

NOTICE: ANY SUBJECT APPEARING ON THIS AGENDA, REGARDLESS OF HOW THE MATTER IS STATED, MAY BE ACTED UPON BY THE BOARD OF DIRECTORS OF TEXAS CITY ECONOMIC DEVELOPMENT CORPORATION.

TEXAS CITY ECONOMIC DEVELOPMENT CORPORATION  
BOARD OF DIRECTORS MEETING

AGENDA

NOVEMBER 20, 2024 - 3:00 P.M.

CITY HALL COUNCIL ROOM  
1801 9th Ave. N.  
Texas City, TX 77590

PLEASE NOTE: Public comments and matters from the floor are generally limited to 3 minutes in length. If you would like to request to speak, please do so in advance of the meeting by filling out a Request To Address Commission form. All in attendance are required to remove hats and/or sunglasses (dark glasses) during meetings and to also silence all cell phones and electronic devices.

1. DECLARATION OF QUORUM
2. ROLL CALL
3. CONFLICT OF INTEREST DECLARATION
4. Consider Approval of the Economic Development Corporation October 16, 2024, Meeting Minutes.
5. PUBLIC COMMENTS
6. NEW BUSINESS
  - a. Discussion and possible action on Resolution No. 2024-30, awarding a TCLM Chamber Membership Grant in an amount not to exceed \$500 to Mr. Taco.
  - b. Discussion and possible action on Resolution No. 2024-31, approving the purchase of a replacement vehicle and approving the transfer of funds to facilitate the purchase of the vehicle.
  - c. Discussion and possible action on Resolution No. 2024-32, leasing Texas City EDC-owned property located at 413 6th Street to Doodle Me Up Grooming Salon.

- d. Discussion and possible action on Resolution No. 2024-33, naming Renee Edgar as the Board Secretary Alternate.
  - e. Discussion and possible action on Resolution No. 2024-34, authorizing the sale of Texas City EDC property located at 317-319 6th Street.
7. UPDATES AND REPORTS
- a. Small Business Development Center Update  
Texas City-La Marque Chamber of Commerce Update  
Texas City ISD Update  
Dickinson ISD Update
  - b. City Staff Update
8. REQUEST AGENDA ITEMS FOR FUTURE MEETINGS
9. ADJOURNMENT

I, THE UNDERSIGNED AUTHORITY, DO HEREBY CERTIFY THAT THIS NOTICE OF MEETING WAS POSTED ON THE BULLETIN BOARDS AT CITY HALL, 1801 9TH AVENUE NORTH, TEXAS CITY, TEXAS, AT A PLACE CONVENIENT AND READILY ACCESSIBLE TO THE GENERAL PUBLIC AND ON THE CITY'S WEBSITE ON NOVEMBER 15, 2024, PRIOR TO 3:00 P.M., AND REMAINED SO POSTED CONTINUOUSLY FOR AT LEAST 72 HOURS PRECEDING THE SCHEDULED TIME OF SAID MEETING.

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Texas City Economic Development Corporation

**TCEDC Agenda**

**4.**

**Meeting Date:** 11/20/2024

**Submitted By:** Renee Edgar, City Secretary

**Department:** City Secretary

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**ACTION REQUEST (Brief Summary)**

Consider Approval of the Economic Development Corporation October 16, 2024, Meeting Minutes.

**BACKGROUND**

**ANALYSIS**

**ALTERNATIVES CONSIDERED**

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**Attachments**

10/16/2024 Minutes

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# DRAFT

## TEXAS CITY ECONOMIC DEVELOPMENT CORPORATION BOARD OF DIRECTORS MEETING

### MINUTES

OCTOBER 16, 2024 - 4:00 P.M.

### CITY HALL CONFERENCE ROOM

The Texas City Economic Development Corporation Board of Directors met October 16, 2024, at 4:00 p.m., in the City Hall Conference Room, 1801 9th Avenue North, in Texas City, Texas. A quorum having been met, the meeting was called to order at 4:04 p.m. by Mark Ciavaglia with the following in attendance:

**(1) DECLARATION OF QUORUM**

**(2) ROLL CALL**

Present: Mark Ciavaglia, Chairperson  
Randy Dietel, Vice-Chairperson  
Dedrick D. Johnson, Mayor/ Director  
Phil Roberts, Director  
Cynthia Rushing, Ex-Officio Member / Treasurer

Absent: Teresa Poston, Director

Staff Present: Jon Branson, Executive Director of Management Services  
Kristin Edwards, Economic Development Director  
Rhomari Leigh, Board Secretary  
Ariel Callis, City Staff  
George Fuller, City Staff  
Renee Edgar, City Staff

Attendees: Jami Clark, Commissioner District 4  
Deandre Knoxson, Commissioner District 1  
Henry Gomez, Resident

**(3) CONFLICT OF INTEREST DECLARATION**

Mark Ciavaglia stated that he has a conflict of interest on item 6d and will abstain from discussion and voting.

**(4) Consider Approval of the September 18, 2024 Meeting Minutes.**

Motion by Mayor/ Director Dedrick D. Johnson, Seconded by Director Phil Roberts

**Vote:** 4 - 0 CARRIED

**(5)** PUBLIC COMMENTS

There were none.

**(6)** NEW BUSINESS

- (a)** Consider and take action on the election of Officers and Oath of Officers.

The Board unanimously voted to keep Mark Ciavaglia as Chairperson and Randy Dietel as Vice-Chairperson.

Rhomari Leigh, Board Secretary, performed the Oath of Office.

- (b)** Discussion and possible action on Resolution No. 2024-25, approving the actions of the board for the 2023-2024 fiscal year.

Motion by Vice-Chairperson Randy Dietel, Seconded by Mayor/ Director Dedrick D. Johnson

**Vote:** 4 - 0 CARRIED

- (c)** Discussion and possible action on Resolution No. 2024-26, adopting the Texas City EDC 24/25 FY Budget.

Kristen Edwards, Economic Development Director, gave background for the 24/25 FY Budget.

Motion by Mayor/ Director Dedrick D. Johnson, Seconded by Director Phil Roberts

**Vote:** 4 - 0 CARRIED

- (d)** Discussion and possible action on Resolution No. 2024-27, approving the purchase of tax-foreclosed property described as Lots Six (6) and Seven (7), Texas City Second Division, known commonly as vacant lots located at 920 2nd Ave South, and authorizing the proper authorities to execute all necessary documents to facilitate the sale of said property.

Kristen Edwards, Economic Development Director, recommends approval of the purchase for \$17,187.50, which will cover all the taxes owed to all entities, including the city.

Motion by Vice-Chairperson Randy Dietel, Seconded by Director Phil Roberts

**Vote:** 3 - 0 CARRIED

- (e)** Discussion and possible action on Resolution No. 2024-28, authorizing the purchase of property identified as G-CAD ID 225081 and 225082.

Jon Branson, Executive Director of Management Services, requested that the item be pulled from the agenda and that no action be taken.

Motion by Mayor/ Director Dedrick D. Johnson, Seconded by Vice-Chairperson Randy Dietel, to table item.

**Vote:** 4 - 0 CARRIED

- (f) Discussion and possible action on Resolution No. 2024-21, authorizing a Business Improvement Grant (BIG Grant) for Gus'.

Kristin Edwards, Economic Development Director, recommended the total costs for signage (exterior improvements) at \$2,814.50 be granted.

Motion by Mayor/ Director Dedrick D. Johnson, Seconded by Vice-Chairperson Randy Dietel

**Vote:** 4 - 0 CARRIED

- (g) Discussion and possible action on Resolution No. 2024-29, approving an easement on TEDC-owned property to allow for TNMP line connection, pending receipt of all required documentation.

Kristin Edwards, Economic Development Director, recommends that an easement on TEDC-owned property be approved to allow for TNMP line connection pending receipt of all required documentation. Also, it needs clarification that this is an electrical easement only.

Motion by Vice-Chairperson Randy Dietel, Seconded by Director Phil Roberts

**Vote:** 4 - 0 CARRIED

(7) UPDATES

- (a) Small Business Development Center Update  
Texas City-La Marque Chamber of Commerce Update  
Texas City ISD Update  
Dickinson ISD Update

- (b) City of Texas City Staff Update

Ariel Callis, Economic Project Manager, discussed the new marketing for The Phoenix Business Accelerator.

Kristen Edwards, Economic Development Director, discussed updates for the RFP response, The Phoenix, and the department will be out of the office for a development opportunity.

(8) REQUEST AGENDA ITEMS FOR FUTURE MEETINGS

None given.

(9) ADJOURNMENT

Having no further business, Mark Ciavaglia made a Motion to ADJOURN at 4:31 p.m. The meeting was adjourned.

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Board Secretary  
Texas City Economic Development Corporation

Date Approved: \_\_\_\_\_

**TCEDC Agenda**

**6. a.**

**Meeting Date:** 11/20/2024

Approve TCLM Chamber Membership Grant in an amount not to exceed \$500.

**Submitted For:** Kristin Edwards, Economic Development

**Submitted By:** Kristin Edwards, Economic Development

**Department:** Economic Development

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**ACTION REQUEST (Brief Summary)**

Approve TCLM Chamber Membership Grant in an amount not to exceed \$500.

**BACKGROUND**

In August 2023, the Texas City Economic Development Corporation established a Chamber Membership grant to assist local businesses with the cost of joining the Texas City-La Marque Chamber for one (1) year. Applicants must either represent a new, for-profit business or an existing for-profit business within the city limits of Texas City that has not previously joined the Chamber.

Staff has received a completed application for the Chamber Membership Grant from Mr. Taco Cantina, located at 3202 13<sup>th</sup> Avenue N.

Funds are available in the City of Texas City's FY2024-25 annual budget from the Texas City Economic Development Corporation, Fund 801.

**ANALYSIS**

Approve TCLM Chamber Membership Grant for Mr. Taco Cantina for an amount not to exceed \$500.

**ALTERNATIVES CONSIDERED**

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**Attachments**

Chamber grant - Mr Taco

Utility Bill - Mr Taco

Samples of food and events

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# Texas City Economic Development Corporation

## Application for Chamber Membership Grant

1801 9<sup>th</sup> Avenue North, Texas City, Texas 77590 - 409-739-7538

### Purpose:

The purpose of the Chamber Membership Grant program is to promote small businesses in Texas City by providing funding assistance to join the Texas City - La Marque Chamber of Commerce for one (1) year. This one-time grant shall not exceed \$500.

It is the belief of the Texas City Economic Development Corporation (TCEDC) that membership and active participation in the Texas City-La Marque Chamber of Commerce can lead to stronger community connections, higher public awareness and additional jobs in the City of Texas City.

### Eligibility:

1. Applicants must represent a new (less than 1 year) for-profit business operating within the city limits of Texas City, Texas.
2. Existing for-profit businesses may qualify if they have not previously joined the Texas City - La Marque Chamber of Commerce and have ten (10) employees or less.

Requests for the Chamber Membership Grant for joining the Texas City - La Marque Chamber of Commerce must be approved by the EDC Board. This application will become the agreement between the applicant and the Texas City Economic Development Corporation. Any false representations will be grounds for voiding the application/agreement. This original application must be submitted to Director of Economic Development Kristin Edwards either in-person/via mail to City Hall (1801 9<sup>th</sup> Avenue North) or via email at [kedwards@texascitytx.gov](mailto:kedwards@texascitytx.gov).

Date of Application: 04/25/2024

Date Business Opened in Texas City:

\_\_\_\_\_

Number of Employees: 8

Business Name: Mr Taco Contina Texas City

Owner Name: Adan Medina

Business Address: 3202 13<sup>th</sup> Ave N, Texas city  
tx 77590

Telephone Number(s): 4096826689

Email Address: Mr taco2290@gmail.com

Business Website: Mrtaco-cantina.com

**Requirements:**

Please return your completed application with the following item:


1. A copy of your City of Texas City certificate of occupancy and/or most current City of Texas City commercial water bill.

**Process:**

Approved businesses will qualify for a payment up to \$500 that will be made directly to the Texas City – La Marque Chamber of Commerce on behalf of the business. After Board approval, a purchase order will be established, and the payment will be sent. The payment will be sent approximately thirty (30) days after approval.

**Signatures**

**Business Owner:**

  
\_\_\_\_\_

**Texas City Economic Development Corporation:**

\_\_\_\_\_



**Customer Name:** THE ASSOCIATION WORLD LLC  
 DBA MR TACO TEXAS CITY  
**Account Number:** 900068191091  
**Invoice Number:** 054903483727  
**Invoice Date:** 11/06/2024

**This is your final bill**

**Account Summary**

Previous Balance	Credits/Payments	Balance Forward	Current Charges	Amount Due	Due Date
\$1,261.58	\$0.00	\$1,261.58	\$265.91	<b>\$1,527.49</b>	<b>11/22/2024</b>

See remaining pages for invoice details.

**Customer Communications**

We've taken you off TXU Business Surge Protect, and the final charge is on your bill. If you change your mind, call us at 888-228-1144.



Mild fall temps mean less energy use. MyAccount makes it easy to see how the weather affects your business' usage. Scan the QR code to sign in.

Scan to sign in

**How to Contact Us**

**Customer Service:** 972-791-2830 or 1-888-399-5501 (7AM - 7PM M-F)

**Power Outage Notification:** Texas New Mexico Power - 1-888-866-7456

REP Certificate: #10004

Please return this portion with your payment in the enclosed envelope. Make checks payable to TXU Energy. Do not include correspondence with your payment.

The TXU Energy Aid<sup>SM</sup> program helps families in critical situations with bill payment assistance.

For Donations Only

One-time gift to TXU Energy Aid<sup>SM</sup> program \$ \_\_\_\_\_  
 Recurring monthly donation to TXU Energy Aid<sup>SM</sup> program \$ \_\_\_\_\_

**Account Number:** 900068191091

Amount Due	Due Date
<b>\$1,527.49</b>	<b>11/22/2024</b>

To ensure proper payment posting, please provide this number (900068191091) on all payments and send to the address directly below.

AB 01 003681 29405 H 10 C



THE ASSOCIATION WORLD LLC DBA MR TACO TE  
 3202 13TH AVE  
 TEXAS CITY TX 77590-4514



TXU ENERGY  
 PO BOX 650638  
 DALLAS, TX 75265-0638



2190006819109100001527490000000000

003681 1/2



**Customer Name:** THE ASSOCIATION WORLD  
 LLC  
 DBA MR TACO TEXAS CITY  
**Account Number:** 900068191091  
**Invoice Number:** 054903483727  
**Invoice Date:** 11/06/2024

**This is your  
 final bill**

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AB 01 003681 29405 H 10 C



THE ASSOCIATION WORLD LLC DBA MR TACO TE  
 3202 13TH AVE  
 TEXAS CITY TX 77590-4514



TXU ENERGY  
 PO BOX 650638  
 DALLAS, TX 75265-0638

2190006819109100001527490000000000

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**Sunday Brunch**


*At Mr. Taco Cantina*

Join us for your Brunch favorites, such as made-to-order Omelettes, Breakfast Tacos and Burritos station, Birria, Barbacoa, Carnitas, a Safood bar to include Ceviche and peel-and-eat shrimp, Enchiladas, Aguas Frescas, Mex Eggs Benedicts, y mucho mas. Vegan & kids options available.

Adults: \$34.99  
Children under 12: \$14.99

Now Open Every Sunday  
from 10 am to 3 pm

**MR. TACO**

 downtownpicnic

Looking for something fun and different to do on Valentines Day?

Whether to celebrate with your besties or go on a cute date with your love, we created the perfect package which includes: Food, two drinks per person and a complete painting class with a professional artist (all materials included), also included in this package is a salsa lesson! So what are you waiting for?

Book your spot on our website  
www.downtownpicnic.com or call (409) 682-6689

*Guadalupe, TX*

**TCEDC Agenda**

**6. b.**

**Meeting Date:** 11/20/2024

Approval of Resolution Authorizing Purchase of Replacement Vehicle

**Submitted For:** Jon Branson, Management Services

**Submitted By:** Jon Branson, Management Services

**Department:** Management Services

**ACTION REQUEST (Brief Summary)**

Consideration and approval of Resolution No. 2024-31, approving the purchase of a replacement vehicle and approving the transfer of funds to facilitate the purchase of the vehicle.

**BACKGROUND**

The city vehicle to be replaced is a 2015, 4 X 4 Pickup truck with an extended bed with approximately 144,500 miles on the vehicle and is in need of replacement. The vehicle burns oil and is regularly in need of repairs and maintenance. The vehicle is used by staff for economic development activities, including but not limited to 6th Street operations, Shoal Point maintenance and upkeep, Shoal Point client visits, special events and other City activities. The vehicle is unreliable and is in need of replacement.

The total cost of the new replacement vehicle is \$44,888.75.

It is the recommendation of the Staff to transfer funds from Account # 801-050-53110 (Demolition) to Account # 801-050-53110 (Capital Outlay - Replacement Vehicle), in the amount of \$44,888.75 to fund the purchase. The vehicle will be purchased through TIPS USA 210907 (cooperative purchasing) via Silsbee Ford, in Silsbee, Texas.

**ANALYSIS**

Staff recommends approval of Resolution 2024 - 31 approving the purchase of the vehicle and transferring the funds to accommodate the purchase.

**ALTERNATIVES CONSIDERED**

**Attachments**

Replacement Vehicle

Mileage Doc

PRODUCT PRICING SUMMARY  
 TIPS USA 210907 Automobiles  
 VENDOR- Silsbee Ford, 1211 Hwy 96 N., Silsbee TX 77656

End User: CITY OF TEXAS CITY  
 Contact:

Prepared by SETH GAMBLIN  
 Phone: 512.436.1313

<b>Email:</b>
<b>Product Description:</b>

A. Bid Item: \_\_\_\_\_ A. Base Price: 36584

B.

Code	Bid Price	Description	Bid Price
995	5.0L V8	WIE 101A	2335
44G	10 SPEED TRANS		0
T7C	AT TIRES		295
53A	TRAILER TOW		1325
		ENT GROUP	
		4WD UPGRADE	3975
		POWER LO(	
		CRUISE	
		DAYTIME RUNING LMAPS	45

67T	INTEGRATED TRAILER BRAKE CON	INC		6.5 BOX 157 WB	
18B	RUNNING BOARDS	\$	250.00	LONG BED****	
85H	BACK UP ALARM	\$	145.00		
				Total of B. Published Options:	\$ 8,370.00
					\$ (415.25)
C.	Unpublished Options			\$=	%
Description		Bid Price	Options		Bid Price

EXTERI  
 INTERIOR CS CLOTH  
 40/20/4

UNIT ON THE GROUND

		130651	
		Total of C. Unpublished Options:	\$ -
D.			\$ 350.00
E.			

F. Contract Price Adjustment:

G. Additional Delivery Charge: 0 \$ -

H. Subtotal: \$ 44,888.75

I. Quantity Ordered 1 x H = \$ 44,888.75



J. Trade in: \_\_\_\_\_

\$ -

K.

L. Total Purchase Price \_\_\_\_\_

\$ 44,888.75

\_\_\_\_\_



P

R

N

D

M

Fuel Range

159 mi

P

144576 mi

5

6

**TCEDC Agenda**

**6. c.**

**Meeting Date:** 11/20/2024

Leasing the EDC-owned property located at 413 6th Street to Doodle Me Up Grooming Salon.

**Submitted For:** Kristin Edwards, Economic Development

**Submitted By:** Kristin Edwards, Economic Development

**Department:** Economic Development

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**ACTION REQUEST (Brief Summary)**

Approval of Resolution 2024-32, leasing the EDC-owned property located at 413 6th Street to Doodle Me Up Grooming Salon.

**BACKGROUND**

The Economic Development Corporation owns the commercial property located at 413 6th Street in Texas City, and it is currently available for lease. Staff received an inquiry from Rachelle Griffin, d/b/a Doodle Me Up Grooming Salon, regarding available spaces for operation and staff recommended the location. The operator recently visited the space and determined it would be an ideal location for their business.

Given the nature of the business, the operator has agreed to additional requests from the City, including limiting evening/overnight dog walks wherever possible. She is also in communication with Planning and Engineering to meet the building requirements of her business.

Pending approval by the EDC, staff recommends a three-year lease agreement between the EDC and Doodle Me Up Grooming Salon.

**ANALYSIS**

Approve Resolution No. 2024-32, a lease agreement between the EDC and Doodle Me Up Grooming Salon for 413 6th Street.

**ALTERNATIVES CONSIDERED**

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**Attachments**

Lease for approval

Business Plan

Additional information

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## COMMERCIAL LEASE

1. **Parties.** This COMMERCIAL LEASE (“Lease”) is entered into by Texas City Economic Development Corporation (“Landlord”) and Rachele Griffin d/b/a Doodle Me Up Grooming Salon (“Tenant”).

2. **Premises.** Landlord leases to Tenant, and Tenant leases from Landlord, for the term, at the rental rate, and on all the conditions in this Lease, the real property located in the City of Texas City, County of Galveston, State of Texas, containing approximately 2,250 square feet and commonly known as 413 6<sup>th</sup> Street North, Texas City, Galveston County, Texas 77590 and more specifically described as:

ABST 205 PAGE 6 S 50 FT OF LOTS 7 & 8 (7-3) BLK 158 TEXAS CITY

The real property, including the land and all improvements on it, is called the “Premises” in this Lease.

3. **Term.**

(a) **Term.** The term of this Lease shall be for Three (3) Years, commencing on December 1, 2024 and ending on November 30, 2027 unless terminated earlier under any provision of this Lease.

(b) **Delay in Commencement.** Intentionally Deleted.

(c) **Early Possession.** If Landlord permits Tenant to occupy the Premises before the commencement date of the term, the occupancy will be subject to all the provisions of this Lease. The early possession will not advance the termination date of this Lease.

(d) **Delivery of Possession.** Tenant will be deemed to have taken possession of the Premises when Landlord delivers possession of the Premises to Tenant.

4. **Rent.**

(a) **Monthly Rent.** On or before the first day of each month during this Lease, Tenant pay will Landlord base monthly rent as follows:

from	December 1, 2024 to November 30, 2025:	\$1,000
from	December 1, 2025 to November 30, 2026	\$1,100
from	December 1, 2026 to November 30, 2027	\$1,500

Rent for any period during the term that is for less than one month will be a prorated portion of the monthly installment. Rent will be payable without notice or demand and without any deduction, offset, or abatement in U.S. currency to Landlord at the address stated in Section 18 or to other persons or at other places as Landlord may designate in writing.

(b) **Additional Charges.** This Lease is what is commonly called a “net lease,” which

means that Landlord will receive the rent stated in Subsection 4(a) free and clear of any and all impositions, taxes, liens, charges, or expenses in connection with the ownership and operation of the Premises. In addition to the rent under Subsection 4(a), Tenant will pay to the appropriate parties all impositions, insurance premiums, operating charges, maintenance charges, construction costs, and any other charges, costs, and expenses that arise or may be contemplated under any provisions of this Lease during the term. All of these charges, costs, and expenses will constitute additional charges, and if Tenant fails to pay any of the additional charges, Landlord will have the same rights and remedies as otherwise provided in this Lease for the failure to pay rent. It is the intention of the parties that this Lease will not be terminable for any reason by Tenant and that Tenant will not be entitled to any abatement of or reduction in rent, except as expressly provided. Any present or future law to the contrary will not alter this agreement of the parties.

5. **Security Deposit.** Intentionally Deleted.

6. **Use.**

(a) **Use.** The Premises will be used and occupied only for the purposes of maintaining and operating Doodle Me Up Grooming Salon.

(b) **Compliance with Law.** Tenant will, at its expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders, and requirements in effect during the term regulating the use by Tenant of the Premises. Tenant will not use or permit the use of the Premises in any manner that will tend to create waste or a nuisance or tend to unreasonably disturb any other tenants.

(c) **Condition of Premises.** Tenant accepts the Premises in their condition as of the date of possession under this Lease, subject to all applicable zoning, municipal, county, and state laws, ordinances, and regulations governing and regulating the use of the Premises, and accepts this Lease subject to the same terms. Tenant acknowledges that neither Landlord nor Tenant's agent has made any representation or warranty about the suitability of the Premises for the conduct of Tenant's business.

(d) **Insurance Cancellation.** Despite the provisions of Subsection 6(a), no use will be made or permitted to be made of the Premises that will cause the cancellation of any insurance policy covering the Premises or any building on the Premises, and if Tenant's use of the Premises causes an increase in insurance rates, Tenant will pay the increase.

(e) **Landlord's Rules and Regulations.** Tenant agrees to limit evening/overnight operations including dog-walking as much as possible. Tenant will faithfully observe and comply with the rules and regulations that Landlord makes. A copy of the rules and regulations is attached to this Lease. Landlord reserves the right to make all reasonable modifications to the rules and regulations, which will be binding once a copy of them is delivered to Tenant. Landlord will not be responsible to Tenant for the nonperformance of any of the rules and regulations by any other tenants or occupants.

7. **Maintenance Repairs and Alterations.**

(a) Tenant's Obligations. Tenant will keep in good order, condition, and repair the Premises and every part of them, structural or nonstructural, and all adjacent sidewalks, landscaping, driveways, parking lots, fences, and signs located in the areas adjacent to and included with the Premises. Landlord will incur no expense and have no obligation of any kind in connection with the maintenance of the Premises except for the repair and maintenance of the roof, and Tenant expressly waives the benefits of any statute now or later in effect that would otherwise give Tenant the right to make repairs at Landlord's expense or to terminate this Lease because of Landlord's failure to keep the Premises in good order, condition, and repair.

(b) Surrender. On the last day of the term or on any earlier termination, Tenant will surrender the Premises to Landlord in good condition, broom clean, except for ordinary wear and tear. Tenant will repair any damage to the Premises occasioned by its use or by the removal of Tenant's trade fixtures, furnishings, and equipment under Subsection 7(d)(3), which will induce the patching and filling of holes and repair of structural damage.

(c) Landlord's Rights. If Tenant fails to perform its obligations under this Article, Landlord may at its option enter the Premises, after ten (10) days' written notice to Tenant, and put the Premises in good order, condition, and repair. The cost of doing so plus interest at the rate of ten percent (10%) per year will become due and payable as additional rent to Landlord together with Tenant's next rent installment.

(d) Alterations and Additions.

- (1) Tenant will not, without Landlord's written consent, make any alterations, additions, or improvements in, on, or about the Premises, except for nonstructural alterations costing less than One Thousand Dollars (\$1,000.00). As a condition of giving its consent, Landlord may require that Tenant remove any alterations, additions, improvements, or utility installations at the expiration of the term and to restore the Premises to their previous condition.
- (2) Before commencing any work relating to alterations, additions, and improvements affecting the Premises, Tenant will notify Landlord in writing of the expected date of commencement. Landlord will then have the right to post and maintain on the Premises any notices to protect the Premises and Landlord from mechanics' liens, materialmen's liens, or any other liens. Tenant will pay, when due, all claims for labor or materials furnished to or for Tenant at or for use on the Premises. Tenant will not permit any mechanics' or materialmen's liens to be levied against the Premises for any labor or material furnished to Tenant or claimed to have been furnished to Tenant or to Tenant's agents or contractors in connection with any work performed or claimed to have been performed on the Premises by or at the direction of Tenant.
- (3) Unless Landlord requires their removal under Subsection 7(d)(1), all alterations, improvements, additions, machinery, equipment, and trade

fixtures made on the Premises will become the property of Landlord and remain on and be surrendered with the Premises at the expiration of the term, with the exception of Tenant's:

**8. Insurance and Indemnity.**

(a) Insuring Party. As used in this Article, the term "insuring party" means the party who has the obligation to obtain the insurance required under this Lease. The insuring party will be Tenant. Whether the insuring party is Landlord or Tenant, Tenant will, as additional rent for the Premises, pay the cost of all required insurance. If Landlord is the insuring party, Tenant will, within ten (10) days after demand by Landlord, reimburse Landlord for the cost of the insurance.

(b) Liability Insurance. Tenant will obtain and maintain during the term of this Lease a policy of comprehensive public liability insurance insuring Landlord and Tenant against any liability arising from the ownership, use, occupancy, or maintenance of the Premises and all areas insurance insuring Landlord and Tenant against any liability arising from the ownership, use, occupancy, or maintenance of the Premises and all appurtenant areas. The insurance will be in an amount of at least One Million and 00/100 Dollars (\$1,000,000.00) for injury to or death of one person in any one accident or occurrence and in an amount of at least Five Hundred Thousand Dollars (\$500,000.00) for injury to or death of more than one person in any one accident or occurrence. The insurance will further insure Landlord and Tenant against liability for property damage of at least Five Hundred Thousand and 00/100 Dollars (\$500,000.00). The limits of the insurance will have a Landlord's Protective Liability endorsement attached. If Tenant fails to obtain and maintain the insurance, Landlord may, but is not required to, obtain and maintain it at Tenant's expense.

(c) Property Insurance. The insuring party will obtain and maintain during the term of this Lease a policy or policies of insurance covering loss or damage to the Premises, in the amount of their full replacement value, providing protection against all perils included within the classification of fire, extended coverage, vandalism, malicious mischief, special extended perils (all risk), and sprinkler leakage. The insurance will provide for payment for loss to Landlord or to the holder of a first mortgage or deed of trust on the Premises. If the insuring party fails to obtain and maintain the insurance, the other party may, but is not required to, obtain and maintain it at Tenant's expense.

(d) Insurance Policies. Insurance required under this Lease will be in companies rated A+ AAA or better in "Best's Insurance Guide." The insuring party will deliver before possession to the other party copies of insurance policies or certificates evidencing the existence and amounts of the insurance with loss-payable clauses satisfactory to Landlord. No policy will be cancelable or subject to reduction of coverage or other modification except after ten (10) days' written notice to Landlord. If Tenant is the insuring party, Tenant will, at least ten (10) days before any policies expire, provide Landlord with renewals or "binders," or Landlord may order the insurance and charge the cost to Tenant, which will be payable by Tenant on demand. Tenant will not do or permit to be done anything that will invalidate the insurance policies referred to in Subsection 8(c). Tenant will immediately, on Landlord's demand, reimburse Landlord for any additional premiums attributable to any act, omission, or

operation of Tenant causing an increase in the cost of insurance. If Landlord is the insuring party, and if the insurance policies maintained under this Lease cover other improvements in addition to the Premises, Landlord will deliver to Tenant a written statement specifying the amount of any insurance cost increase and showing in reasonable detail how it has been computed.

(e) Waiver of Subrogation. Tenant and Landlord each waive any and all rights of recovery against the other, or against the officers, employees, agents, and representatives of the other, for loss of or damage to the waiving party or its property or the property of others under its control, where the loss or damage is insured against under any insurance policy in force at the time of the loss or damage. Tenant and Landlord will, on obtaining the insurance policies required under this Lease, give notice to the insurance carriers that the foregoing mutual waiver of subrogation is contained in this Lease.

(f) Hold Harmless. Tenant will indemnify, defend, and hold Landlord harmless from any and all claims arising from Tenant's use of the Premises or from the conduct of its business or from any activity, work, or things that may be permitted or suffered by Tenant on or about the Premises. Tenant will also indemnify, defend, and hold Landlord harmless from and against any and all claims arising from any breach or default in the performance of any obligation on Tenant's part to be performed under this Lease or arising from any negligence of Tenant or any of its agents, contractors, employees, or invitees and from any and all costs, attorney fees, expenses, and liabilities incurred in the defense of any such claim or any action or proceeding. Tenant assumes all risk of damage to property or injury to persons on or about the Premises from any cause, and Tenant waives all claims for such damage or injury against Landlord, except where it arises from the negligence of Landlord.

(g) Exemption of Landlord from Liability. Tenant agrees that Landlord will not be liable for injury to Tenant's business or any loss of income or for damage to the goods, wares, merchandise, or other property of tenant, Tenant's employees, invitees, customers, or any other person on or about the Premises. Unless it is negligent, Landlord will not be liable for injury to the person of Tenant, Tenant's employees, agents, contractors, or invitees. These exemptions of Landlord from liability apply whether the damage or injury is caused by or results from fire, steam, electricity, gas, water, or rain, or from the breakage, leakage, obstruction, or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning, or lighting fixtures, or from any other cause, whether the damage or injury results from conditions arising on the Premises or on other parts of the building of which the Premises are a part, or from other sources or places, and regardless of whether the cause of the damage or injury or the means of repairing it is inaccessible to Landlord or Tenant. Landlord will not be liable for any damages arising from any act or neglect of any other tenant of the building in which the Premises are located.

9. **Damage or Destruction.** If the improvements on the Premises are damaged or destroyed, partially or totally, from any cause, whether or not the damage or destruction is covered by any insurance required to be maintained under Section 8, Tenant will repair, restore, and rebuild the Premises to their condition existing immediately before the damage or destruction, and this Lease will continue in full force and effect. This repair, restoration, and rebuilding (all of which



are called the “repair”) will be commenced within a reasonable time after the damage or destruction and will be diligently prosecuted to completion. There will be no abatement of rent or of any other obligation of Tenant by reason of the damage or destruction. The proceeds of any insurance maintained under Subsection 8(c) will be made available to Tenant for payment of the cost and expense of the repair; however, the proceeds may be made available to Tenant subject to reasonable conditions, including but not limited to architect’s certification of costs and retention of a percentage of the proceeds pending final notice of completion. If the proceeds are not made available to Tenant within ninety (90) days after the damage or destruction, Tenant will have the option for thirty (30) days, commencing on the expiration of the ninety-day (90-day) period, of canceling this Lease. If Tenant exercises this option, Tenant will have no further obligation under this Lease and will have no further claim against Landlord; however, Landlord will return to Tenant as much of Tenant’s security deposit as has not been applied by Landlord. Tenant will exercise the option by written notice to Landlord within the thirty-day (30-day) period. If the insurance proceeds are insufficient to cover the cost of the repair, any excess amount required to complete the repair will be paid by Tenant.

(a) Damage near End of Term. If the Premises are partially destroyed or damaged during the last six (6) months of the term of this Lease, Landlord may, at its option, cancel and terminate this Lease as of the date the damage occurred by giving written notice to Tenant within thirty (30) days.

(b) Prorations. On termination of this Lease under this Section, a prorated adjustment of rent based on a thirty-day (30-day) month will be made. Landlord will also return to Tenant as much of Tenant’s security deposit as has not been applied by Landlord.

#### 10. Real Property Taxes.

(a) Payment of Taxes. Tenant will pay all real property taxes applicable to the Premises during the term of this Lease. All payments will be made at least ten (10) days before their delinquency date. Tenant will promptly provide Landlord with satisfactory evidence that the taxes have been paid. If any taxes paid by Tenant cover any time period before or after the term expires, Tenant’s share of the taxes will be equitably prorated to cover only the time period within the tax fiscal year during which this Lease is in effect, and Landlord will reimburse Tenant to the extent required. If Tenant fails to pay any such taxes, Landlord will have the right to pay them, and Tenant will repay the amount to Landlord with Tenant’s next rent installment plus interest at the rate of ten percent (10%) per year.

(b) Definition of “Real Property Taxes.” The term “real property taxes” includes any form of assessment, license fee, rent tax, levy, penalty, or tax (other than inheritance or estate taxes) imposed by any authority having the direct or indirect power to tax, including any city, county, state, or federal government, or any school, agricultural, lighting, drainage, or other improvement district, as against any legal or equitable interest of Landlord in the Premises or in the real property of which the Premises are a part, as against Landlord’s right to rent or other income from the Premises, or as against Landlord’s business of leasing the Premises. In addition, Tenant will pay any and all charges and fees that may be imposed by the Environmental Protection Agency or other similar government regulations or authorities.

(c) Joint Assessment. If the Premises are not separately assessed, Tenant's liability will be an equitable proportion of the real property taxes for all of the land and improvements included within the tax parcel assessed, such proportion to be determined by Landlord from the respective valuations assigned in the assessor's work sheets or other reasonably available information. Landlord's reasonable determination of the proportion, in good faith, will be conclusive.

(d) Personal Property Taxes.

- (1) Tenant will pay before delinquency all taxes assessed against and levied on leasehold improvements, trade fixtures, furnishings, equipment, and all other personal property of Tenant contained on the Premises or elsewhere. Tenant will ensure that all of its personal property is assessed and billed separately from the real property of Landlord.
- (2) If any of Tenant's personal property is assessed with Landlord's real property, Tenant will pay Landlord the taxes attributable to Tenant within ten (10) days after receiving a written statement specifying the taxes applicable to Tenant's property.

11. Common Areas. When there are Common Areas, the following will apply:

(a) Definitions. The term "Common Areas" means all areas and facilities outside the Premises that are provided and designated for general use and convenience of Tenant and other tenants and their respective officers, agents, employees, customers, and invitees. Common Areas include (but are not limited to) any pedestrian sidewalks, landscaped areas, roadways, and parking areas. Landlord reserves the right to make changes in the shape, size, location, number, and extent of the land and improvements constituting the Common Areas. Landlord may designate additional parcels of land for use as a part of the Common Areas, and any additional land so designated will be included until the designation is revoked by Landlord.

(b) Maintenance. Landlord will operate, manage, and maintain the Common Areas so that they are clean and free from accumulations of debris, filth, rubbish, and garbage. The manner in which the Common Areas are maintained, and the expenditures for the maintenance, will be at the sole discretion of Landlord, and the use of the Common Areas will be subject to reasonable regulations made by Landlord, including (but not limited to) the right to close all or part of the Common Areas to the extent legally sufficient, in the opinion of Landlord's counsel, to prevent a dedication or the accrual of rights of any person or of the public in the Common Areas.

(c) Tenant's Rights and Obligations. Landlord grants to Tenant, during the term of this Lease, the license to use, for the benefit of Tenant and its officers, agents, employees, customers, and invitees, in common with the others entitled to such use, the Common Areas, subject to the rights, powers, and privileges reserved to Landlord. Storage, either permanent or temporary, of any materials, supplies, or equipment in the Common Areas is strictly prohibited. If Tenant violates this provision of the Lease, Landlord may, at its option, either terminate the Lease or, without notice to Tenant, remove the materials, supplies, or equipment from the

Common Areas and place them in storage, the cost to be reimbursed by Tenant within ten (10) days after receiving a statement submitted by Landlord. All later costs in connection with the storage will be paid to Landlord by Tenant as accrued. Tenant's failure to pay these charges within ten (10) days after receiving a statement will constitute a breach of this Lease. Tenant and its officers, agents, employees, customers, and invitees will park their motor vehicles only in areas designated by Landlord for that purpose. Within five (5) days after a request from Landlord, Tenant will give Landlord a list of the license numbers assigned to its motor vehicles and those of its officers, agents, and employees. Tenant will not at any time park or permit the parking of motor vehicles, belonging to it or to others, so as to interfere with the pedestrian sidewalks, roadways, and loading areas, or in any part of the parking areas not designated by Landlord for such use by Tenant. Tenant agrees that receiving and shipping of goods and merchandise and all removal of refuse will be made only by way of the loading areas constituting part of the Premises. Tenant will repair, at its cost, all deteriorations or damages to the Common Areas caused by its lack of ordinary care.

(d) Construction. Tenant, while engaged in constructing improvements or making repairs or alterations on or about the Premises or in their vicinity, will have the right to make reasonable use of the Common Areas.

12. Utilities. Tenant will pay for all water, gas, heat, light, power, telephone, and other utilities and services supplied to the Premises, together with any taxes. If any of those services are not separately metered to Tenant, Tenant will pay a reasonable proportion to be determined by Landlord of all charges jointly metered with other premises.

13. Assignment and Subleasing.

(a) Landlord's Consent Required. Tenant will not voluntarily or by operation of law assign, transfer, mortgage, sublease, or otherwise transfer or encumber all or any part of Tenant's interest in this Lease or in the Premises without Landlord's written consent, which Landlord will not unreasonably withhold. Any attempted assignment, transfer, mortgage, encumbrance, or subleasing without consent will be void and will constitute a breach of the Lease. Any transfer of Tenant's interest in this Lease or in the Premises from Tenant by merger, consolidation, or liquidation, or by any later change in the ownership of fifty-one percent (51%) to any individual or entity who is not an original party to this Lease shall be deemed a prohibited assignment within the meaning of this Section.

(b) No Release of Tenant. Regardless of Landlord's consent, no assignment or subleasing will release Tenant of its obligation to pay the rent and to perform all of its other obligations for the term of this Lease. The acceptance of rent by Landlord from any other person will not be deemed a waiver by Landlord of any provision of this Lease. Consent to one assignment or subleasing will not be deemed consent to any later assignment or subleasing.

14. Defaults and Remedies.

(a) Defaults. The occurrence of any one or more of the following events will constitute a default and breach of this Lease by Tenant:

- (1) The vacating or abandonment of the Premises by Tenant.
- (2) The failure by Tenant to make any payment of rent or any other required payment when due, if such failure continues for three (3) days after written notice from Landlord.
- (3) The failure by Tenant to observe or perform any of the covenants, conditions, or provisions of this Lease to be observed or performed by Tenant, other than described in Subsection 14(a)(2) above, if such failure continues for thirty (30) days after written notice from Landlord to Tenant; however, if the nature of Tenant's default is such that more than thirty (30) days are required for performance, Tenant will not be in default if Tenant commences performance within the thirty-day (30-day) period and diligently prosecutes the cure to completion.
- (4) (i) The making by Tenant of any general assignment or general arrangement for the benefit of creditors, (ii) the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant, it is dismissed within sixty (60) days), (iii) the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, if possession is not restored to Tenant within thirty (30) days, or (iv) the attachment, execution, or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, if the seizure is not discharged within thirty (30) days.

(b) Remedies in Default. If there is any default or breach by Tenant, Landlord may at any time, with or without notice or demand and without limiting Landlord in the exercise of any other right or remedy that Landlord may have, do any of the following:

- (1) Terminate Tenant's right to possession of the Premises by any lawful means, in which case this Lease will terminate and Tenant will immediately surrender possession of the Premises to Landlord. Landlord will be entitled to recover from Tenant all damages incurred by Landlord because of Tenant's default, including but not limited to the cost of recovering possession of the Premises; the expense of re-leasing, including necessary renovation and alteration of the Premises, reasonable attorney fees, and any real estate commission actually paid; the worth at the time of award by the court having jurisdiction of the amount by which the unpaid rent for the balance of the term after the time of the award exceeds the amount of the rental loss for the same period that tenant proves could be reasonably avoided; and the part of the leasing commission paid by Landlord applicable to the unexpired term of this Lease. Unpaid installments of rent or other amounts will bear interest from the date due at the rate of ten percent (10%) per year. If Tenant abandons

the Premises, Landlord will have the option of (i) retaking possession of the Premises and recovering from Tenant the amount specified in this Section, or (ii) proceeding under Subsection 14(b)(2).

- (2) Maintain Tenant's right to possession, in which case this Lease will continue in effect whether or not Tenant has abandoned the Premises. Landlord will be entitled to enforce all of Landlord's rights and remedies under this Lease, including the right to recover the rent as it becomes due.
- (3) Pursue any other remedy now or later available to Landlord under the laws or judicial decisions of the State in which the Premises are located.

(c) Default by Landlord. Landlord will not be in default unless Landlord fails to perform its obligations within a reasonable time, but in no event later than thirty (30) days after written notice by Tenant to Landlord and to the holder of any first mortgage or deed of trust covering the Premises whose name and address will have been furnished to Tenant in writing, specifying how Landlord has failed to perform its obligation; however, if the nature of Landlord's obligation is such that more than thirty (30) days are required for performance, Landlord will not be in default if Landlord commences performance within the thirty-day (30-day) period and diligently prosecutes the cure to completion.

(d) Late Charges. Tenant acknowledges that late payment of rent and other amounts will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. These costs include but are not limited to processing and accounting charges and late charges that may be imposed on Landlord by the terms of any mortgage or trust deed covering the Premises. Accordingly, if any installment of rent or any other amount due from Tenant is not received by Landlord or Landlord's designee within ten (10) days after written notice that the amount is past due, Tenant will pay to Landlord a late charge equal to ten percent (10%) of the overdue amount. The parties agree that the late charge will not constitute a waiver of Tenant's default with respect to the overdue amount or prevent Landlord from exercising any of its other rights and remedies.

15. Condemnation. If the Premises or any part of them are taken under the power of eminent domain or sold by Landlord under the threat of the exercise of that power (all of which is referred to as "condemnation"), this Lease will terminate for the part so taken as of the date the condemning authority takes title or possession, whichever occurs first. If more than twenty-five percent (25%) of the floor area of any buildings on the Premises, or more than twenty-five percent (25%) of the land area of the Premises not covered with buildings, is taken by condemnation, either Landlord or Tenant may terminate this Lease as of the date the condemning authority takes possession by written notice within twenty (20) days after Landlord notifies Tenant of the taking or, in the absence of notice, within twenty (20) days after the condemning authority takes possession. If this Lease is not terminated by either Landlord or Tenant, it will remain in full force and effect for the rest of the Premises, except that the rent will be reduced in proportion to the floor area of the building taken within the Premises as to the total floor area of all buildings located on the Premises. If this Lease is not terminated, Landlord, at its sole cost, will as soon as reasonably possible restore the Premises to a complete unit of like quality and character as existed before the condemnation. All awards

for the taking of any part of the Premises or any payment made under the threat of the exercise of power of eminent domain will be the property of Landlord, whether made as compensation for diminution of value of the leasehold or for the taking of the fee or as severance damages; however, Tenant will be entitled to any award for loss of or damage to Tenant's trade fixtures and removable personal property.

16. **General Provisions.**

(a) **Offset Statement.**

- (1) Tenant will at any time on at least ten (10) days' written notice from Landlord execute, acknowledge, and deliver to Landlord a written statement (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of the modification and certifying that this Lease, as modified, is in full force and effect) and the date to which the rent, security deposit, and other charges are paid in advance, and (ii) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord, or specifying any defaults that are claimed. The statement may be conclusively relied on by any prospective purchaser or encumbrancer of the Premises.
- (2) Tenant's failure to deliver the statement on time will be conclusive on Tenant (i) that this Lease is in full force and effect, without modification except as may be represented by Landlord, (ii) that there are no uncured defaults in Landlord's performance, and (iii) that not more than one (1) month's rent has been paid in advance.
- (3) If Landlord wants to finance or refinance all or any part of the Premises, Tenant will deliver to any lender designated by Landlord any financial statements of Tenant reasonably required by the lender. The statements will include the past three (3) years of Tenant's financial statements. All financial statements will be received by Landlord in confidence and will be used only for the purposes stated in this Article.

(b) **Landlord's Interests.** The term "Landlord" as used in this Lease means only the owner or owners at the time in question of the fee title or a tenant's interest in a ground lease of the Premises. If there is any transfer of the title or interest, Landlord (and in case of any later transfers, the grantor) will be relieved from and after the date of the transfer of all liability for Landlord's obligations to be performed, provided that any funds in the hands of Landlord or the grantor at the time of the transfer, in which Tenant has an interest, will be delivered to the grantee. The obligations contained in this Lease to be performed by Landlord will be binding on Landlord's successors and assigns only during their respective periods of ownership.

(c) **Severability.** The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, will in no way affect the validity of any other provision.

(d) **Interest on Past-Due Obligations.** Except as expressly provided in this Lease, any

amount not paid to Landlord when due will bear interest at ten percent (10%) per year from the due date. Payment of interest will not excuse or cure any default by Tenant under this Lease.

(e) Time of Essence. Time is of the essence in this Lease.

(f) Headings. Article and paragraph headings are not a part of this Lease's terms.

(g) Entire Agreement; Amendment. This Lease contains the entire agreement between the parties. All understandings, discussions, and agreements previously made between the parties, written or oral, are superseded by this Lease, and neither party is relying on any warranty, statement, or representation not contained in this Lease. This Lease may be modified in writing only, signed by the parties in interest at the time of the modification.

(h) Waivers. No waiver by Landlord of any provision of this Lease will be deemed a waiver of any other provision or of any later breach by Tenant of the same or any other provision. Landlord's consent to or approval of any act will not be deemed to make unnecessary the obtaining of Landlord's consent to or approval of any later act by Tenant. The acceptance of rent by Landlord will not be a waiver of any preceding breach by Tenant, other than Tenant's failure to pay the particular rent accepted, regardless of Landlord's knowledge of the preceding breach when the rent was accepted.

(i) Recording. Tenant will not record this Lease in any public records. Any such recordation will be a breach of this Lease.

(j) Holding Over. If Tenant remains in possession of the Premises or any part of them after the term expires with Landlord's express written consent, the occupancy will be a tenancy from month to month at a rental rate in the amount of the last monthly rent plus all other charges payable, and on the terms applicable to month-to-month tenancy.

(k) Cumulative Remedies. No remedy or election under this Lease will be deemed exclusive, but instead will, wherever possible, be cumulative with all other remedies at law or in equity.

(l) Covenants and Conditions. Each provision of this Lease performable by Tenant will be deemed both a covenant and a condition.

(m) Binding Agreement; Governing Law. Subject to any provisions restricting assignment or subleasing by Tenant and subject to the provisions of Subsection 16(b), this Lease and all of its terms, provisions, and covenants will apply to, be binding on, and inure to the benefit of the parties and their respective successors and assigns. This Lease will be governed by and interpreted under the laws of the state where the Premises are located, regardless of any conflict-of-law rules.

(n) Subordination.

(1) At Landlord's option, this Lease will be subordinate to any ground lease,

mortgage, deed of trust, or any other hypothecation for security now or later placed on the real property of which the Premises are a part and to any and all advances made on the security and to all renewals, modifications, consolidations, replacements, and extensions. Despite this subordination, Tenant's right to quiet possession of the Premises will not be disturbed if Tenant is not in default and as long as Tenant pays the rent and observes and performs all the provisions of this Lease, unless this Lease is otherwise terminated under its terms. If any mortgagee, trustee, or ground lessor elects to have this Lease prior to the lien of its mortgage, deed of trust, or ground lease, and gives written notice to Tenant, this Lease will be deemed prior to the mortgage, deed of trust, or ground lease, whether this Lease is dated before or after the date of the mortgage, deed of trust, or ground lease or the date of its recording.

- (2) Tenant will execute any documents required to effectuate the subordination or to make this Lease prior to the lien of any mortgage, deed of trust, or ground lease, and failing to do so within ten (10) days after written demand will make, constitute, and irrevocably appoint Landlord as Tenant's attorney in fact and in Tenant's name, place, and stead to do so.

(o) Attorney Fees. If either party brings an action to enforce the terms of this Lease or declare rights under it, the prevailing party in the action, at trial or on appeal, will be entitled to reasonable attorney fees to be paid by the losing party as fixed by the court. The term "prevailing party" means the party that has succeeded on a significant issue in the litigation and achieved a benefit with respect to the claims at issue, taken as a whole, whether or not damages are actually awarded to that party.

(p) Landlord's Access. Landlord and its agents will have the right to enter the Premises at reasonable times for the purpose of inspecting them, showing them to prospective purchasers or lenders, and making alterations, repairs, improvements, or additions to the Premises or to the building of which they are a part as Landlord may deem necessary or desirable. Landlord may at any time during the last one hundred twenty (120) days of the term place on or about the Premises any ordinary "For Sale or Lease" signs, all without rebate of rent or liability to Tenant.

(q) Auctions. Tenant will not place any auction sign on the Premises or conduct any auction on the Premises without Landlord's written consent.

(r) Merger. The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation of the Lease, will not cause a merger and will, at Landlord's option, terminate any or all existing subtenancies or may, at Landlord's option, operate as an assignment to Landlord of any or all subtenancies.

(s) Corporate Authority. If Tenant is a corporation, each individual executing this Lease on behalf of the corporation represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of the corporation in accordance with a duly adopted



resolution of its board of directors or in accordance with its bylaws, and that this Lease is binding on the corporation.

(t) **Landlord's Liability.** If Landlord is a limited partnership, the liability of the partners under this Lease will be limited to the assets of the partnership. Tenant and its successors and assigns waive all rights to proceed against any of the partners, or the officers, shareholders, or directors of any corporate partner of Landlord except to the extent of their interest in the partnership. The term "Landlord," as used in this Article, means only the owners at the time in question of the fee title or its interest in a ground lease of the Premises, and if there is any transfer of the title or interest, Landlord (and in case of any later transfer, the grantor) will be relieved from all liability for Landlord's obligations to be performed, provided that any funds in the hands of Landlord or the grantor at the time of the transfer, in which Tenant has an interest, will be delivered to the grantee. The obligations contained in this Lease to be performed by Landlord will be binding on Landlord's successors and assigns only during their respective periods of ownership.

(u) **Lien.** Landlord is granted an express contractual lien, in addition to any lien provided by law, and a security interest in all property of Tenant found on the Leased Premises to secure compliance by Tenant with all terms of this Lease.

17. **Performance Bond.** At any time Tenant either wants to or is required to make any repairs, alterations, improvements, or utility installation, under Subsection 7(d) or Section 9 or otherwise, Landlord may at its sole option require Tenant, at Tenant's sole cost and expense, to obtain and provide to Landlord a lien and completion bond in an amount equal to one and one-half (1½) times the estimated cost of the improvements, to insure Landlord against liability for mechanic's and materialmen's liens and to insure completion of work.

18. **Special Provisions**

(a) **Option to Purchase.** See the attached Option to Purchase attached hereto and made apart hereof.

19. **Tenant Improvements and Allowance.**

(a) **Tenant Improvements and Allowance.** Tenant shall contribute a minimum amount of \_\_\_\_\_ for improvements to the Premises, ("Tenant Improvements"). Tenant shall submit any and all receipts regarding Tenant's improvements to Landlord and/or Landlord's designated agent for verification and approval; upon the acceptance, verification and written approval of Tenant's expenditure of said \_\_\_\_\_, Landlord agrees to loan to Tenant for completion of certain Tenant improvements to the Premises up to a maximum amount of \_\_\_\_\_ (the "Tenant Improvement Allowance"). Tenant covenants and agrees to submit any and all invoices incurred by Tenant for said improvement to Landlord for payment. All costs and fees of the Tenant Improvements shall be collectively the "Tenant Improvement Costs". The Tenant Improvement Costs may include architectural and engineering fees. Any Tenant Improvement Costs in excess of the Tenant Improvement Allowance shall be paid by Tenant as and when due. Failure of Tenant to pay the excess costs shall be an event of default by Tenant under the Lease. Tenant shall

not be entitled to any unused portion of the Tenant Improvement Allowance not used in the construction of the Tenant Improvements and requested by Tenant to be funded by Landlord. Landlord's payment of the Tenant Improvements (or portion thereof) shall not become due until thirty (30) days after Tenant submits to Landlord (i) an invoice from Tenant's contractor or sub-contractor itemizing the scope of work, materials used, cost(s) of labor and any equipment and other indebtedness connected with the subject portion of the Tenant Improvements for which Landlord or its property might in any way be responsible; (ii) the certificate by Tenant or its architect that the subject portion of the Tenant Improvements is complete in accordance with the Approved Plans and Specifications (as defined below); and (iii) other data establishing the final Tenant Improvement Costs, together with reasonable evidence that Tenant has satisfied all of its construction obligations including receipts, releases and waivers of liens (both from the general contractor and all subcontractors) arising out of the construction of the Tenant Improvements to the extent and in such form as may be reasonably designated by Landlord. Notwithstanding anything contained herein to the contrary, all moving and storing expenses shall be at the sole cost of Tenant.

(b) Contractor; Plans and Specs. Tenant may contract with any architect/designer as reasonably approved by Landlord, including those whose names have been supplied by Landlord. Landlord makes no representation or guarantee with respect to fees, services schedules or other items to be provided by the architect/designer and shall in no way be responsible for such architect/designer's work product. Tenant's consultant shall prepare plans and specifications for the Tenant Improvements to be completed in the Premises (the "Plans and Specifications"). All Plans and Specifications (and any changes to the same) shall be subject to reasonable review and approval by Landlord and Landlord's architect and/or consultant prior to commencement of construction of the Tenant Improvements. All costs of preparation, review and approval by Landlord shall be borne by Tenant. Landlord shall, within ten (10) business days after receipt of the Plans and Specifications by Landlord for its review and approval, submit to Tenant the Plans and Specifications with the required approvals noted thereon, or submit comments to Tenant setting forth changes to be made in the Plans and Specifications. If changes are required by Landlord, Tenant shall have the Plans and Specifications modified and resubmitted to Landlord for approval and such process shall be repeated until Landlord, Landlord's architect, and/or Landlord's consultant have approved the Plans and Specifications for the Premises (hereinafter referred to as "Approved Plans and Specifications"). Changes to the Approved Plans and Specifications shall be made only upon prior written approval of Landlord and at Tenant's sole cost and expense. Landlord may, if it is so inclined, take a supervisory role in the completion of the Tenant Improvements. Landlord makes no representation that any plans, specification or working drawings are in compliance with any applicable laws.

(c) Work. Tenant shall contract directly for the Tenant Improvements to be completed in accordance with the Approved Plans and Specifications. Furthermore, Tenant covenants and agrees that any and all of the Tenant Improvements shall be completed no later than One Hundred Eighty (180) days from the commencement of this lease, in the event said Tenant Improvements are not completed and Tenant has not received a certificate of occupancy and/or has not opened for business within the timeframe provided hereinabove, Tenant shall be in default. As provided for herein, Tenant shall submit any and all invoices incurred by Tenant

or Tenant's sub-contractors for work or services performed to Landlord and/or Landlord's agent for verification and approval. All Tenant Improvements shall (i) be performed pursuant to written contracts with workmen and mechanics who shall be reasonably acceptable to Landlord; (ii) comply with all reasonable restrictions and requirements as Landlord may impose with respect to the Tenant Improvements; (iii) conform to the standards of the property or building; (iv) be done in a good, workmanlike, safe and lawful manner in compliance with applicable laws, governmental regulations, and requirements; and (v) be done so as not to interfere with any other tenants, occupants, their employees or invitees in the property or building. Tenant shall cause such contractor to take all steps necessary to cooperate in the coordination of the construction of the Tenant Improvements with the work of Landlord or Landlord's contractors in the Premises (if any).

(d) Indemnity. Tenant and Tenant's contractor shall indemnify Landlord from any mechanic's or materialman's lien against Landlord's interest in the property, building or Premises filed in relation to work performed or materials supplied to the building or Premises by or at the request of Tenant, Tenant's agents, employees or Tenant's contractors. If a lien is filed, Tenant or Tenant's contractor shall, at Landlord's option, either, (i) remove the lien by paying it in full, or (ii) furnish Landlord a bond sufficient to discharge the lien, or (iii) deposit in an escrow account approved by Landlord the sum that represents 150% of the amount of such lien. In the event Tenant or Tenant's contractor shall fail to remove the lien, provide a bond or cash escrow within ten (10) days after notice of such lien, such failure shall be an immediate event of default by Tenant under the Lease without the necessity of further notice from Landlord and Landlord shall be entitled to take such action at law, in equity or under the Lease as Landlord deems appropriate and Tenant shall be responsible for all monies Landlord may pay in discharging any lien including all costs and reasonable attorneys' fees incurred by Landlord in settling, defending against, appealing or in any manner dealing with lien. This indemnity obligation shall survive any termination of the Lease.

20. Notices. Any notice or demand under this Lease will be in writing and either served personally or sent by U.S. mail, postage prepaid, to the following addresses:

**Landlord:**

Texas City Economic Development Corporation

1809 9<sup>th</sup> Ave. N.  
Texas City, Texas 77590  
Tel: (409) 948-3111

**Tenant:**

Rachelle Griffin

P.O. Box 77  
Texas City, Texas 77592  
Tel: (409) 261-5942

The parties have executed this Lease at the place and on the dates specified below.

**LANDLORD:**

Texas City Economic Development  
Corporation

By: \_\_\_\_\_

Name: Mark Ciavaglia

Title: Chairman

Effective Date: \_\_\_\_\_

Executed at: \_\_\_\_\_

**TENANT:**

Rachelle Griffin d/b/a

Doodle Me Up Grooming Salon

\_\_\_\_\_

Rachelle Griffin

# Business Plan for Doodle Me Up LLC

## Executive Summary

Doodle Me Up LLC, established in 2022, has grown rapidly as a trusted pet grooming service based in Texas City, Texas. Founded with a deep passion for dogs, Doodle Me Up is now a highly recommended destination where dogs feel safe and excited to visit, creating strong loyalty among pet owners. Recognized with the "Shining Star Award" from the Texas City/La Marque Chamber of Commerce in 2024, the business anticipates an additional 70% increase in revenue with the upcoming launch of daycare and boarding services. The move to a larger location will accommodate these expanded services, enhancing Doodle Me Up's status as a reliable, compassionate care provider for pets.

## Company Overview

- **Business Name:** Doodle Me Up LLC
- **Location:** 413 6th St. N, Texas City, TX 77590
- **Contact:** 832-392-9253
- **Founder:** Rachelle (Owner, Groomer, Stylist, Manager)
- **Established:** 2022
- **Certifications:** Certified Groomer/Stylist through Golden Paws in Houston, with planned AKC safety certifications in 2025.

## Mission Statement

Doodle Me Up LLC is dedicated to delivering top-tier grooming, daycare, and boarding services in a nurturing, home-like environment, where pets feel secure, loved, and happy. We strive to maintain deep trust with our clients, ensuring they have peace of mind when entrusting their dogs to our care.

## Company Objectives

1. **Sales Growth:** Maintain annual revenue increases, targeting a 70% revenue boost post-expansion.
2. **Client Base Expansion:** Broaden services to meet the needs of current and prospective clients for daycare and boarding.
3. **Employee Development:** Grow the team with passionate, certified staff, aiming for four W-2 employees by year-end 2025.
4. **Certification and Training:** Pursue AKC certification and ensure all staff are certified in CPR.
5. **Community Engagement:** Actively engage with the Texas City community and maintain a reputation for excellence in pet care.

## Services and Products

1. **Grooming:** Certified grooming and styling services for dogs, known for quality and care.
2. **Daycare and Boarding** (new in 2025): Daytime and overnight care in a comfortable, home-like setting.

3. **Retail Sales:** Pet toys, accessories, and clothing to cater to the needs of pet owners.

### **Industry Analysis**

The pet care industry in Texas City and surrounding areas has shown strong growth, driven by increasing pet ownership and demand for premium services. With a high reputation and existing waitlist for grooming, Doodle Me Up is positioned to capture a significant share of the daycare and boarding market.

### **Target Market**

Doodle Me Up's target customers are pet owners in Texas City and surrounding areas who prioritize quality care and personal attention for their pets. Many of these clients are loyal customers who trust Doodle Me Up for grooming and eagerly await the opening of daycare and boarding services.

### **Competitive Analysis**

Key competitors include local grooming, daycare, and boarding services. Doodle Me Up's edge lies in its personalized service, high client satisfaction, and positive word-of-mouth referrals. With minimal advertising, the business has grown steadily, indicating strong demand and brand loyalty.

### **Marketing Strategy**

1. **Online Presence:** Use the Doodle Me Up Facebook page and local community pages for targeted promotions.
2. **Customer Referrals:** Encourage referrals from satisfied clients through word-of-mouth incentives.
3. **Community Awards and Recognition:** Leverage awards and positive customer reviews to strengthen brand credibility.

### **Operations Plan**

- **Location:** A larger facility at 413 6th St. N will be established to accommodate additional services.
- **Staffing:** Start with two additional employees in 2025, bringing the team to 4, and later expanding to 5. All W-2 employees
- **Employee Requirements:** Staff must show a genuine passion for dogs and undergo rigorous evaluation during hiring, including demonstrating skills in dog handling and interactions.
- **Training:** Staff will be certified in dog CPR, and the salon will pursue AKC safety certifications to enhance client trust.

### **Financial Plan**

Projected Revenue Growth:

- **2022:** \$10,000
- **2023:** \$25,000

- **2024 (Projected):** \$72,000
- **2025 (Projected):** 70% increase with daycare, boarding, and retail expansion

### **Risk Management**

Doodle Me Up is fully insured and will continue implementing safety protocols, especially with expanded services. The addition of certified staff and robust training will ensure that all services meet high safety standards.

### **Conclusion**

Doodle Me Up LLC is well-positioned for a successful expansion, leveraging its reputation for quality, trust, and care in the Texas City community. By offering boarding and daycare, Doodle Me Up will meet a critical demand from its existing loyal clients while attracting new customers seeking premium, trustworthy pet care services.

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This plan aligns with your proven track record, planned services, and growth projections for 2025, setting Doodle Me Up LLC on a path to becoming a key player in Texas City's pet care industry.

Additional questions from Economic Development staff and business owner responses:

1. What is the maximum number of dogs you would have at the facility at one time?
  - a. The maximum number of dogs in for grooming, daycare and boarding would be nine (9).
  
2. How long would customers be able to board a dog?
  - a. If a dog is boarded, the dog would be there all day and night. We will have a staff caretaker for the animals working overnight.
  
3. Our Building Official looked at the run area and he is concerned about cleanliness. What are some solutions for the dog run?
  - a. We plan to have shades put up, and cleaning would take place throughout the day. I also plan to have artificial turf put down that is able to hose after pick-up.
  
4. Please provide figures for anticipated revenues and expenditures.
  - a. Overall expected revenue for grooming - \$134,400
  - b. Overall expected revenue for daycare & boarding - \$80,640
  - c. Overall expected expenses for grooming - \$4150
  - d. Overall expected expenses for daycare & boarding - \$4150
  - e. Overall combined expenses (lease, utilities, etc.) - \$36,120
  - f. Total annual expenses - \$40,420
  - g. Total annual revenues - \$215,040



**TCEDC Agenda**

**6. d.**

**Meeting Date:** 11/20/2024

EDC Board Secretary Alternate

**Submitted For:** Rhomari Leigh, City Secretary

**Submitted By:** Rhomari Leigh, City Secretary

**Department:** City Secretary

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**ACTION REQUEST (Brief Summary)**

Discussion and possible action on Resolution No. 2024-33, naming Renee Edgar as the Board Secretary Alternate.

**BACKGROUND**

On October 10, 2018, the Board approved Resolution No. 18-17, naming Rhomari Jackson (Leigh) as the Board Secretary and Justin H. as the Alternate. Of the 50 (as of today) meetings held since then, Ms. Leigh has only missed two. In the event of a scheduling conflict with other boards, life events, etc., it is in the best interest of the Board to have an alternate Board Secretary who will be trained and available in Ms. Leigh's absence.

**ANALYSIS**

It is the recommendation of City Staff to name Renee Edgar as the Alternate Board Secretary.

**ALTERNATIVES CONSIDERED**

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## **TCEDC Agenda**

**6. e.**

**Meeting Date:** 11/20/2024

Approve sale of Texas City Economic Development Corporation property located at 317-319 6th Street.

**Submitted For:** Kristin Edwards, Economic Development

**Submitted By:** Kristin Edwards, Economic Development

**Department:** Economic Development

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### **ACTION REQUEST (Brief Summary)**

Approve sale of Texas City Economic Development Corporation property located at 317-319 6th Street.

### **BACKGROUND**

The Texas City Economic Development Corporation owns real property located at 317-319 6th Street. The property, which is approximately 5,200 square feet in size, is currently vacant and in need of extensive renovations/repairs to meet code compliance.

Johnathan Callery with Realm Real Estate Professionals, has approached staff about purchasing the full shopping center that includes 317 & 319, 6th Street, to develop businesses including an upscale donut shop, a media center for entrepreneurs, and a buffet-style restaurant.

Staff recommends sale of the property to Realm Real Estate Professionals in the amount of \$165,000. While this is below the appraised value listed by the Galveston County Appraisal District, it is equal to the purchase price paid by TCEDC when the property was originally acquired. The agreement will include a first right of refusal, meaning that if Realm Real Estate Professionals elects to sell the property, the TCEDC will have the first opportunity to purchase the building. We would purchase for the original sale price plus costs of any improvements, within the first two years.

### **ANALYSIS**

Approve sale of Texas City Economic Development Corporation property located at 317-319 6th Street.

### **ALTERNATIVES CONSIDERED**

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