



City of Sugar Land

Sugar Land Development Corporation Agenda

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

Tuesday, February 3, 2026
Sugar Land Development Corporation Meeting

Meeting of the Sugar Land Development Corporation and the
Governing Body of the City of Sugar Land
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/dFoJb_8TpqI?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 approval of the minutes of the January 6, 2026 meeting.
Linda Mendenhall, City Clerk

V. Resolutions

- A. Consideration of and action on **SUGAR LAND DEVELOPMENT CORPORATION RESOLUTION NO. SLDC-R-26-01: A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SUGAR LAND DEVELOPMENT CORPORATION ADOPTING A POLICY ON GRANTING AN ECONOMIC DEVELOPMENT INCENTIVE FOR OFFICE READINESS; AND REPEALING RESOLUTION NO. SLDC-R-22-03.** **Jennifer Alexander, Business Development Manager, Alba Penate-Johnson, Assistant Director of Economic Development**

VI. Workshop

A. SUGAR LAND STARTS INNOVATION FUND PROGRAM

Review of and discussion on the proposed Innovation Fund program.

Colby Millenbruch, Business Recruitment Manager, Jordan Cutler, Senior Marketing Manager

VII. 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 January, 2026 at 9:30 A.M.



Sugar Land Development Corporation Agenda Request

February 3, 2026

Agenda Request No: IV.A.

Agenda of: Sugar Land Development Corporation Meeting

Initiated by: Ashley Newsome, Deputy City Clerk

Presented by: Linda Mendenhall, City Clerk

Responsible Department:

Agenda Caption:

MINUTES

Consideration of and action on the approval of the minutes of the January 6, 2026 meeting.

Recommended Action:

Approval of the minutes of the January 6, 2026 meeting.

Executive Summary:

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. 1.6.26 SLDC Minutes



City of Sugar Land

Sugar Land Development Corporation Minutes

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

Tuesday, January 6, 2026
Sugar Land Development Corporation Meeting
Minutes
City Council Chamber
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/PQIkW9KTg-s?feature=share>

II. Call to Order

QUORUM PRESENT

Suzanne Whatley, Stewart Jacobson, Robert Boettcher, Rick Miller, Carol McCutcheon, Sanjay Singhal, and Jim Vonderhaar were present. Jim Vondehaar arrived at 4:02 p.m., and Robert Boettcher arrived virtually at 4:10 p.m.

III. Public Comment

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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 Council.

IV. Minutes

A. MINUTES

Consideration of and action on the approval of the minutes of the December 2, 2025 meeting

Linda Mendenhall, City Clerk

A motion to **Approve the minutes of the December 2, 2025 meeting**, was made by Suzanne Whatley and seconded by Rick Miller; the motion **Passed**.

Ayes: Suzanne Whatley, Stewart Jacobson, Rick Miller, Carol McCutcheon, Sanjay Singhal

Absent: Robert Boettcher and Jim Vonderhaar

V. Contracts and Agreements

A. PERFORMANCE AGREEMENT WITH HOPE BIOSCIENCES, LLC.

Consideration of and action on the approval of a \$1,000,000 performance-based incentive with Hope Biosciences, LLC.

Jennifer Alexander, Business Development Manager, Verena Kallhoff, Senior Director, Global Life Sciences with Greater Houston Partnership

Jennifer Alexander, Business Development Manager, Verena Kallhoff, Senior Director, Global Life Sciences with Greater Houston Partnership, and Donna Chang, CEO of Hope Biosciences, LLC, gave a presentation, made comments, and answered questions from the Board.

A motion to **Approve the 1,000,000 performance-based incentive with Hope Biosciences, LLC**, was made by Suzanne Whatley and seconded by Jim Vonderhaar; the motion **Passed**.

Ayes: Suzanne Whatley, Stewart Jacobson, Rick Miller, Carol McCutcheon, Jim Vonderhaar
Nays: Robert Boettcher, Sanjay Singhal

VI. Workshop

A. OFFICE READINESS PROGRAM

Review of and discussion on the proposed Office Readiness Program.

Jennifer Alexander, Business Development Manager, Jordan Cutler, Senior Marketing Manager

Jennifer Alexander, Business Development Manager, and Jordan Cutler, Senior Marketing Manager, gave a presentation, made comments, and answered questions from the Board.

Robert Boettcher left the meeting at 4:45 p.m.

VII. Adjournment

A motion to **Adjourn at 5:10 p.m.**, was made by Sanjay Singhal and seconded by Stewart Jacobson; the motion **Passed**.

Ayes: Suzanne Whatley, Stewart Jacobson, Rick Miller, Carol McCutcheon, Sanjay Singhal, Jim Vonderhaar

Absent: Robert Boettcher

Linda Mendenhall, City Clerk





Sugar Land Development Corporation Agenda Request February 3, 2026

Agenda Request No: V.A.

Agenda of: Sugar Land Development Corporation Meeting

Initiated by: Jennifer Alexander, Business Development Manager

Presented by: Jennifer Alexander, Business Development Manager, Alba Penate-Johnson, Assistant Director of Economic Development

Responsible Department: Economic Development

Agenda Caption:

Consideration of and action on **SUGAR LAND DEVELOPMENT CORPORATION RESOLUTION NO. SLDC-R-26-01**: A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SUGAR LAND DEVELOPMENT CORPORATION ADOPTING A POLICY ON GRANTING AN ECONOMIC DEVELOPMENT INCENTIVE FOR OFFICE READINESS; AND REPEALING RESOLUTION NO. SLDC-R-22-03.

Recommended Action:

Approve Resolution No. SLDC-R-26-01, adopting a policy on granting an economic development incentive for office readiness, and repealing Resolution No. SLDC-R-22-03.

Executive Summary:

Sugar Land's office market plays an important role in supporting high-quality jobs. While the City remains a strong suburban employment center, portions of its office inventory have not kept pace with changing workplace expectations. Today's office users prioritize quality of place, including modern building interiors, functional layouts, amenities, and a professional environment that supports employee experience and long-term retention. When these elements are missing, otherwise practical office space becomes difficult to lease and less competitive within the broader Houston region.

The Sugar Land Development Corporation routinely evaluates its incentive programs to ensure they remain effective and responsive to market conditions. Through this ongoing review, staff has determined that the existing Headquarters Retention Program is no longer well aligned with current office market needs. Market demand has shifted toward reinvestment and modernization of existing office assets rather than headquarters-specific incentives. As a result, staff is proposing to repeal the Headquarters Retention Program and replace it with the Office Readiness Program.

The proposed Office Readiness Program is a strategic initiative designed to modernize Sugar

Land’s aging office inventory, address persistent vacancy in key professional office corridors, and better align land use with the City’s long-term economic development goals. The program encourages meaningful private investment by property owners and office users who are prepared to make long-term commitments in Sugar Land, with a focus on improving the overall quality and competitiveness of the City’s office environment.

A key objective of the program is to support office infill by encouraging office-appropriate users currently located in M-1 industrial or flex environments to transition into traditional professional office buildings. This approach helps preserve industrial land for manufacturing and job-intensive uses while activating underutilized office space and reinforcing appropriate land-use patterns.

The Office Readiness Program offers two incentive pathways. The Property Owner Path supports projects with a minimum \$2 million capital investment to modernize entire office buildings and secure primary job tenants. The Tenant Path supports office users making a minimum \$750,000 investment in tenant improvements, tied to job creation and long-term lease commitments. Both pathways utilize reimbursement-based incentives up to 50 percent of eligible costs and include safeguards such as investment and job verification, baseline occupancy requirements, and clawback provisions to ensure accountability.

Expected outcomes of the program include increased office occupancy, reinvestment in aging office assets, increased property tax values, improved alignment of land use, and strengthened positioning of Sugar Land as a competitive suburban office market.

Program Budget:
FY26: \$500,000
FY27: \$1,000,000

Staff recommends approval of Resolution No. SLDC-R-26-01, adopting a policy on granting an economic development incentive for office readiness, and repealing Resolution No. SLDC-R-22-03.

Budget

Expenditure Required: \$500,000
Current Budget: \$500,000
Additional Funding: N/A
Funding Source: SLDC Incentive Line
Account Number (ORG-OBJ-Project): 1041185-56110

Attachments

- 1. 1.16 Office Readiness Policy - DSS rev 1-16-26

RESOLUTION NO. SLDC-R-26-01

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SUGAR LAND DEVELOPMENT CORPORATION ADOPTING A POLICY ON GRANTING AN ECONOMIC DEVELOPMENT INCENTIVE FOR OFFICE READINESS; AND REPEALING RESOLUTION NO. SLDC-R-22-03.

WHEREAS, in 2022, the SLDC passed Resolution No. SLDC-R-22-03, adopting a Policy on Granting an Economic Development Incentive for Retention of Office Headquarters (the “Office Headquarters Policy”); and

WHEREAS, the purpose of the Office Headquarters Policy was to incentivize companies that lease space within the City for their Office Headquarters to remain in the City when their existing leases expire or terminate; and

WHEREAS, since passage of the Office Headquarters Policy, the City of Sugar Land (“City”) has recognized a need to transition office-type uses currently in industrial or flex facilities into true professional office space, to strengthen the City’s corporate office market and ensure that M-1 and M-2 zoned industrial areas remain available for advanced manufacturing, logistics, and other target industry uses; and

WHEREAS, an incentive program to refresh vacant and underutilized office buildings will assist in this goal; and

WHEREAS, the Sugar Land Development Corporation would like to move away from the Office Headquarters Policy and instead incentivize property owners to make capital investments to modernize aging office buildings, and to incentive tenants to make significant tenant improvements and invest in the growth and stability of their operation in the City; and

WHEREAS, the SLDC wishes to adopt a policy for providing a financial incentive to property owners and tenants, to refresh vacant and underutilized office buildings by supporting tenant improvements and infrastructure upgrades that attract high-quality employers; NOW, THEREFORE,

**BE IT RESOLVED BY THE BOARD OF DIRECTORS OF
THE SUGAR LAND DEVELOPMENT CORPORATION:**

Section 1. That Resolution No. SLDC-R-22-03, adopting a Policy on Granting an Economic Development Incentive for Retention of Office Headquarters, is hereby repealed.

Section 2. That the SLDC adopts the following Policy on Granting an Economic Development Incentive for Office Readiness.

**SUGAR LAND DEVELOPMENT CORPORATION POLICY
ON GRANTING AN ECONOMIC DEVELOPMENT INCENTIVE**

FOR OFFICE READINESS

A. Purpose.

To provide a funding incentive that: (1) modernizes the City's office inventory to remain regionally and nationally competitive; (2) reduces office vacancy and promotes adaptive reuse of older office buildings; (3) attracts corporate relocations, consolidations, and expansions into the City's office market; (4) supports the growth of life sciences (limited to drug development manufacturing, medical device manufacturing, therapeutics development, digital health and medtech, and molecular diagnostics¹); (5) ensures private investment and job creation that strengthens the local economy; and (6) transitions office-type users out of industrial/flex space into true office space.

B. Definitions.

Act means the Development Corporation Act of 1979, codified in Chapters 501 through 505 of the Texas Local Government Code, as amended.

Baseline Occupancy Rate means the verified occupancy rate as of the date an Incentive Applicant submits its application for a Readiness Incentive.

Baseline Jobs means the number of jobs at the proposed Project site, verified as of the date of an Incentive Applicant's application for a Readiness Incentive.

City means the City of Sugar Land, Texas.

Incentive Applicant means either a Property Owner or a Tenant

Performance Agreement means the agreement entered into between the SLDC and an Incentive Applicant under which the SLDC provides a Readiness Incentive to the Incentive Applicant in consideration of the Incentive Applicant's complying with the terms of the performance agreement.

Policy means this Policy on Granting an Economic Development Incentive for Office Readiness, adopted by the SLDC by Resolution No. SLDC-R-26-01.

Primary Job means a job as specified by the Act that is available at a company for which a majority of the products or services of that company are ultimately exported to regional, statewide, national, or international markets infusing new dollars in the local economy.

Professional Office Space means buildings, or space within buildings, primarily designed and used for professional, administrative, or corporate office functions.

¹ NAICS Codes 325411, 33911, 325414, and 541714.

Project means the qualifying capital investment and job creation or retention by an Incentive Applicant under this Policy.

Property Owner means a property owner who applies for Readiness Incentive in accordance with this Policy.

Readiness Incentive means SLDC funds provided to the Incentive Applicant under a Performance Agreement.

SLDC means the Sugar Land Development Corporation.

Tenant means an office tenant who applies for Readiness Incentive in accordance with this Policy.

C. Eligibility Requirements.

1. **Statutory Requirements in Granting Economic Development Incentive.** In addition to any requirements imposed under this Policy, the Readiness Incentive provided to an Incentive Applicant under this Policy and a Performance Agreement must meet the following requirements of the Act:

(a) That:

- (1) the jobs created or retained by the Incentive Applicant will be Primary Jobs, as defined by the Act; or
- (2) the Readiness Incentive made is required or suitable for the development, retention, or expansion of regional or national corporate headquarters facilities;

(b) That the Project may include expenditures required or suitable for infrastructure necessary to promote or develop new or expanded business enterprises, limited to: (1) streets and roads, rail spurs, water and sewer utilities, electric utilities, or gas utilities, drainage, site improvements, and related improvements; and (2) telecommunications and Internet improvements; and

(c) That the Readiness Incentive is provided under a Performance Agreement that includes:

- (1) A schedule of the additional payroll or jobs to be created or retained;
- (2) A statement of the minimum capital investment to be made; and
- (3) A default provision that provides that upon default the SLDC will be repaid the incentive provided, with interest.

2. **Qualifications for Receiving Readiness Incentive.** To receive a Readiness Incentive under this Policy, the Incentive Applicant must meet the qualifications of this section. The SLDC may waive a qualification, other than compliance with the Act, if the Incentive Applicant will clearly provide other benefits to the City that offset the qualification waived.

- (a) The Project must meet the Act’s requirements for receiving a Readiness Incentive, as stated in preceding paragraph C(1);
 - (b) The office space must be Professional Office Space;
 - (c) The Professional Office Space must be located within Sugar Land city limits and located in the eligible office corridor as defined by the boundaries map, attached hereto as Exhibit A. Eligible areas include established, professional office districts and exclude industrial and business park zones.
 - (d) Relocations from industrial/flex space into Professional Office Space are encouraged to support the Policy’s objective of increasing office occupancy.
 - (e) Office condominiums and/or properties that include manufacturing, flex, or industrial uses are not eligible, even if a portion of the building is used for office operations.
 - (f) Businesses relocating from outside Sugar Land — whether expanding or consolidating operations — are eligible if they meet all program criteria, maintain baseline employment, and fulfill lease and investment commitments.
 - (g) Incentive Applicants are required to maintain a minimum annual average salary of \$61,240.00, which may be verified via a spreadsheet that shows the Primary Job employee count. Incentive Applicants who are also Property Owners with tenants must provide each tenant’s name and the square footage leased to each tenant.
3. **Specific Requirements for Property Owners.** In addition to the general eligibility requirements listed in Sections (C)(1) and (2) above, Incentive Applicants who are Property Owners are also subject to the following specific eligibility requirements:
- (a) Property Owners must commit to spend a minimum of \$2,000,000 in eligible building modernization or infrastructure improvements.
 - (b) Property Owners must agree to maintain at least the Baseline Occupancy Rate and Baseline Jobs during the term of the Performance Agreement.
 - (c) The Property Owner’s tenants should operate within the City’s targeted industries— information technologies, business and professional services, or life sciences — or serve as a regional or national headquarters, to align with Policy objectives.
 - (d) Property Owners may also be eligible to receive a Readiness Incentive for Projects that include speculative tenant space that supports the creation of move-in-ready speculative office suites or shared tenant amenities.
 - (1) Eligible improvements for speculative tenant space include interior finish-outs, modernization of common areas, technology or energy-efficiency upgrades, and shared space amenities that enhance marketability and fall within the Act.

- (2) Speculative Projects will be reimbursable upon the Property Owner leasing the improved space to a qualified Primary Job tenant within an approved timeframe (typically 18–24 months).
 - (3) Speculative Projects must be within the eligible boundaries and marketed exclusively for professional office use.
4. **Specific Requirements for Tenants.** In addition to the general eligibility requirements listed in Sections (C)(1) and (2) above, Incentive Applicants who are Tenants are also subject to the following specific eligibility requirements:
- (a) Tenants must commit to spend a minimum of \$750,000.00 in eligible finish-out for their leased space.
 - (b) Tenants should operate within Sugar Land’s targeted industries (corporate HQ, professional services, technology, etc.) or life sciences.
 - (c) Tenants must commit to creation or retention of Primary Jobs at or above the following minimum thresholds:
 - (1) Life sciences companies: At least 10 new or retained Primary Jobs in a single year;
 - (2) Targeted industry companies (information technologies or business and professional services.): At least 50 new or retained Primary Jobs within the first five years; or
 - (3) Regional or national headquarters, with at least 50 new or retained Primary Jobs.
 - (d) Tenants must either already be in, or enter into, a lease that will extend for at least five (5) years from the effective date of the Performance Agreement, in an eligible office building.
 - (e) Tenants must provide written approval from their landlord for the Project. Landlords may be required to be a signatory to any Performance Agreements, for the sole purpose of evidencing their approval of the Project.

D. Readiness Incentive. The SLDC will reimburse successful Incentive Applicants an amount up to 50% of eligible improvements.

E. Performance Agreements. Performance Agreements will be structured to include the following:

- 1. Payment of a Readiness Incentive, tied to the Incentive Applicant making the required capital investment and completing any required improvements;

2. Payment of a Readiness Incentive, tied to the creation or retention of Primary Jobs;
3. Payment of the Readiness Incentive, in the form of a reimbursement after meeting any required capital investment and/or Primary Job requirements;
4. Performance Agreements will have a minimum term of five (5) years and may have a term of up to ten (10) years;
5. Successful Incentive Applicants will be required to submit payroll and/or job data during each year of the agreement;
6. The agreements will include provisions for repayment if the terms of the agreement are breached; and
7. Incentive amounts will be negotiated based on return on investment and Project impact, as determined by the City.

F. Factors Considered in Granting Readiness Incentive. To determine whether to grant a Readiness Incentive for a Project that meets the minimum qualifications under this Policy, the SLDC may consider any of the following:

- (a) The value and productive life of the Project;
- (b) The amount of local payroll the Project will create or retain;
- (c) The amount of local sales taxes the Project will generate or retain;
- (d) The Incentive Applicant's use of local higher education resources;
- (e) The Incentive Applicant's corporate citizenship;
- (f) Whether the Incentive Applicant is in a growth industry or targeted business or industry;
- (g) The risk of the Project's success or failure;
- (h) The City's costs in providing services to the Project; or
- (i) Whether the Incentive Applicant has a credit rating of "A" or equivalent.

G. Excluded Projects. The SLDC will not grant a Readiness Incentive to any Project in which City or SLDC participation would expose the City or SLDC to undue risks including financial, legal, and political.

H. Program Funding. Each fiscal year the SLDC will adopt a budget that includes funds for the Readiness Incentive, in an amount to be determined. Any Readiness Incentive funds not spent or committed from the previous fiscal year will be carried over to the following fiscal year to

reduce the amount of Readiness Incentive funds that will need to be budgeted. Funding is subject to the availability of funds within the SLDC's budget and will be used in accordance with applicable State law. If all funds in a given year are spent or committed to Projects, the SLDC may appropriate additional funds should a Project of substantial and compelling interest be identified.

I. Terms and Conditions. The City Council Economic Development Committee charged with economic development oversight may recommend and the SLDC may impose any other conditions in a Performance Agreement that the SLDC deems necessary to promote the purposes of this Policy.

J. Request for Readiness Incentive and Approval.

(a) Any Incentive Applicant may request a Readiness Incentive by making a request to the City. This includes the City's Department of Economic Development, which may proactively initiate a request on behalf of a Property Owner or Tenant.

(b) After a request is received, Economic Development staff will set up a meeting with the Incentive Applicant to discuss the proposed Project.

(c) After the Incentive Applicant meets with Economic Development, the Incentive Applicant may submit its application on the form provided by the City. The application will include, among other things, a Project scope of work, a copy of the lease agreement (for Tenants) or letter of intent, investment details, and projected job creation and/or retention.

(d) After receiving an application, Economic Development staff will then review the application to verify eligibility and will run a return-on-investment calculation.

(e) If staff determines that a Project is eligible, staff will then make a recommendation to the City Council subcommittee charged with economic development oversight. In special cases concerning Project timing, the SLDC Board may meet in executive session to discuss the Project. The City Council subcommittee charged with economic development oversight is responsible for reviewing the requests and making recommendations to the SLDC. The City Council subcommittee charged with economic development oversight may develop policies and procedures for processing requests that are not inconsistent with this Policy or State law.

(f) The City Council subcommittee charged with economic development oversight will review all requests it receives. If the City Council subcommittee charged with economic development oversight believes the SLDC should grant a Readiness Incentive to the Incentive Applicant, it will submit the request to the SLDC along with its recommendation of the terms and conditions under which the Readiness Incentive should be granted. If the City Council subcommittee charged with economic development oversight believes that the Readiness Incentive should not be granted to the Incentive Applicant, no further action will be taken on the request unless the Incentive Applicant requests in writing that the City Council subcommittee charged with economic development oversight submit the request

and its negative recommendation to the SLDC.

(g) A Performance Agreement must be approved by the affirmative vote of four or more SLDC members at a regularly scheduled meeting.

K. Exhibits. The following exhibit is attached hereto as Exhibit A and made a part of this Policy:

Exhibit A - Office Readiness Boundaries Map

PASSED AND APPROVED on _____, 2026.

Stewart Jacobson, President

ATTEST:

Linda Mendenhall, City Clerk

APPROVED AS TO FORM:

DAnn Shea Smith



Sugar Land Development Corporation Agenda Request

February 3, 2026

Agenda Request No: VI.A.

Agenda of: Sugar Land Development Corporation Meeting

Initiated by: Colby Millenbruch, Business Recruitment Manager

Presented by: Colby Millenbruch, Business Recruitment Manager, Jordan Cutler, Senior Marketing Manager

Responsible Department: Economic Development

Agenda Caption:

SUGAR LAND STARTS INNOVATION FUND PROGRAM

Review of and discussion on the proposed Innovation Fund program.

Recommended Action:

Review and Discuss the proposed Innovation Fund program

Executive Summary:

The Sugar Land Starts Innovation Fund Program is a performance-based economic development initiative designed to attract and retain high-growth startups within the City's targeted industries, while advancing the innovation ecosystem outlined in Sugar Land's Strategic Action Plan. Leveraging Type A economic development funding, the program provides non-equity dilutive relocation and expansion grants that are directly tied to verified job creation, wage thresholds, and long-term company commitments to the community.

The program's primary objective is to diversify Sugar Land's economy by attracting scalable, innovation-driven companies that can grow locally and contribute meaningful economic impact. By activating vacant office space, strengthening the City's office inventory, and bringing in new technologies across key sectors, the Innovation Fund helps position Sugar Land as a regional hub where business growth, talent, and quality of life intersect.

The Innovation Fund is structured in two phases. Phase One offers tiered relocation incentives ranging from \$50,000 to \$150,000 for early-stage and scaling startups that establish their headquarters in Sugar Land, meet minimum salary and employment requirements, and demonstrate market readiness and growth potential. These incentives are awarded based on starting headcount, projected job creation, and demonstrated traction, ensuring alignment between public investment and measurable outcomes.

Phase Two supports companies that have validated their growth and are prepared to scale operations more deeply within Sugar Land. Expansion and recruitment grants are negotiated on a case-by-case basis based on jobs, wages, capital investment, and long-term commitments, with required headquarters retention of at least five additional years. This phase focuses on accelerating companies that deliver sustained economic returns and reinforce Sugar Land's position as a leading destination for innovation.

Strong safeguards ensure fiscal responsibility and accountability throughout the program. Incentives are paid on a reimbursement basis only after performance requirements are met, annual reporting is required to verify compliance, and clawback provisions protect public investment if commitments are not fulfilled. Together, these mechanisms ensure that the Sugar Land Starts Innovation Fund delivers long-term value while supporting smart, balanced, and people-focused economic growth.

Budget

Expenditure Required: \$300,000

Current Budget: \$300,000

Additional Funding: N/A

Funding Source: SLDC Incentive Line

Account Number (ORG-OBJ-Project): 1041185-56110

Attachments

1. 1.2 Sugar Land Starts Policy - DSS rev 12-16-25 (2) (3)

RESOLUTION NO. SLDC-R-26-XX

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SUGAR LAND DEVELOPMENT CORPORATION ADOPTING A POLICY ON GRANTING AN ECONOMIC DEVELOPMENT INCENTIVE FOR THE SUGAR LAND STARTS INNOVATION FUND PROGRAM.

WHEREAS, the City of Sugar Land (“City”) has identified a need to attract and incentivize high-growth startups within the City’s target industries to relocate to Sugar Land, helping to cultivate a vibrant, innovation ecosystem that is envisioned in the City’s Strategic Action Plan; and

WHEREAS, an incentive program that leverages Sugar Land Development Corporation (“SLDC”) funding and directly ties incentives to verified job creation and wages can assist with that goal; and

WHEREAS, the SLDC wishes to adopt a policy for providing a financial incentive to startups, to bring in high-growth companies that can scale locally, supported by the City’s highly educated workforce, robust infrastructure, and strategic proximity to major markets; NOW, THEREFORE,

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SUGAR LAND DEVELOPMENT CORPORATION:

Section 1. That the SLDC adopts the following Policy on Granting an Economic Development Incentive for the Sugar Land Starts Innovation Fund Program.

**SUGAR LAND DEVELOPMENT CORPORATION POLICY
ON GRANTING AN ECONOMIC DEVELOPMENT INCENTIVE
FOR THE SUGAR LAND STARTS INNOVATION FUND PROGRAM**

A. Purpose.

To provide a funding incentive that:

1. Attracts and retains high-growth startups through performance-based, non-dilutive relocation grants;
2. Activates vacant office space by filling available suites with innovative, growing companies that contribute to the City’s economy and vibrancy;
3. Positions Sugar Land as a regional innovation hub that blends business opportunity with quality of life; and
4. Supports the growth of local industries by bringing in new technology/innovation.

B. Definitions.

Act means the Development Corporation Act of 1979, codified in Chapters 501 through 505 of the Texas Local Government Code, as amended.

City means the City of Sugar Land, Texas.

Incentive Applicant means the party applying for an Innovation Incentive under this Policy.

Innovation Incentive means the SLDC funds provided to the Incentive Applicant under a Performance Agreement.

Performance Agreement means the agreement entered into between the SLDC and an Incentive Applicant under which the SLDC provides an Innovation Incentive to the Incentive Applicant in consideration of the Incentive Applicant's complying with the terms of the performance agreement.

Policy means this Policy on Granting an Economic Development Incentive for the Sugar Land Starts Innovation Program, adopted by the SLDC by **Resolution No. SLDC-R-26-XX**.

Project means the qualifying capital investment and job creation or retention by an Incentive Applicant under this Policy.

SLDC means the Sugar Land Development Corporation.

Target Industries means life sciences, advanced manufacturing, information technology, and business & professional services.

C. Eligibility Requirements.

1. **Statutory Requirements in Granting Economic Development Incentive.** In addition to any requirements imposed under this Policy, the Innovation Incentive provided to an Incentive Applicant under this Policy and a Performance Agreement must meet the following requirements of the Act:
 - (a) That the Innovation Incentive made is required or suitable for the development, retention, or expansion of regional or national corporate headquarters facilities;
 - (b) That the Project may include expenditures required or suitable for infrastructure necessary to promote or develop new or expanded business enterprises, limited to: (1) streets and roads, rail spurs, water and sewer utilities, electric utilities, or gas utilities, drainage, site improvements, and related improvements; and (2) telecommunications and Internet improvements; and
 - (c) That the Innovation Incentive is provided under a Performance Agreement that includes:

- (1) A schedule of the additional payroll or jobs to be created or retained;
- (2) A statement of the minimum capital investment to be made; and
- (3) A default provision that provides that upon default the SLDC will be repaid the incentive provided, with interest.

2. **Qualifications for Receiving Innovation Incentive.** To receive an Innovation Incentive under this Policy, the Incentive Applicant must meet the qualifications of this section. The SLDC may waive a qualification, other than compliance with the Act, if the Incentive Applicant will clearly provide other benefits to the City that offset the qualification waived.

- (a) The Project must meet the Act's requirements for receiving an Innovation Incentive, as stated in preceding paragraph C(1);
- (b) The Incentive Applicant must:
 - (1) have revenue generation of at least \$500,000; or
 - (2) have institutional support of at least \$500,000;
- (c) The Incentive Applicant must be revenue-generating (i.e. have a positive cash flow);
- (d) The Project must be within the City's Target Industries;
- (e) The Incentive Applicant must agree to relocate its existing US headquarters, or internationally expand to establish its US headquarters physically in Sugar Land, Texas;
- (f) The Incentive Applicant must agree to be physically headquartered within Sugar Land for a minimum of 3 years for phase 1 or 5 years for phase 2.
- (g) The Incentive Applicant must be willing to relocate a minimum of three (3) full time employees to Sugar Land for at least 3 years;
- (h) The Incentive Applicant is required to maintain an annual average salary of \$61,240.00, which may be verified via Texas Workforce Commission reporting and/or through internal payroll data;
- (i) The Incentive Applicant's company location will reflect Sugar Land headquarters wherever applicable (i.e. on the company website, mailing address, etc.); and
- (j) The Incentive Applicant will commit to demonstrating a social responsibility, such as sustainable practices or community engagement.

3. **Specific Requirements for Phase 1 Tiered Incentive Options.** In addition to the general eligibility requirements listed in Sections (C)(1) and (2) above, Phase 1 Incentive Applicants are also subject to the following:

(a) Criteria for \$50,000 Total Grant Incentive. The Incentive Applicant must meet the following criteria:

- (1) Must have a minimum of at least three (3) starting local full-time employees;
- (2) Product must be market-ready;
- (3) Demonstrated market demand with early customer or revenue traction;
- (4) Will headquarter in Sugar Land for at least three (3) years;
- (5) Must fall within the City's Target Industries; and
- (6) Be projected to create fifteen (15) or more new jobs in Sugar Land over the duration of the Performance Agreement.

(b) Criteria for \$100,000 Total Grant Incentive. The Incentive Applicant must meet the following criteria:

- (1) Must have a minimum of at least five (5) starting local full-time employees;
- (2) Considerable market demand demonstrated through customer and revenue traction;
- (3) Product is live in market;
- (4) Will headquarter in Sugar Land for at least three (3) years;
- (5) Must fall within the City's Target Industries; and
- (6) Be projected to create 25 or more new jobs in Sugar Land over the duration of the Performance Agreement.

(c) Criteria for \$150,000 Total Grant Incentive. The Incentive Applicant must meet the following criteria:

- (1) Must have a minimum of at least seven (7) starting local full-time employees;
- (2) Demonstrated considerable quarter over quarter revenue growth over the last twelve (12) months preceding the Incentive Application;
- (3) Demonstrated the ability to drive rapid growth;
- (4) Have a clear roadmap for scaling locally and beyond with detailed milestones;
- (5) Will headquarter in Sugar Land for at least three (3) years;
- (6) Must fall within the City's Target Industries; and
- (7) Be projected to create thirty (30) or more new local jobs over the duration of the Performance Agreement

4. **Specific Requirements for Phase 2 Tiered Incentive Options.** In addition to the general eligibility requirements listed in Sections (C)(1) and (2) above, Phase 2 Incentive Applicants are also subject to the following:

(a) Incentive Applicant must have demonstrated validated growth and be ready to scale operations, expand their workforce, and invest deeper into Sugar Land. Phase 2 focuses on accelerating high-growth companies that create long-term economic impact and reinforce Sugar Land's position as a leading innovation hub.

- (b) Criteria for Innovation Incentive - Expansion Grant. Funding for this Innovation Incentive will be negotiated based on jobs, wages, capital investment, and fulfillment of the following minimum requirements:
- (1) Must have received Phase 1 funding;
 - (2) Must be in compliance with Phase 1 Performance Agreement, with no performance issues throughout the term of the agreement;
 - (3) Must agree to maintain headquarters in Sugar Land for at least five (5) years;
 - (4) Have a clear roadmap for scaling locally and beyond with detailed milestones, including hiring plan and number of projected jobs created;
 - (5) Demonstrated considerable quarter over quarter revenue growth over the last 12 months preceding the Incentive Application; and
 - (6) Must have a minimum of fifteen (15) starting local full-time employees.
- (c) Criteria for Innovation Incentive - Recruitment Grant. Funding for this Innovation Incentive will be negotiated based on jobs, wages, capital investment, and fulfillment of the following minimum requirements:
- (1) Must agree to relocate to Sugar Land for at least 5 years;
 - (2) Must have a minimum of fifteen (15) starting local full-time employees;
 - (3) Have a clear roadmap for scaling locally and beyond with detailed milestones, including hiring plan and number of projected jobs created;
 - (4) Demonstrated considerable quarter over quarter revenue growth over the last 12 months preceding the Incentive Application; and
 - (5) Show strong product-market fit, significant customer traction, or substantial capital raised from reputable investors.

D. Innovation Incentive. The SLDC will reimburse successful Incentive Applicants through performance based grants, negotiated on a case-by-case basis, and as outlined in a Performance Agreement.

E. Performance Agreements. Performance Agreements will be structured to include the following:

1. Payment of an Innovation Incentive, tied to the Incentive Applicant entering into a lease in the City (if needed), making the required capital investment, completing any required improvements, and creating or retaining the required number of jobs;
2. Partial payment of an Innovation Incentive to assist in moving expenses, provided that sufficient documentation is provided. Documentation may consist of a copy of a fully executed lease and proof of utilities. The time frame for this type of payment will be thirty (30) days from receipt of any required documentation;
3. Payment of the Innovation Incentive, in the form of a reimbursement after meeting any required lease, capital investment, improvements, and/or job requirements;

4. Performance Agreements will have a minimum term of three (3) years and may have a term of up to ten (10) years;
5. Successful Incentive Applicants will be required to submit payroll and/or job data during each year of the agreement;
6. Successful Incentive Applicants will be required to share data with the City when requested, and provide the following information within thirty (30) days of receiving a request from the City:
 - (a) Current headcount;
 - (b) Current average salary;
 - (c) Compliance documents;
 - (d) Financial status indicators, such as revenue, cash in bank, and burn rate; and
 - (e) Supporting verification documents.
7. Successful Incentive Applicants may also be required to provide ongoing monitoring of items funding raised and civic engagement,
8. The agreements will include provisions for repayment if the terms of the agreement are breached; and
9. Incentive amounts will be negotiated based on return on investment and Project impact, as determined by the City and as stated elsewhere herein.

F. Factors Considered in Granting an Innovation Incentive. To determine whether to grant a Innovation Incentive for a Project that meets the minimum qualifications under this Policy, the SLDC may consider any of the following:

- (a) The value and productive life of the Project;
- (b) The amount of local payroll the Project will create or retain;
- (c) The amount of local sales taxes the Project will generate or retain;
- (d) The Incentive Applicant's use of local higher education resources;
- (e) The Incentive Applicant's corporate citizenship;
- (f) Whether the Incentive Applicant is in a growth industry or targeted business or industry;
- (g) The risk of the Project's success or failure;
- (h) The City's costs in providing services to the Project; or
- (i) Whether the Incentive Applicant has a credit rating of "A" or equivalent.

- G. Excluded Projects.** The SLDC will not grant any Innovation Incentive to any Project in which City or SLDC participation would expose the City or SLDC to undue risks including financial, legal, and political.
- H. Program Funding.** Each fiscal year the SLDC will adopt a budget that includes funds for the Innovation Incentive, in an amount to be determined. Any Innovation Incentive funds not spent or committed from the previous fiscal year will be carried over to the following fiscal year to reduce the amount of Innovation Incentive funds that will need to be budgeted. Funding is subject to the availability of funds within the SLDC's budget and will be used in accordance with applicable State law. If all funds in a given year are spent or committed to Projects, the SLDC may appropriate additional funds should a Project of substantial and compelling interest be identified.
- I. Terms and Conditions.** The City Council Economic Development Committee charged with economic development oversight may recommend and the SLDC may impose any other conditions in a Performance Agreement that the SLDC deems necessary to promote the purposes of this Policy.
- J. Request for Innovation Incentive and Approval.**
- (a) Incentive Applicants may submit their applications on the form provided by the City. The application will include, among other things, a questionnaire, a Project scope of work, investment details, and projected job creation and/or retention. A pitch deck and short video may also be required.
 - (b) After a request is received, Economic Development staff will set up a meeting with the Incentive Applicant to discuss the proposed Project.
 - (c) After receiving an application, Economic Development staff will then review the application to verify eligibility and will run a return-on-investment calculation. Economic Development staff may also consult with outside stakeholders on a project-by-project basis to receive advisory input.
 - (d) If staff determines that a Project is eligible, staff will then make a recommendation to the City Council subcommittee charged with economic development oversight. In special cases concerning Project timing, the SLDC Board may meet in executive session to discuss the Project. The City Council subcommittee charged with economic development oversight is responsible for reviewing the requests and making recommendations to the SLDC. The City Council subcommittee charged with economic development oversight may develop policies and procedures for processing requests that are not inconsistent with this Policy or State law.
 - (e) The City Council subcommittee charged with economic development oversight will review

all requests it receives. If the City Council subcommittee charged with economic development oversight believes the SLDC should grant an Innovation Incentive to the Incentive Applicant, it will submit the request to the SLDC along with its recommendation of the terms and conditions under which the Innovation Incentive should be granted. If the City Council subcommittee charged with economic development oversight believes that the Innovation Incentive should not be granted to the Incentive Applicant, no further action will be taken on the request unless the Incentive Applicant requests in writing that the City Council subcommittee charged with economic development oversight submit the request and its negative recommendation to the SLDC.

- (f) A Performance Agreement must be approved by the affirmative vote of four or more SLDC members at a regularly scheduled meeting.

PASSED AND APPROVED on _____, 202.

Stewart Jacobson, President

ATTEST:

Linda Mendenhall, City Clerk

APPROVED AS TO FORM: