership with Microsoft to develop customized datacenter lasers. As part of its expansion efforts, AOI will onshore production of its laser interconnection line to Sugar Land.

Project details are as follows:

- Location: 10-year lease at 1111 Gillingham Lane
- Capital Investment: \$77,000,000
- Facility Expansion Size: Approximately 200,000 sq. ft.
- New Jobs: 500 new jobs

- Average Annual Salary: \$61,240 per job

Beyond direct job creation, the project is anticipated to generate an additional 250 to 500 indirect and induced jobs in sectors such as supply chain, retail, healthcare, and local services – resulting in a total estimated impact of 750 to 1,000 jobs across the local economy. This project is being considered for performance-based incentives through the Sugar Land Development Corporation (SLDC), a special economic development corporation funded by a voter-approved 0.25% sales tax. SLDC incentives support new and expanding business enterprises that bring primary employment to the city. All incentives are contingent on performance; companies must fully meet obligations outlined in a 10-year Performance Agreement to receive the full benefit. Clawback provisions are in place in case the performance agreement requirements are not met.

The Economic Development Committee and City Council in Executive Session have reviewed the proposed Performance Agreement terms. Staff recommends approval of the Performance Agreement between the Sugar Land Development Corporation and Applied Optoelectronics, Inc. (“AOI”), in the amount of \$2,000,000.00.

## **Budget**

---

**Expenditure Required:** 2,000,000 Total over ten years.

**Current Budget:** 2,200,000 Per Year

**Additional Funding:** N/A

**Funding Source:** SLDC Incentive Line

**Account Number (ORG-OBJ-Project):** 1041185-561010

## **Attachments**

1. AOI COSL Incentive Agreement - AOI Signed

**ECONOMIC DEVELOPMENT PERFORMANCE AGREEMENT  
AMONG THE SUGAR LAND DEVELOPMENT CORPORATION AND APPLIED  
OPTOELECTRONICS, INC.**

**BACKGROUND**

The City of Sugar Land adopted an economic development sales tax and created the Sugar Land Development Corporation (the "SLDC") to promote economic development activities as authorized by Chapter 501 of the Local Government Code. The SLDC and Applied Optoelectronics, Inc. ("AOI") wish to enter into this Performance Agreement providing for economic incentive payments by the SLDC to AOI in consideration of AOI performing the obligations imposed upon them as specified in this Performance Agreement.

**AGREEMENT**

The SLDC and AOI agree as follows:

**1. Definitions.** In this Agreement:

*Agreement* means this Economic Development Performance Agreement.

*Annual Salary* means the gross amount of regular or scheduled pay made by the Company to an Employee over any consecutive 12-month period for the work performed by the Employee, excluding bonuses, overtime pay and other Employee benefits.

*Building* means the existing building on the Land containing approximately 200,000 square feet of floor space.

*City* means the City of Sugar Land, Texas.

*Company* means Applied Optoelectronics, Inc., a Delaware corporation.

*Employee* means a person who:

- (a) Is an employee of the Company or any affiliate of the Company or any employment contractor, provided that the Employee is working solely on behalf of the Company; and
- (b) Regularly works at least 40 hours a week, either at the site of the Improvements or remotely, excluding time taken for holidays, vacations, sick leave, or other regular leave.

*Force Majeure* means lightning, earthquakes, hurricanes, storms, floods, or other natural occurrence; strikes, lockouts, riots, wars, or other civil disturbances; pandemics; or explosions, fires, or similar accidents not reasonably within the control of the Company or Company's agents or contractors.

*Improvements* means and consists of the remodeling of the Building, to be used for one or more

of the purposes allowed by the City's Development Code within the zoning district where the Land is located, and any sidewalks, parking lots, outdoor lighting, landscaping, and other improvements to serve the buildings, all as shown in Exhibit A, attached to and incorporated into this Agreement.

*Land* means the real property in the Sugar Land Business Park described as being all of COMMERCIAL RESERVE "A2", containing 33.4709 acres, more or less, of SUGAR LAND BUSINESS PARK TRACT 130 AND 131, REPLAT NO. 3, an addition in Fort Bend County, Texas, according to the map or plat thereof recorded in Plat No. 20090097, of the Plat Records of Fort Bend County, Texas.

Leased Premises means the Building and the Land, which are or will be leased to the Company.

*Primary Job* has the meaning as defined in § 501.002(12), Tex. Loc. Gov't Code.

*SLDC* means the Sugar Land Development Corporation, a non-profit economic development corporation created by the City as authorized by then section 4A of the Development Corporation Act of 1979, Tex. Rev. Civ. Stat. Ann. Art. 5190.6, currently codified as Chapters 501 through 505, Tex. Local Gov't Code.

*Year or Year of this Agreement* means, unless the context clearly indicates otherwise, from January 1 to December 31.

2. **SLDC Findings.** By approval of this Agreement, the board of directors of the SLDC finds:

- (a) That the jobs to be created or retained by the Company on or at the Improvements will be "primary jobs" as defined by Section 501.002(12), Tex. Local Gov't Code;
- (b) That the expenditures made by the SLDC are for the creation or retention of "primary jobs", as defined by Section 501.002(12), Tex. Local Gov't Code and required or suitable for the retention or expansion of manufacturing and industrial facilities and regional or national corporate headquarters facilities, as provided in Section 501.101, Tex. Loc. Gov't Code;
- (c) That a portion of the expenditures made by the SLDC are required or suitable for infrastructure necessary to promote or develop new or expanded enterprises, limited to telecommunications and Internet improvements (Sec. 501.103(2), Tex. Local Gov't Code); and
- (d) That this Agreement complies with the requirements of Section 501.158, Tex. Local Gov't Code, that any direct incentives provided to a business enterprise requires a written performance agreement that includes:
  - (1) A schedule of additional payroll or jobs to be created or retained;
  - (2) The capital investment to be made; and
  - (3) The terms of repayment upon default.

3. **Company Obligations.**

(a) Leased Premises.

- (1) Lease. The Company must lease the Leased Premised by Janaury 1, 2027. No later than 60 days following January 1, 2027, the Company must submit to the SLDC a fully executed copy of the lease for the Leased Premises.

**(2) Use and Occupancy. Company must continuously occupy and use the Leased Premises for the purposes specified in this Agreement from January 1, 2027 through December 31, 2036.**

(b) Completion of Construction and Certificate of Occupancy.

- (1) By January 1, 2027, the Company must:

- (A) Complete construction of the Improvements in compliance with this Agreement and the City's ordinances;
- (B) Have received a certificate of occupancy for the Improvements; and
- (C) Occupy the Improvements.

- (2) No later than 60 days following Janaury 1, 2027, the Company must submit to the SLDC a copy of the certificate of occupancy for the Improvements.

(c) Improvements.

- (1) By Janaury 1 ,2027, the Company will have spent at least \$77,000,000.00 on materials and services in the design and for the construction of the Improvements. "Materials" in this section also includes advanced production equipment installed on site necessary for Company operations and product production.
- (2) No later than 60 days following Janaury 1, 2027, the Company must submit to the SLDC receipts and invoices showing that the Company has spent at least \$77,000,000.00 on materials and services in the design and for the construction of the Improvements.

(d) Jobs Created and Annual Salary.

- (1) Required Number of Employees. Company will create or retain a total of 500 Employees at the Leased Premises, in accordance with the following schedule:
  - (A) Beginning on January 1, 2027, Company will create or retain a total of 75 Employees at the Leased Premises;
  - (B) Beginning on January 1, 2028, Company will create or retain a total of 375 Employees at the Leased Premises;

- (C) Beginning on January 1, 2029, Company will create or retain a total of 425 Employees at the Leased Premises;
- (D) Beginning on January 1, 2030, Company will create or retain a total of 475 Employees at the Leased Premises; and
- (E) Beginning on January 1, 2031 and continuing through December 31, 2026, Company will create or retain a total of 500 Employees at the Leased Premises.

(2) . No later than 60 days following January 1, 2027, the Company must submit to the SLDC documents acceptable to the SLDC showing that the Company has created or retained at least 75 Primary Job Employees at the Improvements.

(3) Average Annual Salary. The Employees required by this Agreement will have an average Annual Salary of at least \$61,240.00. No later than 60 days following January 1, 2027, the Company must submit to the SLDC documents acceptable to the SLDC showing that the average Annual Salary is at least \$61,240.00.

(e) Deduction for Failure to Create or Maintain Required Employees. If Company fails to create or maintain the minimum number of Employees as required by this Agreement, and one or more incentive payment remains to be paid to Company, the SLDC will not declare an event of default, but the SLDC will deduct from the applicable incentive payment under Section 4 of this Agreement as follows:

- (1) Using the actual average number of Employees maintained compared to the number of Employees required, calculate the percentage decrease below the number of Employees required. Then multiply that percentage of decrease by the dollar amount of the incentive payment due in the current Year.
- (2) The formula is as follows:  $(((\text{Number of Employees required}) \text{ minus } (\text{actual number of Employees})) \text{ divided by } (\text{number of Employees required}) \text{ times } (\$200,000.00))$ .

For example, if from January 1, 2031 through December 31, 2036, the actual number of Employees was 450, the calculation would be as follows:

- (i)  $(500-450) \div 500 = 10\%$ ; and
- (ii)  $10\% \times \$200,000.00 = \$20,000.00$

Therefore, the deduction from that incentive payment for failure to maintain the required number of Employees would be \$20,000.00.

(f) Deduction for Failure to Maintain Average Annual Salary. If Company fails to create or maintain the average Annual Salary for Employees as required by this Agreement, and one or more incentive payment remains to be paid to Company the SLDC may not declare an event of default, but the SLDC will deduct from the applicable economic incentive payment under this Agreement an amount calculated as follows:

- (1) Using the average Annual Salary required in Section 3(d)(3) compared to the actual Annual Salary required, calculate the percentage decrease below the required average Annual Salary. Then, multiply that average percentage of decrease by the dollar amount of the incentive payment due in the current Year.
- (2) The formula is as follows: [ $\$61,240.00$  minus actual Annual Salary for that Year] divided by ( $\$61,240.00$ ) times ( $\$200,000.00$ ).

For example, if from January 1, 2029 through December 31, 2029, the actual average Annual Salary was  $\$56,240.00$ , the calculation would be as follows:

- (i)  $(\$61,240.00 - \$56,240.00) \div \$61,240.00 = 8.16\%$ ; and
- (ii)  $8.16\% \times \$200,000.00 = \$16,329.20$

Therefore, the deduction from that incentive payment, for failure to maintain the required average Annual Salary, would be  $\$16,329.20$ .

(g) No Offset for Company Exceeding Required Employees. If, for a Year or partial Year, the actual number of Employees exceeds the number required by Section 3(d)(1), the number of Employees that exceed the number of required Employees may not be credited against or used to offset any prior or future deduction or reimbursement based on number of Employees for another Year or Partial Year.

(h) No Offset or Credit for Exceeding Average Annual Salary. The Company may not avoid a deduction or reimbursement from an incentive payment, as provided in this paragraph if, for a Year or Partial Year, the actual average Annual Salary for Employees exceeds the average Annual Salary required by Section 3(d)(3), the amount by which the actual average Annual Salary for Employees exceeds the required average Annual Salary may not be credited against or used to offset any prior or future deduction or reimbursement based on the average Annual Salary for another Year or Partial Year.

(i) Reports and Inspections.

- (1) Within 60 days following each Year of this Agreement, the Company will certify to the SLDC that it has complied with the terms of this Agreement and provide sufficient written information, records, and documents, to support its certification of compliance.
- (2) Within 30 days of the end of each quarter, Company will provide to the City the latest Texas Workforce Commission records available that show the number of Employees during the prior quarter.
- (3) Upon the City's written request, the Company will promptly provide to the City any additional information reasonably necessary for the City to determine if the Company has complied with this Agreement.

- (4) The Company will allow the City access to the Property during regular business hours to inspect the Improvements to verify that the Company is complying with this Agreement. Provided, however, the City will provide Company at least 48 hours advance notice of such inspection.

#### **4. SLDC Economic Incentive Payments.**

- (a) Economic Incentive Payments. Subject to the deduction(s) and waiver provisions provided for in this Agreement, the SLDC will make ten economic incentive payments of \$200,000.00 each to the Company, for a total of \$2,000,000.00, by April 30th of 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, and 2036 for the preceding Year of this Agreement.
- (b) Waiver. The Company waives its right to receive an economic incentive payment if it fails to provide to the SLDC the documents and information required by this Agreement within 60 days of January 1 of each Year. Failure to meet the requirements in one Year will not be an event of default and will not disqualify the Company from receiving future incentive payments in years that it complies with this Agreement.
- (c) First Economic Incentive Payment. Subject to the waiver provision of Section 4(b) of this Agreement and the deductions provided for in this Agreement, the SLDC will make the first economic incentive payment to the Company in accordance with Section 4(a) by March 31, 2027 if by March 2, 2027:
- (1) The Company submits to the SLDC a copy of the information required by Sections 3.(a)(1), 3.(b)(2), 3.(c)(2), 3.(d)(2), and 3(d)(3);
  - (2) The SLDC confirms that the Company is occupying and has occupied the Improvements in the preceding Year for the purposes specified in this Agreement;
  - (3) The SLDC confirms that the Company employed at the Improvements the number of Employees required by this Agreement with the required average Annual Salary within the preceding Year;
  - (4) The Company submits a letter certifying that the Company is in compliance with the requirements of this Agreement as of the date of the letter; and
  - (5) The Company submits to the SLDC any other reports or documentation required by this Agreement.
- (d) Nine Additional Economic Incentive Payment. Subject to the waiver provisions of Section 4(b) of this Agreement and deductions provided for in this Agreement, the SLDC will make nine (9) additional economic incentive payments of \$200,000.00 to the Company by April 30 for Years 2038 through 2036 if by the end of April of the Year:

- (1) The Company submits or makes available to the SLDC for review at the Improvements the latest Texas Workforce Commission records for each quarter of the preceding Year of this Agreement pertaining to the Company that show the number of Employees and their Annual Salary;
  - (2) The SLDC confirms that the Company is occupying and has occupied the Improvements in the preceding Year for the purposes specified in this Agreement;
  - (3) The SLDC confirms that the Company employed at the Improvements the number of Employees required by this Agreement with the required average Annual Salary within the preceding Year;
  - (4) The Company submits a letter certifying that the Company is in compliance with the requirements of this Agreement as of the date of the letter; and
  - (5) The Company submits to the SLDC any other reports or documentation required by this Agreement.
- (e) The SLDC is funding this Agreement exclusively from economic development sales taxes it receives under the provisions of the Development Corporation Act of 1979, as amended (currently codified as Chapters 501 through 505, Tex. Local Gov't Code.). Should any legal impediment arise during the term of this Agreement, including a change in law, that prevents or prohibits the SLDC from making future incentive payments under this Agreement, either party may terminate this Agreement without further liability to the other.
- (f) The Company's obligations to provide documentation to the SLDC by March 2 for the preceding Year and the SLDC's obligation to make a payment to the Company by March 31 for the preceding Year, if any, survives expiration of this Agreement.
5. **Term.** This Agreement is effective on the latest date of the two dates signed by the parties below.
6. **Termination.**
- (a) Unless terminated earlier as allowed in this Agreement, this Agreement terminates on March 31, 2036.
  - (b) This paragraph is required by Chapter 2264, Tex. Gov. Code and governs over any conflicting provisions of this Agreement. The Company will not knowingly employ undocumented workers as that term is defined in Section 2264.001, Tex. Gov. Code. If the Company is convicted of a violation under 8 U.S.C. Section 1324a (f), the conviction is a breach of this Agreement and the city manager will send the Company written notice that the Company has violated this paragraph and that the Agreement terminates 30 days from the date of the notice.

- (c) Either party may terminate this Agreement during its term as provided in this paragraph if the other party fails to comply with its terms. The party alleging the default will give the other party notice of the default in writing. If the party in default fails to cure the default within 60 days of the date of the notice, the party giving the notice may terminate this Agreement by written notice to the other party, specifying the date of termination.
- (d) No party may be deemed to be in default of this Agreement if performance of this Agreement is delayed, disrupted, or becomes impossible because of any act of God, war, earthquake, fire, strike, accident, civil commotion, epidemic, pandemic, act of government, its agencies or offices, or any other cause beyond the control of the parties during the time, but only for so long as the event of Force Majeure reasonable prevents performance.
- (e) Company Reimbursement Payments for Breach of Agreement. If the SLDC terminates this Agreement because of the Company's breach of any provision as permitted by this Agreement, the Company will, within 60 days following termination, reimburse the SLDC for all payments the SLDC had made to the Company under this Agreement, excluding any reimbursement payments previously made by the Company under this Agreement. The reimbursement payment includes interest on each SLDC payment at the City's weighted average yield of its investment portfolio from the date the SLDC made the payment to the Company to the date of the Company's repayment. The Company's obligation to reimburse the SLDC payments made to Company if the Company breaches this Agreement survives termination of this Agreement.

## 7. Miscellaneous Provisions.

- (a) Remedies Cumulative. The rights and remedies provided in this Agreement or under other laws are cumulative and the exercise of any particular right or remedy does not preclude the exercise of any other right or remedy.
- (b) Law Governing and Venue. The laws of the State of Texas govern this Agreement and no lawsuit may be prosecuted on this Agreement except in a court of competent jurisdiction located in Fort Bend County, Texas.
- (c) Notices. Any notice required to be given by one party to another must be given in writing addressed to the party to be notified at the address set forth below, (1) by delivering the notice in person, (2) by depositing the notice in the U. S. Mail, certified or registered, return receipt requested, postage prepaid, (3) by depositing the notice with Federal Express or another nationally recognized courier service for next day delivery, or (4) by sending the notice by electronic mail with confirming copy sent by mail. Notice deposited in the U.S. Mail is deemed effective on the date of deposit. Notice given in any other manner is effective when received by the party to be notified. For the purposes of notice, the addresses of the parties to whom notice is to be given, until changed by given notice to the other as provided herein, is as follows:

SLDC: President  
Sugar Land Development Corporation  
c/o Director of Economic Development  
City of Sugar Land  
P. O. Box 110  
Sugar Land, Texas 77487-0110  
Email: \_\_\_\_\_@sugarlandtx.gov

With a copy to: City Manager  
City of Sugar Land  
P. O. Box 110  
Sugar Land, Texas 77487-0110  
Email: mgoodrum@sugarlandtx.gov

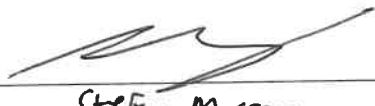
To Company: Applied Optoelectronics, Inc.  
13115 Jess Pirtle Blvd  
Sugar Land, TX 77478  
Attn: David Kuo, General Counsel  
Email: David-kuo@AO-INC.com

- (d) Assignment. The Company may not assign this Agreement to any other person or entity unless the SLDC consents in writing to the assignment.
- (e) City Authority. The City's city manager or any employee authorized by the city manager is authorized to act on behalf of the SLDC in the administration or enforcement of this Agreement.
- (f) Severability. The provisions of this Agreement are severable and the invalidity of any part of this Agreement shall not affect the validity of the remainder of this Agreement.

**SUGAR LAND DEVELOPMENT CORPORATION**

**APPLIED OPTOELECTRONICS, INC.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

By:   
Name: Stefan Murray  
Its: CFO  
Date: 6/24/25

ATTEST:  
  
\_\_\_\_\_

Linda Mendenhall, City Secretary

APPROVED AS TO FORM:



## **Sugar Land Development Corporation Agenda Request** **July 1, 2025**

---

**Agenda Request No:** VII.A.

**Agenda of:** Sugar Land Development Corporation Meeting

**Initiated by:** Justyn Mejorado, Assistant Director of Budget

**Presented by:** Justyn Mejorado, Assistant Director of Budget

**Responsible Department:** Budget

---

**Agenda Caption:**

**FISCAL YEAR 2026 BUDGET**

Review of and discussion on the proposed Fiscal Year 2026 Budget.

**Recommended Action:**

Review and discuss the proposed budget for the Sugar Land Development Corporation for Fiscal Year 2026.

**Executive Summary:**

The Sugar Land Development Corporation's current fiscal year ends on September 30, 2025. Pursuant to the Corporation's bylaws, prior to the end of the current fiscal year, the Corporation shall approve a budget of expected revenues and proposed expenditures for the next fiscal year. The goal of this workshop is to give the Board an opportunity to review the proposed budget in detail in preparation for approval and recommendation to City Council at a future meeting.

**FY25 Projections**

**Revenues**

The FY25 projections show the Corporation with \$11.9 million in revenues, an estimated increase of \$1.3 million from the current budget.

Sales Tax revenue projections are expected to come in 10% higher than budgeted for the year. Estimates are based on actual year-to-date collections through June and forecasted estimates for July through September.

**Expenditures**

Expenditures are estimated at budget, with \$2.5 million remaining in Reserve for Opportunities.

**Financial Position**

The available FY25 ending fund balance is projected to be \$19.7 million, which is \$1.3 million

better than budgeted and over the policy requirement. This fund has a minimum fund balance of 15% of the budgeted sales tax, in accordance with the City's Financial Management Policy Statements.

### **FY26 Proposed Budget**

The FY26 budget estimates \$10.6 million in revenue, including \$9.6 million in sales tax and \$1.0 million in interest earnings. FY25 marked the last year in assigned revenues from TIRZ #1, with its assumed dissolution in December 2025.

Miscellaneous revenues in prior years included participation rent revenues from ticket sales at Smart Financial Centre, which are planned to be shifted to the General Fund beginning FY26 to establish a Redevelopment Fund.

Proposed expenditures for the FY26 budget are as follows and describe figures shown in the accompanying financial statement.

The Economic Development Program of \$1.2 million includes items like marketing, business relations expenses and other operating costs and \$0.5 million for a FIFA Sponsorship contract in FY26.

Debt Service of \$2.9 million includes debt service payments for two outstanding debt issues.

The Reserve for Opportunities is set at \$1.0 million for the year.

Incentives of \$4.1 million include a variety of direct business incentives, and also includes \$1.5 million for Plug 'n' Play.

Transfers to Capital Projects of \$2.3 million include \$2.0 million in major street rehabilitation funding and \$0.3 million in major roadway improvements, such as landscaping.

Transfer to the General Fund includes both salary reimbursements of \$1.1 million for staff that are budgeted from the City's General Fund, but administratively support functions of the Corporation, and the annual cost allocation of \$0.5 million for other internal service departments that also support the Corporation.

The Transfer to Debt Service Fund includes transfers for two self-supported debt issues, totaling \$3.3 million.

And lastly, an annual transfer to the City's Airport Fund of \$50,000 is scheduled to support international marketing efforts.

### **Financial Position**

The fund is anticipated to end FY26 with an available fund balance of \$12.2 million, which is \$10.8 million over the policy requirement of 15% of budgeted sales tax revenue. Bond Coverage Ratio remains healthy and over the 1.25x coverage, sitting at 1.81x.

**Next Steps**

At this meeting, staff will review the proposed budget with the Corporation’s Board of Directors. The budget will be brought back at the August meeting for recommendation to City Council. The budget must be approved by City Council in September before it becomes effective.

**Budget**

---

**Expenditure Required:** N/A

**Current Budget:** N/A

**Additional Funding:** N/A

**Funding Source:** N/A

**Account Number (ORG-OBJ-Project):** N/A

**Attachments**

- 1. 104 - FY26 SLDC Income Statement - Proposed - As of 6-27-2025

**CITY OF SUGAR LAND  
SUGAR LAND DEVELOPMENT CORPORATION  
INCOME STATEMENT**

	FY24	FY25	FY25	FY26	FY26	FY26
	Actuals	Current Budget	Projections	Base Budget	Changes	Budget
<b>REVENUES</b>						
Sales Tax	\$ 8,829,607	\$ 8,734,295	\$ 9,678,919	\$ 9,613,326	\$ -	\$ 9,613,326
Interest Income	1,283,089	600,000	1,100,000	1,000,000	-	1,000,000
Miscellaneous	47,209	30,000	30,000	-	-	-
TIRZ#1	1,793,000	1,221,980	1,071,980	-	-	-
<b>Total Revenues</b>	<b>11,952,904</b>	<b>10,586,275</b>	<b>11,880,899</b>	<b>10,613,326</b>	<b>-</b>	<b>10,613,326</b>
<b>EXPENDITURES</b>						
Economic Development Program	671,233	635,047	635,047	635,047	550,000	1,185,047
<b>Total Operating Expenditures</b>	<b>671,233</b>	<b>635,047</b>	<b>635,047</b>	<b>635,047</b>	<b>550,000</b>	<b>1,185,047</b>
Debt Service	3,912,531	3,886,028	3,886,028	2,967,219	-	2,967,219
Reserve for Opportunities	-	2,500,000	2,500,000	1,000,000	-	1,000,000
Incentives	1,576,192	4,700,000	4,700,000	4,100,000	-	4,100,000
Transfers to Capital Projects	-	2,300,000	2,300,000	2,300,000	-	2,300,000
Transfer to General Fund	1,008,205	1,141,705	1,141,705	1,620,463	-	1,620,463
Transfer to Debt Service Fund	-	659,106	659,106	3,292,707	-	3,292,707
Transfer to Airport Fund	50,000	50,000	50,000	50,000	-	50,000
<b>Total Non-Operating Expenditures</b>	<b>6,546,928</b>	<b>15,236,839</b>	<b>15,236,839</b>	<b>15,330,389</b>	<b>-</b>	<b>15,330,389</b>
<b>Total Expenditures</b>	<b>7,218,161</b>	<b>15,871,886</b>	<b>15,871,886</b>	<b>15,965,436</b>	<b>550,000</b>	<b>16,515,436</b>
Revenues Over/(Under) Expenditures	4,734,743	(5,285,611)	(3,990,987)	(5,352,110)	(550,000)	(5,902,110)
Fund Balance - Beginning	23,872,555	28,607,298	28,607,298	24,616,311	-	24,616,311
Fund Balance - Ending	28,607,298	23,321,687	24,616,311	19,264,201	(550,000)	18,714,201
Accrued Sales Tax	(1,447,473)	(1,522,568)	(1,522,568)	(1,522,568)	-	(1,522,568)
Debt Service Reserve	(3,627,000)	(3,358,062)	(3,358,062)	(5,485,945)	-	(5,485,945)
Fund Balance - Available	\$ 23,532,825	\$ 18,441,057	\$ 19,735,681	\$ 12,255,688	\$ (550,000)	\$ 11,705,688
Minimum Fund Balance (15%)	\$ 1,324,441	\$ 1,310,144	\$ 1,310,144	\$ 1,441,999	\$ -	\$ 1,441,999
Over/Under Policy	22,208,384	17,130,913	18,425,537	10,813,689	-	10,263,689
Bond Coverage Ratio (>1.25x)	2.22	1.49	1.72	1.81	-	1.81



## Sugar Land Development Corporation Agenda Request July 1, 2025

---

**Agenda Request No:** VIII.A.

**Agenda of:** Sugar Land Development Corporation Meeting

**Initiated by:** Justin Perez, Agenda Coordinator

**Presented by:** Elizabeth Huff, Director of Economic Development

**Responsible Department:** Economic Development

---

### **Agenda Caption:**

- Marketing, Promotions, and Events
- Strategic and Capital Projects
- Business Recruitment and Retention Efforts

### **Recommended Action:**

Receive the Director's Report.

### **Executive Summary:**

Elizabeth Huff, Director of Economic Development, will discuss with the Board previous or upcoming marketing, promotion and events, strategic and capital projects, as well as business recruitment and retention efforts.

### **Budget**

---

**Expenditure Required:** N/A

**Current Budget:** N/A

**Additional Funding:** N/A

**Funding Source:** N/A

**Account Number (ORG-OBJ-Project):** N/A

### **Attachments**

None