

TOMBALL

ECONOMIC DEVELOPMENT CORP.

TO: Honorable Mayor and City Council

FROM: Kelly Violette
Executive Director

MEETING DATE: May 19, 2025

SUBJECT: Pegasus Properties 2, LLC

ITEM TYPE: Action

The Tomball Economic Development Corporation has received a request from Christy Bowen, Director of Leasing and Development, Fox & Graham, LLC, for assistance with infrastructure costs related to the construction of a commercial office/retail development.

Kyle Fox and Clay Graham at Fox & Graham, LLC is a 50% owner of Pegasus Properties 2, LLC. Fox & Graham Real Estate has successfully developed over 500,000 SF of new construction multi-tenant retail space since 2015. In 2022, they partnered with Shane Wilson to create Pegasus Properties 2 to continue creating community driven developments like Tomball Mercantile.

The development will consist of two standalone buildings, totaling 28,425 square feet. The first building will be approximately 13,200 square-foot and will feature an 8,000 sq. ft. family-oriented Mexican Restaurant named La Viva Cantina. The second building will be 15,225 sq. ft. that is designed to accommodate a wide range of vibrant, high-end retail and restaurant space. The projected capital investment for the project is \$10,460,395.00.

The eligible infrastructure improvements include water, sanitary sewer, storm drainage, electric and gas utilities, and related site improvements totaling approximately \$1,303,193.00.

Targeted infrastructure that will promote the development and expansion of business enterprise is a permissible project as outlined in Texas Economic Development Legislation. If this project is approved, it will go to the Tomball City Council for final approval by resolution at two separate readings.

An economic impact analysis is included with the agreement to show the impact of this project of Tomball's economy. Per the analysis, the 5-year net benefit of this project on Tomball's economy is \$933,467.00.

If the agreement between the TEDC and Pegasus Properties 2, LLC is approved as a Project of the Corporation, the grant funding amount will not exceed \$260,639.00, based on 20% of the actual expenditures for the eligible infrastructure improvements.