

**NOTICE OF REGULAR CITY COUNCIL MEETING
CITY OF TOMBALL, TEXAS**



MONDAY, JUNE 4, 2018

6:00 P.M.

Notice is hereby given of a meeting of the Tomball City Council, to be held on Monday, June 4, 2018 at 6:00 P.M., City Hall, 401 Market Street, Tomball, Texas 77375, for the purpose of considering the following agenda items. All agenda items are subject to action. The Tomball City Council reserves the right to meet in a closed session for consultation with attorney on any agenda item should the need arise and if applicable pursuant to authorization by Title 5, Chapter 551, of the Texas Government Code.

- 1.0 Call to Order
- 2.0 Invocation
 - Led by Pastor Mike Hernandez of Local Church
- 3.0 Pledges to U.S. and Texas Flags
- 4.0 Public Comments and Receipt of Petitions *[At this time, anyone will be allowed to speak on any matter other than personnel matters or matters under litigation, for length of time not to exceed three minutes. No Council/Board discussion or action may take place on a matter until such matter has been placed on an agenda and posted in accordance with law.]*
- 5.0 Presentations:
 - Certificate of Recognition – William Hunter Lang – VFW **Scout of the Year**

6.0 Reports and Announcements

- Tomball City Pool – 2018 Swim Season - Jerry Matheson Park Pool will be open Memorial Weekend, May 26-28, then will reopen on June 2 and will operate with normal hours through August 19. From August 20 through September 2, the pool will be open on Saturday and Sunday only. The pool will be closed every Monday during swim season 2018, except Memorial Day (May 28), July 4th, and Labor Day (September 3). Normal pool hours are: Tuesday – Friday: 10 a.m.-6 p.m. and Saturday & Sunday: 12 p.m.-8 p.m.
- June 6, 2018 – **10th Annual Economic Outlook Luncheon** – sponsored by the Tomball Economic Development Corporation at Lone Star College-Tomball – 11:30 a.m.-1:30 p.m.
- **TOMBALL KID'S CLUB** – July 10, 12, 17, 19, 24, 26, and 31; August 2, 7, 9, 14, and 16 from 10:30 a.m.-12:30 p.m., at the **Tomball Community Center**. July 13, 20, and 27; August 3, 10, and 17 from 10:30 a.m.-12:30 p.m. at **LoneStar College-Tomball Community Library**
- **July 4, 2018 – July Fourth Celebration & Street Festival** – Business 249 at FM 2920
- July 7, 2018 – **2nd Saturday at the Depot**
- August 3, 2018 – **Tomball Night & Parade of Lights**
- Reports by City staff and members of council about items of community interest on which no action will be taken:
 - Mike Baxter – Report on the "**Honky Tonk Chili Challenge**" and the "**Oil Town USA**" **Jamboree** at the Depot

7.0 Approve the Minutes of the May 21, 2018 Regular Tomball City Council Meeting

8.0 Old Business:

- 8.1 Adopt, on Second Reading, Ordinance No. 2018-16, an Ordinance of the City of Tomball, Texas, Extending the City Limits of Said City to Include all of the Territory within Certain Limits and Boundaries and Annexing to the City of Tomball all of the Territory within Such Limits and Boundaries; Approving a Service Plan for all of the Area within Such Limits and Boundaries; Containing Other Provisions Relating to the Subject; and Providing a Savings and Severability Clause (*Being a 2.844-Acre Tract of Land in the Jesse Pruitt Survey, Abstract No. 629, Harris County Texas, out of and a part of that Certain 4.8914-Acre Tract of Land described in Deed recorded under Clerk's File No. 2013-0036029 of the Official Public Records of Real Property of Harris County, Texas, Located at 22828 Hufsmith-Kohrville Road*)
- 8.2 Adopt On Second Reading, Ordinance No. 2018-19, an Ordinance of the City of Tomball, Texas, Amending Chapter 50 (Zoning) of the Tomball Code of Ordinances by Changing the Zoning District Classification of Approximately 0.0803 Acres of Land, Legally Described Lot 18 Block 70 Tomball, within the City of Tomball, Harris County, Texas, from the Single-Family 6 District to the Old Town and Mixed Use District; Said Property being generally located on the West Side of Chestnut Street and the North Side of Mechanic Street; Providing for the Amendment of the Official Zoning Map of the City; Providing for Severability; Providing for a Penalty of an Amount Not to Exceed \$2,000 for Each Day of Violation of Any Provision Hereof, Making Findings of Fact; and Providing for Other Related Matters

9.0 New Business:

- 9.1 Remove from Table for Consideration and Possible Action to Approve an Amended Development Agreement with LS Development, LLC (Developer of Raleigh Creek Subdivision) for Public Improvement District No. 2 (Raleigh Creek), Containing the Same Terms Provided in the Development Agreements for PID 3 and Subsequent City of Tomball PIDs
- 9.2 Consideration and Possible Action to Approve Agreement for Annexation and Provision of Water Services with Houston PFG, Inc. for the City to Temporarily Provide Out-of-City Water Service
- 9.3 Receive the Tomball Economic Development Corporation (TEDC) 2017-2018 Annual Report.
- 9.4 Consideration and possible action to approve, as a Project of the Corporation, an agreement with Grimes Industrial, Inc., to make direct incentives to, or expenditures for, the creation or retention of primary jobs associated with the expansion and development of its current facility located at 929 E. Main Street, Tomball, TX 77375. The estimated amount of expenditures for such Project is \$15,485.00.
- 9.5 Approve, on First Reading, Resolution No. 2018-15-TEDC, a Resolution of the City Council of the City of Tomball, Texas, authorizing and approving the Tomball Economic Development Corporation's Project to Expend Funds in accordance with an Economic Development Performance Agreement by and between the Corporation and ARC Management, LLC, to make direct incentives to, or expenditures for, assistance with infrastructure costs to be required or suitable for the promotion of new or expanded business development related to the development and construction of a multi-building office/warehouse park to be located at 14426-14434 Medical Complex Drive, Tomball, TX 77375. The estimated amount of expenditures for such Project is \$186,700.00.
- 9.6 Approve, on First Reading, Resolution No. 2018-16-TEDC, a Resolution of the City Council of the City of Tomball, Texas, authorizing and approving the Tomball Economic Development Corporation's Project to Expend Funds in accordance with an Economic Development Performance Agreement by and between the Corporation and The Neutral Nest, to make direct incentives to, or expenditures for, rental assistance for new or expanded business enterprise to be located at 104 Commerce, Tomball, TX 77375. The estimated amount of expenditures for such Project is \$6,300.00.
- 9.7 Adopt, on First Reading, Ordinance No. 2018-21, an Ordinance of the City of Tomball, Texas, Amending the Code of Ordinances to Add a New Section 18-287, Detention Pond Operation and Maintenance, to Article VII, Drainage Design, of Chapter 18, Environment; Providing for Severability; Providing for a Penalty of an Amount Not To Exceed \$2,000 for Each Day of Violation of any Provision Hereof; Making Findings of Fact; and Providing for Other Related Matters
- 9.8 Award Contract for Project No. 2018-13, Diesel Fuel and Gasoline, to Sole Bidder, Sun Coast Resources, Inc.
- 9.9 Executive Session: The City Council will meet in Executive Session as Authorized by Title 5, Chapter 551, Government Code, the Texas Open Meetings Act, for the

Following Purpose(s):

- Sec. 551.074 - Personnel Matters: Deliberation of the Appointment, Employment, and Duties of a Public Officer or Employee – Director of Public Works

9.10 Approve Appointment of Beth Jones as Director of Public Works, Pursuant to Section 7.10 of the City Charter

10.0 Adjournment

C E R T I F I C A T I O N

I hereby certify that the above notice of meeting was posted on the bulletin board of City Hall, City of Tomball, Texas, a place readily accessible to the general public at all times, on the 31st day of May 2018 by 5:00 p.m., and remained posted for at least 72 continuous hours preceding the scheduled time of said meeting.

Doris Speer

Doris Speer
City Secretary, TRMC

This facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this meeting. Please feel free to contact the City Secretary's office at (281) 290-1002 or FAX (281) 351-6256 for further information.

AGENDAS MAY ALSO BE VIEWED ONLINE AT www.ci.tomball.tx.us.

Regular City Council
Agenda Item
Data Sheet

Meeting Date: June 4, 2018

Topic:

- Led by Pastor Mike Hernandez of Local Church

Background:

Origination:

Recommendation:

Party(ies) responsible for placing this item on agenda:

ACTION TAKEN		
Approval ☐ Yes ☐ No	Readings Passed ☐ 1 st ☐ 2 nd	Other

Regular City Council
Agenda Item
Data Sheet

Meeting Date: June 4, 2018

Topic:

- Certificate of Recognition – William Hunter Lang – VFW **Scout of the Year**

Background:

Origination:

Recommendation:

Party(ies) responsible for placing this item on agenda:

ACTION TAKEN		
Approval ☐ Yes ☐ No	Readings Passed ☐ 1 st ☐ 2 nd	Other

ATTACHMENTS:

Certificate of Recognition – William Hunter Lang – VFW Scout of the Year

City of Tomball

Certificate of Recognition

Recognition is given to

Eagle Scout

William Hunter Lang

by the City of Tomball, Texas
in recognition of his outstanding achievements,
exceptional leadership, and selection by the
Veterans of Foreign Wars of the United States as
Scout of the Year

Mayor, City of Tomball, Texas



June 4, 2018
Date

Regular City Council

Agenda Item

Data Sheet

Meeting Date: June 4, 2018

Topic:

- Tomball City Pool – 2018 Swim Season - Jerry Matheson Park Pool will be open Memorial Weekend, May 26-28, then will reopen on June 2 and will operate with normal hours through August 19. From August 20 through September 2, the pool will be open on Saturday and Sunday only. The pool will be closed every Monday during swim season 2018, except Memorial Day (May 28), July 4th, and Labor Day (September 3). Normal pool hours are: Tuesday – Friday: 10 a.m.-6 p.m. and Saturday & Sunday: 12 p.m.-8 p.m.
- June 6, 2018 – **10th Annual Economic Outlook Luncheon** – sponsored by the Tomball Economic Development Corporation at Lone Star College-Tomball – 11:30 a.m.-1:30 p.m.
- **TOMBALL KID'S CLUB** – July 10, 12, 17, 19, 24, 26, and 31; August 2, 7, 9, 14, and 16 from 10:30 a.m.-12:30 p.m., at the **Tomball Community Center**. July 13, 20, and 27; August 3, 10, and 17 from 10:30 a.m.-12:30 p.m. at **LoneStar College-Tomball Community Library**
- **July 4, 2018 – July Fourth Celebration & Street Festival** – Business 249 at FM 2920
- July 7, 2018 – **2nd Saturday at the Depot**
- August 3, 2018 – **Tomball Night & Parade of Lights**
- Reports by City staff and members of council about items of community interest on which no action will be taken:
 - Mike Baxter – Report on the "**Honky Tonk Chili Challenge**" and the "**Oil Town USA**" **Jamboree** at the Depot

Background:

Origination:

Various

Recommendation:

N/A

Party(ies) responsible for placing this item on agenda:

City Secretary

ACTION TAKEN

Approval	Readings Passed	Other
☐ Yes ☐ No	☐ 1 st ☐ 2 nd	

Regular City Council
Agenda Item
Data Sheet

Meeting Date: June 4, 2018

Topic:
Approve the Minutes of the May 21, 2018 Regular Tomball City Council Meeting

Background:

Origination:
City Secretary

Recommendation:
N/A

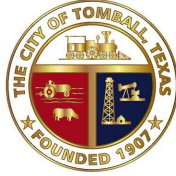
Party(ies) responsible for placing this item on agenda:
City Secretary

ACTION TAKEN		
Approval ☐ Yes ☐ No	Readings Passed ☐ 1 st ☐ 2 nd	Other

ATTACHMENTS:

Draft Minutes of the May 21, 2018 Regular Tomball City Council Meeting

**MINUTES OF REGULAR CITY COUNCIL MEETING
CITY OF TOMBALL, TEXAS**



**MONDAY, MAY 21, 2018
6:00 P.M.**

1.0 Meeting was called to order by Mayor Fagan at 6:00 p.m. Other members present:

Councilman Ford
Councilman Stoll
Councilman Degges
Councilman Townsend
Councilman Klein Quinn

Others present:

City Manager – Robert Hauck
Assistant City Manager – David Esquivel
City Secretary – Doris Speer
City Attorney – Loren B. Smith
Fire Chief – Randy Parr
Marketing Director – Mike Baxter
Finance Director – Glenn Windsor
Director of Community Development – Craig Meyers
Assistant City Planner – Amanda Lindley
City Engineer – Beth Jones
Community Center Manager – Rosalie Dillon
CSO Administrative Assistant – Sasha Robinson
Police Officer-Investigations – David White
Senior Accountant – Christine Brookshire
Chief-Northwest Community Health – Brian Bayani

2.0 The invocation was led by Pastor Greg Jenkins, Tomball Assembly of God.

3.0 Pledges to the U. S. and Texas Flags were led by Brian Bayani.

4.0 The following Public Comments were received:

Millie Martin	-	Expressed her concerns about lack of
13319 Spring Hollow, 77375		communication regarding restoration plans for
		Theis Attaway Nature Preserve

Rob Greening - Presented GTACC's desire for support for the
12202 Pine Shadows, 77362 Annual Holiday Parade and the Annual Tomball
Night Parade

5.0 Mayor Fagan made the following Presentations:

- Proclamation – May 20-26, 2018 is **Northwest Community Health – “EMS STRONG: Stronger Together” Tomball, Texas**
- Proclamation – May 20-26, 2018 is **“National Public Works Week - Tomball, Texas”**

6.0 Reports and Announcements:

- May 24, 2018 – Economic Development Overview Workshop, hosted by the Tomball Economic Development Corporation – 7:45 a.m.-12:00 p.m., Tomball Marriott Residence Inn
- May 27, 2018 – **“Oil Town USA” Jamboree** at the Depot
- Tomball City Pool – 2018 Swim Season - Jerry Matheson Park Pool will be open Memorial Weekend, May 26-28, then will reopen on June 2 and will operate with normal hours through August 19. From August 20 through September 2, the pool will be open on Saturday and Sunday only. The pool will be closed every Monday during swim season 2018, except Memorial Day (May 28), July 4th, and Labor Day (September 3). Normal pool hours are: Tuesday – Friday: 10 a.m.-6 p.m. and Saturday & Sunday: 12 p.m.-8 p.m.
- June 6, 2018 – **10th Annual Economic Outlook Luncheon** – sponsored by the Tomball Economic Development Corporation at Lone Star College-Tomball – 11:30 a.m.-1:30 p.m.
- **TOMBALL KID'S CLUB** – July 10, 12, 17, 19, 24, 26, and 31; August 2, 7, 9, 14, and 16 from 10:30 a.m.-12:30 p.m., at the **Tomball Community Center** and July 13, 20, and 27; August 3, 10, and 17 from 10:30 a.m.-12:30 p.m. at **LoneStar College-Tomball Community Library**
- July 4, 2018 – **July Fourth Celebration & Street Festival** – Business 249 at FM 2920
- July 7, 2018 – **2nd Saturday at the Depot**
- August 3, 2018 – **Tomball Night**
- Reports by City staff and members of Council about items of community interest on which no action will be taken
 - Robert Hauck announced that the Finance Department has received the **GFOA Distinguished Budget Presentation Award** for the 10th consecutive year and Mayor Fagan presented the Award.

- 7.0 Motion was made by Councilman Townsend, second by Councilman Stoll, to approve the Minutes of the May 7, 2018 Regular Tomball City Council Meeting and the May 8, 2018 Special Tomball City Council Meeting.

Motion carried unanimously.

8.0 Old Business:

- 8.1 Motion was made by Councilman Townsend, second by Councilman Stoll, to adopt on Second Reading, Ordinance No. 2018-12, an Ordinance of the City of Tomball, Texas, Extending the City Limits of Said City to Include all of the Territory within Certain Limits and Boundaries and Annexing to the City of Tomball all of the Territory within Such Limits and Boundaries; Approving a Service Plan for all of the Area within Such Limits and Boundaries; Containing Other Provisions Relating to the Subject; and Providing a Savings and Severability Clause *(374.9 Acres of Land, Located West of SH 249/Tomball Expressway, South of Humble Lake Road, North of a Private Road Forming the Northern Border of Willowcreek Ranch Equestrian Reserve and Boudreaux Estates Section One, and East of Willow Creek Ranch Subdivision, Situated in the Chauncey Goodrich Survey, Abstract Number 305, the Auguste Senechal Survey, Abstract Number 722, and the Sam Lewis Survey, Abstract Number 1704, Harris County, Texas, Being all of a Called 20.000 Acres Tract of Land Conveyed to County of Harris by Jimmy C. Shaw, Et Ux by Deed dated October 17, 2014 and Recorded in County Clerk's File 20140468595 of the Official Public Records of Real Property of Harris County, Texas, Being all of a Called 117.9465 Acres Tract of Land, Described In Six, (6), Tracts, Conveyed to County of Harris by Merenco Realty, Inc. by Deed Dated October 17, 2014 and Recorded in County Clerk's File 20140471160 of the Official Public Records of Real Property of Harris County, Texas, Being all of a Called 229.772 Acres Tract, Described in Thirteen, (13), Tracts, Being all of a Called 4.992 Acres Tract and Being all of a Called 2.363 Acres Tract Conveyed to County of Harris by Harris County Improvement District No. 17 by Deed dated September 11, 2017 and Recorded in County Clerk's File RP-2017-402273 of the Official Public Records of Real Property of Harris County, Texas, Save and Except that Certain Portion of Land out of a Called 3.693 Acres, a Called 2.088 Acres, a Called 3.709 Acres, and a Called 148.751 Acres Tracts that Apparently Lies within the Said Lewis Survey) (HCID #17 – Willow Creek Annexation).* Vote was as follows:

Councilman Ford	<u>Aye</u>
Councilman Stoll	<u>Aye</u>
Councilman Degges	<u>Aye</u>
Councilman Townsend	<u>Aye</u>
Councilman Klein Quinn	<u>Aye</u>

Motion carried unanimously.

- 8.2 Motion was made by Councilman Stoll, second by Councilman Townsend, to adopt, on Second Reading, Ordinance No. 2018-18, An Ordinance Of The City Of Tomball, Texas, Amending Chapter 50 (Zoning) Of The Tomball Code Of Ordinances By Establishing The Zoning District Of Approximately 374.9 Acres Of Land, Legally Described 374.9 Acres Of Land Situated In The Chauncey Goodrich Survey, Abstract Number 305, The Auguste Senechal Survey, Abstract Number 722, And The Sam Lewis Survey, Abstract Number 1704, Harris County, Texas, Being All Of A Called 20.000 Acres Tract Of Land Conveyed To County Of Harris By Jimmy C. Shaw, Et Ux By Deed Dated October 17, 2014 And Recorded In County Clerk's File 20140468595 Of The Official Public Records Of Real Property Of Harris County, Texas, Being All Of A Called 117.9465 Acres Tract Of Land, Described In Six (6) Tracts, Conveyed To County Of Harris By Merenco Realty, Inc. By Deed Dated October 17, 2014 And Recorded In County Clerk's File 20140471160 Of The Official Public Records Of Real Property Of Harris County, Texas, Being All Of A Called 229.772 Acres Tract, Described In Thirteen, (13), Tracts, Being All Of A Called 4.992 Acres Tract And Being All Of A Called 2.363 Acres Tract Conveyed To County Of Harris By Harris County Improvement District No. 17 By Deed Dated September 11, 2017 And Recorded In County Clerk's File Rp-2017-402273 Of The Official Public Records Of Real Property Of Harris County, Texas, Save And Except That Certain Portion Of Land Out Of A Called 3.693 Acres, A Called 2.088 Acres, A Called 3.709 Acres, And A Called 148.751 Acres Tracts That Apparently Lies Within The Said Lewis Survey, Within The City Of Tomball, Harris County, Texas, To The Commercial District; Said Property Being Generally Located On The West Side Of SH 249 Between Willow Creek And Alice Road; Providing For The Amendment Of The Official Zoning Map Of The City; Providing For Severability; Providing For A Penalty Of An Amount Not To Exceed \$2,000 For Each Day Of Violation Of Any Provision Hereof, Making Findings Of Fact; And Providing For Other Related Matters. Vote was as follows:

Councilman Ford	<u>Aye</u>
Councilman Stoll	<u>Aye</u>
Councilman Degges	<u>Aye</u>
Councilman Townsend	<u>Aye</u>
Councilman Klein Quinn	<u>Aye</u>

Motion carried unanimously.

- 8.3 Motion was made by Councilman Townsend, second by Councilman Ford, to adopt, on Second Reading, Ordinance No. 2018-17, an Ordinance of the City Council of Tomball, Texas, Levying an Assessment against Section Three Properties within the City of Tomball Public Improvement District Number Two (Raleigh Creek Subdivision); and Making Certain Findings Related Thereto. Vote was as follows:

Councilman Ford	<u>Aye</u>
Councilman Stoll	<u>Aye</u>
Councilman Degges	<u>Aye</u>
Councilman Townsend	<u>Aye</u>
Councilman Klein Quinn	<u>Aye</u>

Motion carried unanimously.

9.0 New Business:

- 9.1 Motion was made by Councilman Stoll, second by Councilman Townsend, to approve Interlocal Agreement for the Development, Ownership and Maintenance of Gas and Water Infrastructure in Support of the Harris County Precinct Four, Willow Creek Campus, by and Between Harris County and the City of Tomball.

Motion carried unanimously.

- 9.2 Motion was made by Councilman Ford, second by Councilman Stoll, to adopt authorize the Mayor to Issue Letter to Governor Abbott requesting the State to utilize Economic Stabilization Fund, or other state funding sources to participate fully, at 100 percent, in covering local match portion for FEMA 404 Hazard Mitigation Grant Program.

Motion carried unanimously.

- 9.3 Motion was made by Councilman Townsend, second by Councilman Klein Quinn, to read Ordinance No. 2018-16 by caption only on first reading.

Motion carried unanimously.

Motion was made by Councilman Stoll, second by Councilman Ford, to adopt, on First Reading, Ordinance No. 2018-16, an Ordinance of the City of Tomball, Texas, Extending the City Limits of Said City to Include all of the Territory within Certain Limits and Boundaries and Annexing to the City of Tomball all of the Territory within Such Limits and Boundaries; Approving a Service Plan for all of the Area within Such Limits and Boundaries; Containing Other Provisions Relating to the Subject; and Providing a Savings and Severability Clause (*Being a 2.844-Acre Tract of Land in the Jesse Pruitt Survey, Abstract No. 629, Harris County Texas, out of and a part of that Certain 4.8914-Acre Tract of Land described in Deed recorded under Clerk's File No. 2013-0036029 of the Official Public Records of Real Property of Harris County, Texas, Located at 22828 Hufsmith-Kohrville Road*). Vote was as follows:

Councilman Ford	<u>Aye</u>
Councilman Stoll	<u>Aye</u>
Councilman Degges	<u>Aye</u>
Councilman Townsend	<u>Aye</u>
Councilman Klein Quinn	<u>Aye</u>

Motion carried unanimously.

- 9.4 Motion was made by Councilman Townsend, second by Councilman Stoll, to approve Resolution No. 2018-13, a Resolution of the City Council of the City of Tomball, Texas, Supporting the 53rd Annual Tomball Holiday Parade, to be Held in Tomball on Saturday, November 17, 2018 and Approving Requested Street Closures and In-Kind Services.

Motion carried unanimously.

- 9.6 Motion was made by Councilman Stoll, second by Councilman Ford, to approve Resolution No. 2018-14, a Resolution of the City Council of the City of Tomball, Texas, Supporting the 46th Annual Tomball Night and Parade, to be Held in Tomball on Friday, August 3, 2018.

Motion carried unanimously.

- 9.7 Motion was made by Councilman Townsend, second by Councilman Stoll to approve request from Russell McKee of PFG Construction, LLC to Provide City Water for Their Facilities, Located Outside the City of Tomball, Without Requiring Annexation.

Motion to approve was withdrawn by Councilman Townsend, second by Councilman Stoll.

Motion to WITHDRAW carried unanimously.

No action taken.

- 9.8 Consideration to Approve **Zoning Case P18-055**: Request By Dorothy And Thomas Wanko To Amend Chapter 50 (Zoning) Of The Tomball Code Of Ordinances By Rezoning Approximately 0.0803 Acres Of Land Legally Described As Lot 18 Block 70 Tomball, Harris County, Texas, Generally Located On The West Side Of Chestnut Street And The North Side Of Mechanic Street, From The Single-Family 6 District To The Old Town & Mixed Use District.

- Mayor Fagan opened the Public Hearing on **Zoning Case P18-055** at 7:31 p.m.

Receiving no public comments, Mayor Fagan closed the Public Hearing at 7:31 p.m.

- Motion was made by Councilman Townsend, second by Councilman Stoll, to read Ordinance No. 2018-19 by caption only, on First Reading.

Motion carried unanimously.

- Motion was made by Councilman Stoll, second by Councilman Townsend, to adopt on First Reading, Ordinance No. 2018-19, an Ordinance of the City of Tomball, Texas, Amending Chapter 50 (Zoning) of the Tomball Code of Ordinances by Changing the Zoning District Classification of Approximately 0.0803 Acres of Land, Legally Described Lot 18 Block 70 Tomball, within the City of Tomball, Harris County, Texas, from the Single-Family 6 District to the Old Town and Mixed Use District; Said Property being generally located on the West Side of Chestnut Street and the North Side of Mechanic Street; Providing for the Amendment of the Official Zoning Map of the City; Providing for Severability; Providing for a Penalty of an Amount Not to Exceed \$2,000 for Each Day of Violation of Any Provision Hereof, Making Findings of Fact; and Providing for Other Related Matters. Vote was as follows:

Councilman Ford	<u>Aye</u>
Councilman Stoll	<u>Aye</u>
Councilman Degges	<u>Aye</u>
Councilman Townsend	<u>Aye</u>
Councilman Klein Quinn	<u>Aye</u>

Motion carried unanimously.

- 9.9 Motion was made by Councilman Klein Quinn, second by Councilman Stoll, to approve an Amended Development Agreement with LS Development, LLC (Developer of Raleigh Creek Subdivision) for Public Improvement District No. 2 (Raleigh Creek), Containing the Same Terms Provided in Development Agreements for PID 3 and Subsequent City of Tomball PIDs.

Motion was made by Councilman Klein Quinn, second by Councilman Stoll, to table consideration of this item until the June 4, 2018 Council meeting.

Motion to TABLE carried unanimously. Original motion stands.

- 9.10 Motion was made by Councilman Townsend, second by Councilman Degges, to approve Change Order No. 1 for City of Tomball Broussard Community Park Improvements, E&P Project No. 2017-10031, to Diffco, LLC, in the Amount of

\$91,138.58.

Motion carried unanimously.

10.0 Motion was made by Councilman Townsend, second by Councilman Stoll, to adjourn.

Motion carried unanimously.

Meeting adjourned.

PASSED AND APPROVED this the 4th day of June 2018.

Doris Speer, TRMC, MMC
City Secretary

Gretchen Fagan
Mayor

Regular City Council

Agenda Item

Data Sheet

Meeting Date: June 4, 2018

Topic:

Adopt, on Second Reading, Ordinance No. 2018-16, an Ordinance of the City of Tomball, Texas, Extending the City Limits of Said City to Include all of the Territory within Certain Limits and Boundaries and Annexing to the City of Tomball all of the Territory within Such Limits and Boundaries; Approving a Service Plan for all of the Area within Such Limits and Boundaries; Containing Other Provisions Relating to the Subject; and Providing a Savings and Severability Clause (*Being a 2.844-Acre Tract of Land in the Jesse Pruitt Survey, Abstract No. 629, Harris County Texas, out of and a part of that Certain 4.8914-Acre Tract of Land described in Deed recorded under Clerk's File No. 2013-0036029 of the Official Public Records of Real Property of Harris County, Texas, Located at 22828 Hufsmith-Kohrville Road*)

Background:

Council authorized the public hearings, required under Section 43.063 of the Local Government Code, to be held on April 16, 2018 and April 30, 2018.

This is the second and final reading of the Ordinance.

Origination:

Request by Ricky and Jared Mattern

Recommendation:

Adopt Ordinance No. 2018-12 on Second Reading.

Party(ies) responsible for placing this item on agenda:

City Secretary

ACTION TAKEN

Approval ☐ Yes ☐ No	Readings Passed ☐ 1 st ☐ 2 nd	Other
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ATTACHMENTS:

Ordinance No. 2018-16

Plat - 22828 Hufsmith Kohrville

Map 1 - 22828 Hufsmith Kohrville

Map 2 - 22828 Hursmith Kohrville

Zoning - 22828 Hufsmith Kohrville

Future Land Use - 22828 Hufsmith Kohrville

ORDINANCE NO. 2018-16

AN ORDINANCE OF THE CITY OF TOMBALL, TEXAS, EXTENDING THE CITY LIMITS OF SAID CITY TO INCLUDE ALL OF THE TERRITORY WITHIN CERTAIN LIMITS AND BOUNDARIES AND ANNEXING TO THE CITY OF TOMBALL ALL OF THE TERRITORY WITHIN SUCH LIMITS AND BOUNDARIES; APPROVING A SERVICE PLAN FOR ALL OF THE AREA WITHIN SUCH LIMITS AND BOUNDARIES; CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT; AND PROVIDING A SAVINGS AND SEVERABILITY CLAUSE (*BEING A 2.844-ACRE TRACT OF LAND IN THE JESSE PRUITT SURVEY, ABSTRACT NO. 629, HARRIS COUNTY TEXAS, OUT OF AND A PART OF THAT CERTAIN 4.8914-ACRE TRACT OF LAND DESCRIBED IN DEED RECORDED UNDER CLERK'S FILE NO. 2013-0036029 OF THE OFFICIAL PUBLIC RECORDS OF REAL PROPERTY OF HARRIS COUNTY, TEXAS, LOCATED AT 22828 HUFSMITH-KOHRVILLE ROAD*)

* * * * *

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

Section 1. The boundaries and limits of the City of Tomball, Texas, are hereby extended to embrace and include all of the territory described in **Exhibit "A"** attached hereto and made a part hereof and such territory hereby annexed to and made a part of the city.

Section 2. The plan for extension of municipal services into the territory annexed to the City of Tomball by the provisions of this ordinance is set forth in the "Municipal Service Plan" attached hereto as **Exhibit "B"** and made a part hereof for all purposes. Such Municipal Service Plan is hereby approved.

Section 3. If any section or part of this Ordinance be held unconstitutional, illegal, or invalid, or the application thereof ineffective or inapplicable as to any territory, such unconstitutionality, illegality, invalidity, or ineffectiveness of such section or part shall in no wise affect, impair, or invalidate the remaining portion or portions thereof, but as to such remaining portion or portions, the same shall be and remain in full force and effect; and should this Ordinance for any reason be ineffective as to any part of the territory hereby annexed to the City of Tomball, such ineffectiveness of this Ordinance as to any such part or parts of any such territory shall not affect the effectiveness of this ordinance as to all of the remainder of such

territory or area, and the City Council hereby declares it to be its purpose to annex to the City of Tomball every part of the territory described in Section 1 of this ordinance, regardless of whether any other part of such described territory is hereby effectively annexed to the City. Provided, further, that if there is included in the general description of territory set out in Section 1 of this Ordinance to be hereby annexed to the City of Tomball any territory which is already a part of and included within the general limits of the City of Tomball, or which is presently part of and included in the limits or extraterritorial jurisdiction of any other city, town, or village, or which is not within the City of Tomball's jurisdiction to annex, the same is hereby excluded and excepted from the territory to be annexed hereby as fully as if such excluded and excepted territory were especially and specifically described herein.

Section 4. Severability. In the event any section, paragraph, subdivision, clause, phrase, provision, sentence, or part of this Ordinance or the application of the same to any person or circumstance shall for any reason be adjudged invalid or held unconstitutional by a court of competent jurisdiction, it shall not affect, impair, or invalidate this Ordinance as a whole or any part of provision hereof other than the part declared to be invalid or unconstitutional; and the City Council of the City of Tomball, Texas declares that it would have passed each and every part of the same notwithstanding the omission of any such part thus declared to be invalid or unconstitutional, or whether there be one or more parts.

FIRST READING:

READ, PASSED AND APPROVED AS SET OUT BELOW AT THE MEETING OF
THE CITY COUNCIL OF THE CITY OF TOMBALL HELD ON THE 21ST DAY OF MAY
2018.

COUNCILMAN FORD	<u>AYE</u>
COUNCILMAN STOLL	<u>AYE</u>
COUNCILMAN DEGGES	<u>AYE</u>
COUNCILMAN TOWNSEND	<u>AYE</u>
COUNCILMAN KLEIN QUINN	<u>AYE</u>

SECOND READING:

READ, PASSED AND APPROVED AS SET OUT BELOW AT THE MEETING OF
THE CITY COUNCIL OF THE CITY OF TOMBALL HELD ON THE 4TH DAY OF JUNE
2018.

COUNCILMAN FORD	_____
COUNCILMAN STOLL	_____
COUNCILMAN DEGGES	_____
COUNCILMAN TOWNSEND	_____
COUNCILMAN KLEIN QUINN	_____

GRETCHEN FAGAN, Mayor

ATTEST:

DORIS SPEER, City Secretary

Exhibit "A" – Page 1

FIELD NOTES

Being a 2.844 acre tract of land in the Jesse Pruitt Survey, Abstract No. 629, in Harris County, Texas, out of and a part of that certain 4.8914 acre tract of land described in deed recorded under Clerk's File No. 2013-0036029 of the Official Public Records of Real Property of Harris County, Texas, said 2.844 acres is hereafter referred to as "the subject tract" and is more particularly described as follows:

BEGINNING at a 5/8 inch iron rod found lying in the North line of the said 4.8914 acre tract (hereafter called "the parent tract"), in the South line of that certain 93.3743 acre tract of land recorded under Clerk's File No. 2008-0355024, and marking the Northwest corner of the subject tract, and the Northeast corner of that certain twenty-foot-wide strip of land containing 0.1983 acres conveyed to Harris County for the widening of Hufsmith Kohrville Road recorded under Clerk's File No. RP-2016-513692;

THENCE North 87°02'49" East, departing the East right-of-way line of the newly-widened Hufsmith Kohrville Road, and with the South line of the said 93.3743 acre tract, a distance of 446.43 feet to a 1/2 inch iron rod (with yellow plastic cap) found at fence corner marking the Northeast corner of the subject tract and the parent tract, and the Northwest corner of **KLEIN ISD BERNSHAUSEN ELEMENTARY SCHOOL ~ SECTION 3** (Film Code No. 644130, Harris County Map Records);

THENCE South 03°20'21" East, departing the South line of the said 93.3743 acre tract, and with the East line of the parent tract and the West line of **KLEIN ISD BERNSHAUSEN ELEMENTARY SCHOOL ~ SECTION 3**, a distance of 277.90 feet to a 5/8 inch iron rod found marking the Southeast corner of the subject tract, and the Northeast corner of that certain 1.825 acre tract of land conveyed to Harris County Flood Control District recorded under Clerk's File No. RP-2016-450615;

THENCE South 87°51'38" West (Reference Bearing based on deed of 1.825 acre adjoiner to the South), departing the East line of the parent tract and the West line of **KLEIN ISD BERNSHAUSEN ELEMENTARY SCHOOL ~ SECTION 3**, a distance of 455.60 feet to a 5/8 inch iron rod found lying in the East line of the said 0.1983 acre road-widening tract, and marking the Southwest corner of the subject tract, and the Northwest corner of the said 1.825 acre tract;

THENCE North 01°26'00" West, with the newly-widened East line of Hufsmith Kohrville Road, a distance of 73.26 feet to a 5/8 inch iron rod found marking a slight angle point in the West line of the subject tract, and the East line of the said road right-of-way;

THENCE North 01°25'09" West, continuing with the said newly-widened East line of Hufsmith Kohrville Road, a distance of 198.27 feet to the **POINT OF BEGINNING** and containing 2.844 acres of land, upon which is situated a residence whose address is 22828 Hufsmith Kohrville Road, Tomball, TX 77375.



A handwritten signature in black ink, appearing to read "Tony P. Swonke".

Tony P. Swonke
RPLS No. 4767
July 14, 2017

AM SM MFW EWR HW

Exhibit "A" – Page 2

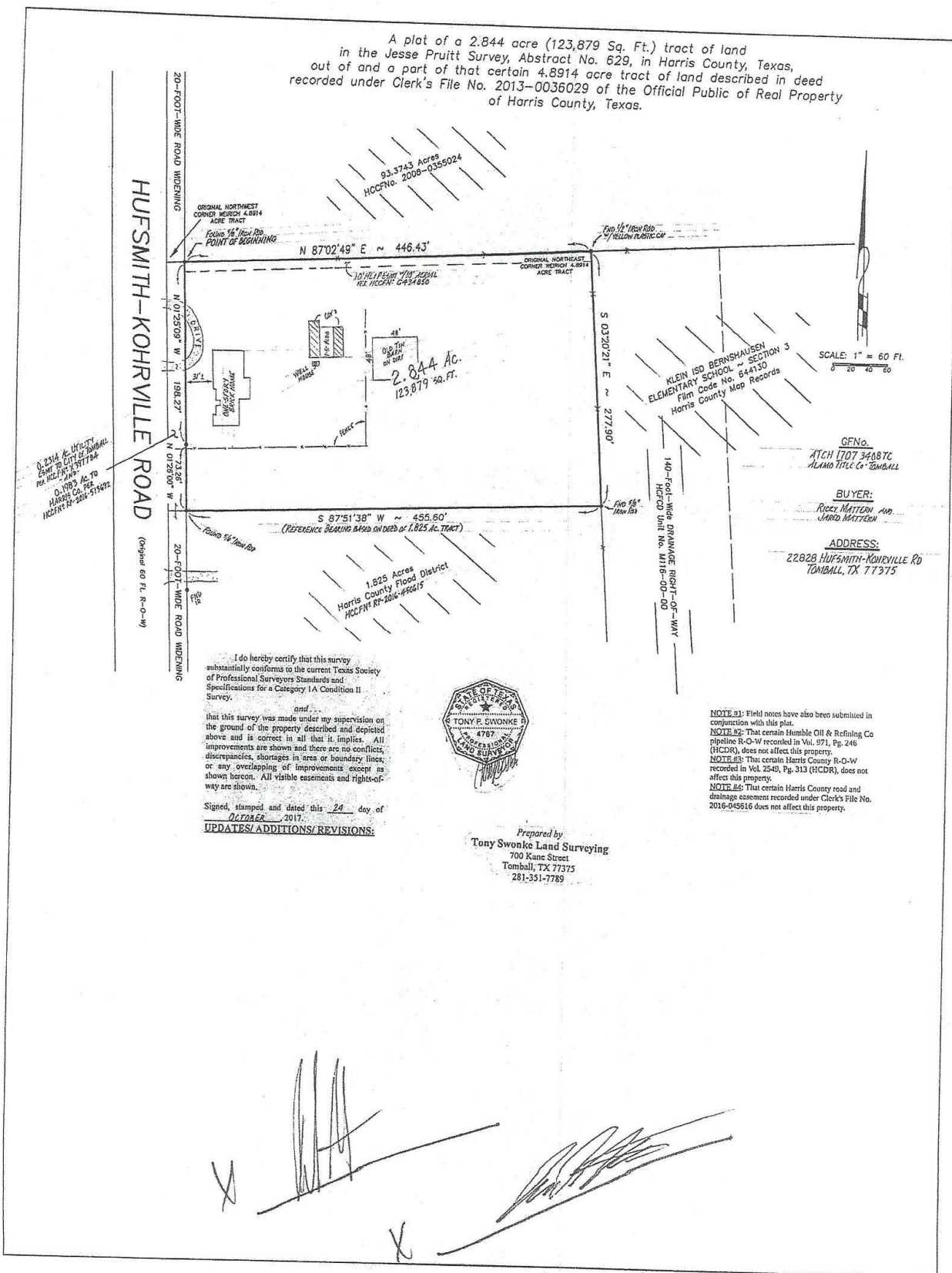


EXHIBIT "B"

CITY OF TOMBALL, TEXAS

MUNICIPAL SERVICE PLAN

I. INTRODUCTION

This Municipal Service Plan (the "Plan") is made by the City of Tomball, Texas (the "City"), pursuant to Chapter 43 of the Texas Local Government Code. This Plan relates to the annexation by the City of the tract of land ("Tract") described by metes and bounds in "Exhibit A," which is attached to this Plan and to the annexation ordinance of which this Plan is a part.

II. EFFECTIVE TERM

This Plan shall be in effect for a period of ten (10) years commencing on the effective date of the annexation of the Tract, unless otherwise stated in this Plan. Renewal of the Plan shall be at the option of the City. Such option may be exercised by the adoption of an ordinance by the City Council, which refers to this Plan and specifically renews this Plan for a stated period of time.

III. INTENT

It is the intent of the City that services under this Plan shall equal the number of services and the level of services in existence within the Tract prior to annexation and which are available in other parts of the City with land uses and population densities similar to those reasonably contemplated or projected within the Tract. However, it is not the intent of this Plan to require that a uniform level of service be provided to all areas of the City, including the Tract, where differing characteristics of topography, land utilization, and population density are considered as a sufficient basis for providing differing service levels.

The City reserves the right, granted to it by Section 43.056(k), Texas Local Government Code, to amend this Plan, if the City Council determines that changed conditions or subsequent occurrences or any other legally sufficient circumstances exist under the Texas Local Government Code, or other Texas laws to make this Plan unworkable, obsolete, or unlawful.

IV. SERVICE PROGRAMS

A. In General.

1. This Plan includes the following service programs: A 60-Day Program and a Capital Improvement Program.

2. As used in this Plan, “providing services” shall include having services provided by any method or means by which the City may extend municipal services to any other area of the City. The City shall provide the area, or cause the area to be provided, with services in accordance with the Plan. This may include, but is not limited to, causing or allowing private utilities, governmental entities, and other public service organizations to provide such services, in whole or in part.

As used in this Plan, the phrase "standard policies and procedures" shall mean those policies and procedures of the City applicable to a particular service, which are in effect either at the time that the service is requested or at the time the service is made available or provided. Such policies and procedures may require a specific type of request be made, such as an application or a petition, may require that fees or charges be paid, and may include eligibility requirements or other similar provisions.

- B. 60-Day Program. The following services will be provided within the Tract within the period required by State law. State law requires the City to provide the following services within sixty (60) days after the effective date of the annexation: police protection, fire protection, solid waste collection, operation and maintenance of water, wastewater, and gas facilities, operation and maintenance of roads and streets, including lighting, operation and maintenance of parks, playgrounds, and swimming pools, and maintenance of any other publicly owned facility, building or service. The 60-Day Program plan is as follows:

1. Police Protection. The Police Department of the City will provide protection and law enforcement within the Tract. These activities will include routine patrols and responses, handling of complaints and incident reports, and, as appropriate, support by special units. In order to provide the above services, the Police Department will operate from a City facility.
2. Fire Protection. The Fire Department of the City currently provides fire protection to the Tract. Fire protection will be provided from either the southside or central fire stations. Fire protection will remain at the current level of service.
3. Solid Waste Collection. All eligible residences and businesses will be provided solid waste collection service, either by City personnel or by contract.
4. Maintenance of Water, Wastewater, and Gas Facilities. There are no City water, wastewater, or gas facilities currently located within the Tract. If any such facilities are constructed or acquired by the City within the Tract, the City’s Department of Public Works will operate and maintain such facilities at levels of service and maintenance comparable to those available for other such facilities in other parts of the City with similar topography, load use, and population density as those reasonably contemplated or projected within the Tract.

5. Operation and Maintenance of Roads and Streets (including lighting). The City's Department of Public Works will provide for the maintenance of roads and streets over which the City will have jurisdiction. Such Department will also provide services relating to traffic control devices and will provide street lighting for such roads and streets through an electric utility company or by other means. The operation and maintenance of roads and streets, including street lighting and traffic control devices, shall be provided at levels of service and maintenance comparable to those available for other roads and streets in other parts of the City with similar topography, load use, and population density as those reasonably contemplated or projected within the Tract.
6. Operation and Maintenance of Parks, Playground and Swimming Pools. There are no public parks, playgrounds, or swimming pools currently located within the Tract. If, as a result of acquisition of park land, any such facilities are constructed by the City within the Tract, the City's Department of Parks and Recreation will operate and maintain such facilities at levels of service and maintenance comparable to those available for other such facilities in other parts of the City with similar topography, load use, and population density as those reasonably contemplated or projected within the Tract.
7. Operation and Maintenance of Any Other Publicly-Owned Facility, Building, or Service. Those drainage facilities associated with City-maintained public streets will be maintained by the City's Department of Public Works, as needed. Any other facility, building, or service existing or which may be constructed or located by the City within the Tract, will be operated and maintained by an appropriate City department at levels of service and maintenance comparable to those available to other such facilities in other parts of the City with similar topography, load use, and population density as those reasonably contemplated or projected within the Tract.

- C. Capital Improvement Program. It is the intent of the City to provide full City services within the Tract not less than four and one-half (4-1/2) years after the effective date of annexation of the Tract, in accordance with the Texas Local Government Code, § 43.056(e).

The City will initiate the acquisition and construction of the capital improvements necessary to provide municipal services adequate to serve the Tract. Any necessary construction or acquisition is indicated below, and any such construction or acquisition shall begin within two (2) years of the effective date of this Plan and shall be substantially completed within 4-1/2 years, except as otherwise indicated:

1. Police Protection. No capital improvements are necessary at this time to provide police protection services within the Tract. The Tract will be

included with other City territory in connection with planning for new, revised, or expanded police facilities.

2. Fire Protection. No capital improvements are necessary at this time to provide fire protection services within the Tract. The Tract will be included with other City territory in connection with planning for new, revised, or expanded fire facilities.
3. Solid Waste Collection. No capital improvements are necessary at this time to provide solid waste collection services within the Tract. The Tract will be included with other City territory in connection with planning for new, revised, or expanded solid waste facilities and/or services.
4. Wastewater Facilities. The Tract will be included with other City territory in connection with planning for new, revised, or expanded public wastewater facilities. Wastewater services will be provided according to the standard policies and procedures of the City's Department of Public Works. A summary of the City's policies with regard to the extension of wastewater services is attached to and made a part of this Plan.
5. Water Distribution. The Tract will be included with other City territory in connection with planning for new, revised, or expanded public water facilities. Water services will be provided according to the standard policies and procedures of the City's Department of Public Works. A summary of the City's policies with regard to the extension of water services is attached to and made a part of this Plan.
6. Gas Distribution. The Tract will be included with other City territory in connection with planning for new, revised, or expanded public gas facilities. Gas services will be provided according to the standard policies and procedures of the City's Department of Public Works. A summary of the City's policies with regard to the extension of gas services is attached to and made a part of this Plan.
7. Roads and Streets (including lighting). The City will acquire jurisdiction in and over all public roads and streets within the Tract upon annexation, pursuant to Section 311.001 of the Texas Transportation Code and other similar provisions, except for public roads and streets subject to the jurisdiction of other governmental entities. Additional roads, streets, or related facilities are not necessary at this time to service the Tract. Future extensions of roads or streets and future installation of related facilities, such as traffic control devices or street lights, within the Tract will be governed by standard policies and procedures of the City. The Tract will be included with other City territory in connection with planning for new, improved, revised, widened, or enlarged roads, streets, or related facilities.
8. Parks, Playgrounds, and Swimming Pools. No capital improvements are necessary at this time to provide park and recreational services to the

Tract. The Tract will be included with other City territory in connection with planning for new, revised, or expanded parks, playgrounds, and/or swimming pools.

9. Other Publicly-Owned Facilities, Buildings or Services: Additional Services. In general, other City functions and services can be provided to the Tract by using existing capital improvements. At this time, additional capital improvements are not necessary to provide City services. However, the Tract will be included with other City territory in connection with planning for new, revised, or expanded facilities, functions, and services.

V. AMENDMENT: GOVERNING LAW

This Plan may not be amended or repealed, except as provided by the Texas Local Government Code or other controlling law. Neither changes in the methods or means of implementing any part of the service programs nor changes in the responsibilities of the various departments of the City shall constitute amendments to this Plan, and the City reserves the right to make such changes at any time. This Plan is subject to, and shall be interpreted in accordance with, the Constitution and laws of the United States of America and the State of Texas, the Texas Local Government Code, and any orders, rules, or regulations of any other governmental body having jurisdiction.

VI. FORCE MAJEURE

In the event the City is rendered unable, wholly or in part, by force majeure to carry out its obligations under this Plan, notice shall be given with full particulars of such force majeure, in writing, as soon as reasonably possible after the occurrence of the cause relied on, and the City's obligations, so far as effected by such force majeure, shall be suspended during the continuance of such inability so caused but for no longer period, and such cause shall, so far as possible, be remedied with all reasonable dispatch; provided, however, City shall not be required to settle a strike or dispute with workmen when such settlement is against the will of the City. The term "force majeure" shall mean acts of God, strikes, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of rulers and people, explosions, breakage or accident to machinery or lines of pipe, droughts, hurricanes and tornadoes, and any other inability of either party, whether similar to those enumerated or otherwise, not within the control of the City, which, by the exercise of reasonable diligence, the City shall not have been able to avoid.

VIII. ENTIRE PLAN

This document contains the entire and integrated Plan relating to the Tract and supersedes all other negotiations, representations, plans, and agreements, whether written or oral.

If one or more provisions of this Plan is held to be invalid, unenforceable, or illegal in any respect, the remainder the Plan shall remain valid and in full force and effect.

SUMMARY OF EXTENSION POLICY FOR WATER, WASTEWATER, AND GAS SERVICE

The following information is a summary of the City of Tomball's ("City") policies respecting water, wastewater and gas service extensions. This summary is made in compliance with the Texas Local Government Code, which requires that each annexation plan include a summary of the service extension policy. Nothing herein shall repeal any provision of the Code of Ordinances of the City of Tomball, as amended, or any of the uncodified ordinances that contain the City's policies and procedures.

The City extends water, wastewater, and gas services to existing unserved development as follows:

Construction of such service lines is based on a priority schedule that considers potential health hazards, population density, the number of existing buildings, the reasonable cost of providing service, and the desires of the residents of the unserved areas.

Extensions built by the City at its cost are included in its Capital Improvements Plan, which is updated annually. Placement of an extension or enlargement of any water and/or wastewater lines into the Capital Improvement Plan is based primarily on the following requirements: (1) to provide service to unserved areas, (2) and to provide adequate capacity for projected service requirements.

Persons or entities desiring to develop land within unserved areas must construct water, wastewater, and gas service lines and extensions to connect to City trunk lines to serve the new development.

A plot of a 2.844 acre (123,879 Sq. Ft.) tract of land in the Jesse Pruitt Survey, Abstract No. 629, in Harris County, Texas, out of and a part of that certain 4.8914 acre tract of land described in deed recorded under Clerk's File No. 2013-0036029 of the Official Public of Real Property of Harris County, Texas.

HUFSMITH-KOHRVILLE ROAD

(Original 60 Ft. R-O-W)

20-FOOT-WIDE ROAD WIDENING

ORIGINAL NORTHWEST CORNER HEREON 4.8914 ACRE TRACT

FOUND 5/8" IRON ROD POINT OF BEGINNING

N 87°02'49" E ~ 446.43'

93.3743 Acres
HCCFNO. 2008-0355024

10' HILL PEARL 4" IRON ROD
REC. HCCFNO. 0434650

ORIGINAL NORTHEAST CORNER HEREON 4.8914 ACRE TRACT

END 1/2" IRON ROD / YELLOW PLASTIC CAP

S 03°20'21" E ~ 277.90'

KLEIN ISD BERNSHAUSEN
ELEMENTARY SCHOOL ~ SECTION 3
Film Code No. 644130
Harris County Map Records

SCALE: 1" = 60 FT.
0 20 40 60

GFNO.

ATCH 1707 34687C
ALAMO TITLE Co. - Tomball

BUYER:

RICKEY MATTERN AND
JARED MATTERN

ADDRESS:

22828 HUFSMITH-KOHRVILLE RD
TOMBALL, TX 77375

140-FOOT-WIDE DRAINAGE RIGHT-OF-WAY
HCCFNO Unit No. M116-00-00

1.825 Acres
Harris County Flood District
HCCFNO. RP-2016-456615

S 87°51'38" W ~ 455.60'
(REFERENCE BEARING BASED ON DEED OF 1.825 AC. TRACT)

I do hereby certify that this survey substantially conforms to the current Texas Society of Professional Surveyors Standards and Specifications for a Category 1A Condition II Survey.

and... that this survey was made under my supervision on the ground of the property described and depicted above and is correct in all that it implies. All improvements are shown and there are no conflicts, discrepancies, shortages in area or boundary lines, or any overlapping of improvements except as shown hereon. All visible easements and rights-of-way are shown.

Signed, stamped and dated this 24 day of OCTOBER, 2017.

UPDATES/ ADDITIONS/ REVISIONS:



Prepared by
Tony Swonke Land Surveying
700 Kane Street
Tomball, TX 77375
281-351-7789

NOTE #1: Field notes have also been submitted in conjunction with this plat.
NOTE #2: That certain Humble Oil & Refining Co pipeline R-O-W recorded in Vol. 971, Pg. 246 (HCCR), does not affect this property.
NOTE #3: That certain Harris County R-O-W recorded in Vol. 2549, Pg. 313 (HCCR), does not affect this property.
NOTE #4: That certain Harris County road and drainage easement recorded under Clerk's File No. 2016-045616 does not affect this property.

HUFSMITH-KOHRVILLE

22828 Hufsmith Kohrville



E MAIN

FM 2920

Shell Gas Station

BJ Services

22828 Hufsmith Kohrville

Bernshausen Elementary

WEIRICH LN

HUFSMITH-KOHRVILLE

MAHAFFEY RD

Smitty's Meat Market

Light Industrial

Light Industrial

HUFSMITH-KOHRVILLE

22828 Hufsmith Kohrville

Agricultural

Light Industrial

Agricultural

Light Industrial

Commercial

Agricultural

WEIRICH LN

Industrial

Industrial

Industrial

Industrial

Industrial

Industrial

Industrial

22828 Hufsmith Kohrville

**Low Density
Residential**

**Low Density
Residential**

**Low Density
Residential**

**Low Density
Residential**

Regular City Council

Agenda Item

Data Sheet

Meeting Date: June 4, 2018

Topic:

Adopt On Second Reading, Ordinance No. 2018-19, an Ordinance of the City of Tomball, Texas, Amending Chapter 50 (Zoning) of the Tomball Code of Ordinances by Changing the Zoning District Classification of Approximately 0.0803 Acres of Land, Legally Described Lot 18 Block 70 Tomball, within the City of Tomball, Harris County, Texas, from the Single-Family 6 District to the Old Town and Mixed Use District; Said Property being generally located on the West Side of Chestnut Street and the North Side of Mechanic Street; Providing for the Amendment of the Official Zoning Map of the City; Providing for Severability; Providing for a Penalty of an Amount Not to Exceed \$2,000 for Each Day of Violation of Any Provision Hereof, Making Findings of Fact; and Providing for Other Related Matters

Background:

On Monday, May 14, 2018, after conducting a public hearing, the Planning and Zoning Commission recommended approval of the rezoning request with a 3-2 vote.

Origination:

Dorothy and Thomas Wanko

Recommendation:

Adopt on Second Reading

Party(ies) responsible for placing this item on agenda:

Craig T. Meyers, P.E., Community Development Director

ACTION TAKEN		
Approval ☐ Yes ☐ No	Readings Passed ☐ 1 st ☐ 2 nd	Other

ATTACHMENTS:

Ordinance No. 2018-19

Staff Report

Notice of Public Hearing

Property Owner Notification

Public Comment Forms

ORDINANCE NO. 2018-19

AN ORDINANCE OF THE CITY OF TOMBALL, TEXAS, AMENDING CHAPTER 50 (ZONING) OF THE TOMBALL CODE OF ORDINANCES BY CHANGING THE ZONING DISTRICT CLASSIFICATION OF APPROXIMATELY 0.0803 ACRES OF LAND, LEGALLY DESCRIBED LOT 18 BLOCK 70 TOMBALL, WITHIN THE CITY OF TOMBALL, HARRIS COUNTY, TEXAS, FROM THE SINGLE-FAMILY 6 DISTRICT TO THE OLD TOWN AND MIXED USE DISTRICT; SAID PROPERTY BEING GENERALLY LOCATED ON THE WEST SIDE OF CHESTNUT STREET AND THE NORTH SIDE OF MECHANIC STREET; PROVIDING FOR THE AMENDMENT OF THE OFFICIAL ZONING MAP OF THE CITY; PROVIDING FOR SEVERABILITY; PROVIDING FOR A PENALTY OF AN AMOUNT NOT TO EXCEED \$2,000 FOR EACH DAY OF VIOLATION OF ANY PROVISION HEREOF, MAKING FINDINGS OF FACT; AND PROVIDING FOR OTHER RELATED MATTERS.

* * * * *

Whereas, Dorothy and Thomas Wanko have requested that approximately 0.0803 acres of land, legally described as Lot 18 Block 70, Tomball, generally located on the west side of Chestnut Street and the north side of Mechanic Street, Harris County, Texas, (the "Property"), be rezoned; and

Whereas, at least fifteen (15) days after publication in the official newspaper of the City of the time and place of a public hearing and at least ten (10) days after written notice of that hearing was mailed to the owners of land within two hundred feet of the Property in the manner required by law, the Planning & Zoning Commission held a public hearing on the requested rezoning; and

Whereas, the public hearing was held before the Planning & Zoning Commission at least forty (40) calendar days after the City's receipt of the requested rezoning; and

Whereas, the Planning & Zoning Commission recommended in its final report that City Council approve the requested rezoning of Old Town & Mixed Use District; and

Whereas, at least fifteen (15) days after publication in the official newspaper of the City of the time and place of a public hearing for the requested rezoning, the City Council held the public hearing for the requested rezoning and the City Council considered the final report of the Planning & Zoning Commission; and

Whereas, the City Council deems it appropriate to grant the requested rezoning.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF TOMBALL, TEXAS, THAT:

Section 1. The facts and matters set forth in the preamble of this Ordinance are hereby found to be true and correct.

Section 2. The zoning classification of the Property is hereby changed from the Single-Family 6 District to the Old Town & Mixed Use District subject to the regulations, restrictions, and conditions hereafter set forth.

Section 3. The Official Zoning Map of the City of Tomball, Texas shall be revised and amended to show the designation of the Property as Old Town & Mixed Use District, with the appropriate reference thereon to the number and effective date of this Ordinance and a brief description of the nature of the change.

Section 4. This Ordinance shall in no manner amend, change, supplement, or revise any provision of any ordinance of the City of Tomball, save and except the change in zoning classification for the Property to the Old Town & Mixed Use District as described above.

Section 5. In the event any section, paragraph, subdivision, clause, phrase, provision, sentence, or part of this Ordinance or the application of the same to any person or circumstance shall for any reason be adjudged invalid or held unconstitutional by a court of competent jurisdiction, it shall not affect, impair, or invalidate this Ordinance as a whole or any part or provision hereof other than the part declared to be invalid or unconstitutional; and the City Council of Tomball, Texas, declares that it would have passed each and every part of the same notwithstanding the omission of any and every part of the same notwithstanding the omission of any such part thus declared to be invalid or unconstitutional, or whether there be one or more parts.

Section 6. Any person who shall violate any provision of this Ordinance shall be deemed guilty of a misdemeanor and upon conviction, shall be fined in an amount not to exceed \$2,000. Each day of violation shall constitute a separate offense.

FIRST READING:

READ, PASSED, AND APPROVED AS SET OUT BELOW AT THE MEETING OF THE CITY COUNCIL OF THE CITY OF TOMBALL HELD ON THE 21ST DAY OF MAY 2018.

COUNCILMAN FORD	<u>AYE</u>
COUNCILMAN STOLL	<u>AYE</u>
COUNCILMAN DEGGES	<u>AYE</u>
COUNCILMAN TOWNSEND	<u>AYE</u>
COUNCILMAN QUINN	<u>AYE</u>

SECOND READING:

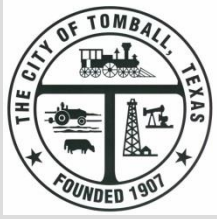
READ, PASSED, AND APPROVED AS SET OUT BELOW AT THE MEETING OF THE
CITY COUNCIL OF THE CITY OF TOMBALL HELD ON THE 4TH DAY OF JUNE 2018.

COUNCILMAN FORD	_____
COUNCILMAN STOLL	_____
COUNCILMAN DEGGES	_____
COUNCILMAN TOWNSEND	_____
COUNCILMAN QUINN	_____

Gretchen Fagan, Mayor

ATTEST:

Doris Speer, City Secretary



Rezoning Staff Report

Planning & Zoning Commission Public Hearing Date: May 14, 2018

City Council Public Hearing Date: May 21, 2018

Rezoning Case: P18-055
Property Owner(s): Dorothy and Thomas Wanko
Applicant(s): Dorothy and Thomas Wanko
Legal Description: Lot 18 Block 70 Tomball
Location: West side of Chestnut Street and the north side of Mechanic Street (Exhibit "A")
Area: 0.0803 acres
Comp Plan Designation: Mixed Use (Exhibit "B")
Present Zoning and Use: Single-Family 6 District (Exhibit "C") / Undeveloped (Exhibit "D")
Request: Rezone from the Single-Family 6 District to the Old Town & Mixed District

Adjacent Zoning & Land Uses:

North: Old Town & Mixed Use District / Undeveloped

South: Single-Family 6 District / Single family residences

West: Single-Family 6 District / Undeveloped

East: Old Town & Mixed Use District / Undeveloped

BACKGROUND

In July 2016, City Council approved a rezoning request for the applicant's 0.32 acres on the northwest corner of Mechanic Street and Chestnut Street. The applicants met with City Staff in March 2018 to discuss the development of the newly rezoned lot, as well as an adjacent lot that they purchased. City Staff explained that in order for the 0.0803 acre lot to be used as part of a non-residential development, a rezoning would be required.

ANALYSIS

The property immediately abuts the Old Town & Mixed Use District to the north and east and the Single-Family 6 District to the west and south. The proposed rezoning would generally blend with the surrounding zoning districts.

There are different uses in the area. On Chestnut Street, there are multiple auto service companies, a Mobile Food Court and a City Park. On Mechanic Street there are two single-family homes and a distribution company. For adjacent properties zoned Single-Family 6,

Chapter 50 (Zoning) outlines regulations to protect any future residences such as screening and buffering requirements and greater setbacks.

The Comprehensive Plan designates the property as Mixed Use. Properties to the north, east and west are also designated as Mixed Use and properties to the south are High Density Residential. The Mixed Use designation is intended for a mixture of office, retail and commercial, and certain high density residential uses. The request appears to be consistent with the City's Comprehensive Plan.

ZONING CONSIDERATIONS

In making its recommendation regarding a proposed zoning change, the Planning and Zoning Commission and City Council shall consider the following factors:

- A. Whether the uses permitted by the proposed change will be appropriate in the immediate area concerned, and their relationship to the general area and to the City as a whole.**

The uses permitted in the Old Town & Mixed Use District appear to be appropriate for the immediate area. The established land uses in the area include single-family residences, mechanic shops, a restaurant and a City Park. The nature of the Old Town & Mixed Use District is a mixture of nonresidential and residential uses integrated together throughout the district.

- B. Whether the proposed change is in accordance with any existing or proposed plans for providing public schools, streets, water supply, sanitary sewers, and other utilities to the area.**

Adequate utilities are available to serve this property and the existing streets adjacent to the property can accommodate traffic generated by an Old Town & Mixed Use District development.

- C. The amount of vacant land currently classified for similar development in the vicinity and elsewhere in the City, and any special circumstances which may make a substantial part of such vacant land unavailable for development.**

There is vacant land in the City zoned Old Town & Mixed Use. There does not appear to be any special circumstances which may make a substantial part of any vacant land unavailable for development.

- D. The recent rate at which land is being developed in the same zoning classification as the request, particularly in the vicinity of the proposed change.**

There has been steady development in the Old Town & Mixed Use District in the City.

- E. How other areas designated for similar development will be, or are likely to be, affected if the proposed amendment is approved.**

City Staff does not anticipate any adverse impacts on other areas designated for similar development.

F. Any other factors that will substantially affect the public health, safety, morals, or general welfare.

Generally, the proposed rezoning does not appear to negatively affect the public health, safety, morals, or general welfare.

G. Whether the request is consistent with the Comprehensive Plan.

The Future Land Use Map designates the property as Mixed Use which is intended for “a mix of office, retail/commercial, dense commercial uses, a civic core, and high density residential”. The request appears to be consistent with the Future Land Use Map. The Comprehensive Plan also endorses the continuation of the mixture of uses and specifically states that retail, office, single-family, duplex, and multifamily are the most appropriate uses in this area.

PUBLIC COMMENT

Property owners within 200 feet of the project site were mailed notification of this proposal on April 27, 2018. The Notice of Public Hearing was published in the paper on May 2, 2018. Any public comment forms will be provided in the Planning & Zoning Commission and City Council packets or during the public hearing.

RECOMMENDATION

Based on the findings outlined in the analysis section of this staff report, City staff recommends APPROVAL of Zoning Case P18-055 for the following reasons:

1. The request meets the goals of City’s Comprehensive Plan;
2. The request is in conformance with the Future Land Use Map;
3. The request is generally appropriate with the surrounding land uses in the area;
4. The request is generally appropriate with the surrounding zoning districts.

EXHIBITS

- A. Aerial Photo
- B. Comprehensive Plan
- C. Zoning Map
- D. Site Photos
- E. Application

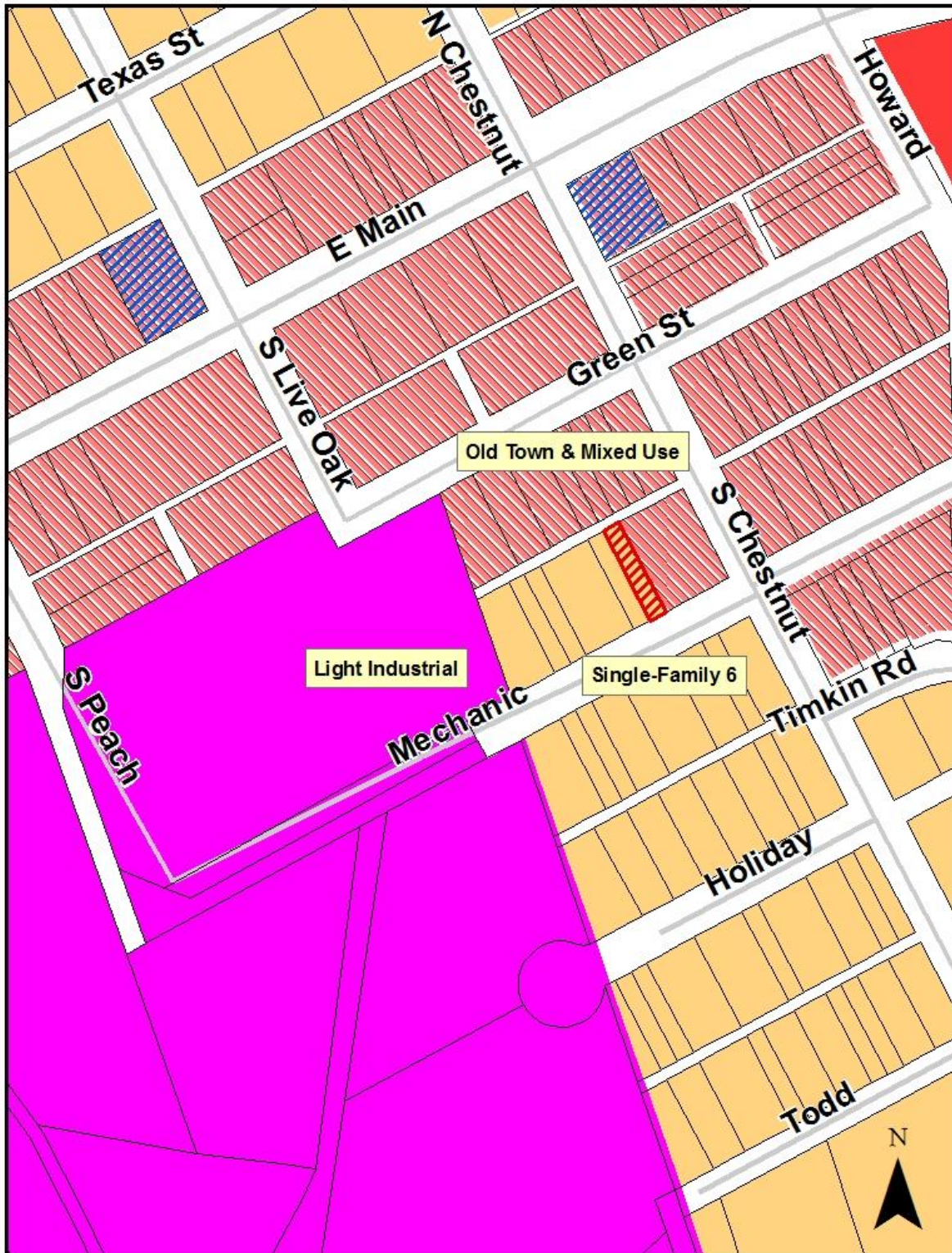
Exhibit "A"
Aerial Photo



Exhibit "B"
Comprehensive Plan



Exhibit "C"
Zoning Map



**Exhibit “D”
Site Photos**



P18-055

RECEIVED
APR 03 2018
BY: *Groner*

City of Tomball, Texas 501 James Street, Tomball, Texas 77375 Phone: 281-290-1405 www.tomballtx.gov

Please note: A courtesy notification sign will be placed on the subject property during the public hearing process and will be removed when the case has been processed.

This is to certify that the information on this form is **COMPLETE, TRUE, and CORRECT** and the under signed is authorized to make this application. I understand that submitting this application does not constitute approval, and incomplete applications will result in delays and possible denial.

X Dorothy Wanko March 29, 2018
Signature of Applicant Date

X [Signature] 3/29/18
Signature of Owner Date

CITY OF TOMBALL
281-351-5484

REC#: 01023576 4/02/2018 4:11 PM
OPER: LC TERM: 005
REF#: M1195

TRAN: 130.0000 PLANNING AND ZONING
DOROTHY WANKO
MECHANIC STREET
100-5441
REZONING APPLICATIO 410.00CR

TENDERED: 410.00 CHECK
APPLIED: 410.00-

CHANGL: 0.00



March 29, 2018

Dear Tomball Zoning Commission,

Please accept my application to rezone the land located on Mechanic St., near South Chestnut Street. You were kind enough to grant the rezoning of our adjacent property in 2016. Enclosed please find:

1. Completed application form
2. Copy of recorded/final plat from Harris County
3. Check in the amount of \$410

This vacant lot is currently zoned SF 6. I would like to have the land rezoned to OT & MU in order to accommodate a home office for our corporations TEXdot Realtors, Inc. and TEXdot Property Management, Inc. These corporations are separate, but often function hand in hand with the same client.

We are not aware of any issues relating to this request.

Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink that reads "Dorothy J. Wanko, Pres.".

Dorothy J. Wanko, President

Enclosures

16303 N. Greenfield, Spring, TX 77379 * Cell/Text 832-818-3559 * E-Fax 1-866-658-6509
Email: info@TEXdotRealtors.com * Web: www.TEXdotRealtors.com



**NOTICE OF PUBLIC HEARING
CITY OF TOMBALL
PLANNING & ZONING COMMISSION (P&Z)
MAY 14, 2018
&
CITY COUNCIL
MAY 21, 2018**



Notice is Hereby Given that a Public Hearing will be held by the P&Z of the City of Tomball on **Monday, May 14, 2018, at 6:00 P.M.**, and by the City Council of the City of Tomball on **Monday, May 21, 2018, at 6:00 P.M.** at City Hall, 401 Market Street, Tomball Texas. On such dates, the P&Z and City Council will consider the following:

Zoning Case P18-055: Request by Dorothy and Thomas Wanko to amend Chapter 50 (Zoning) of the Tomball Code of Ordinances by rezoning approximately 0.0803 acres of land legally described as Lot 18 Block 70 Tomball, Harris County, Texas, generally located on the west side of Chestnut Street and the north side of Mechanic Street, from the Single-Family 6 District to the Old Town & Mixed Use District.

At the public hearings, parties of interest and citizens will have the opportunity to be heard. All citizens of the City of Tomball, and any other interested parties, are invited to attend. Applications are available for public inspection Monday through Friday, except holidays, at the Public Works Building, located at 501 James Street, Tomball, TX 77375. Further information may be obtained by contacting the Planner, Amelia Lindley, at (281) 290-1410 or at alindley@tomballtx.gov.

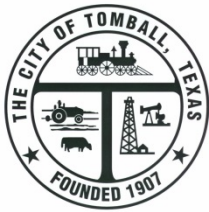
C E R T I F I C A T I O N

I hereby certify that the above notice of meeting was posted on the bulletin board of City Hall; City of Tomball, Texas, a place readily accessible to the general public at all times, on the **10th** day of **May 2018** by 5:00 p.m., and remained posted for at least 72 continuous hours preceding the scheduled time of said meeting.

Elizabeth Jones

Elizabeth Jones
Administrative Assistant

This facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this meeting. Please feel free to contact the City Secretary's office at (281) 290-1002 or FAX (281) 351-6256 for further information. AGENDAS MAY ALSO BE VIEWED ONLINE AT www.tomballtx.gov.



Notice of Public Hearing

YOU ARE INVITED TO ATTEND the Public Hearing before the **PLANNING & ZONING COMMISSION** and **CITY COUNCIL** of the City of Tomball regarding the following item:

CASE NUMBER: P18-055

APPLICANT/OWNER: Dorothy and Thomas Wanko

LOCATION: Generally located on the west side of Chestnut Street and the north side of Mechanic Street

PROPOSAL: To amend Chapter 50 (Zoning) of the Tomball Code of Ordinances by rezoning approximately 0.0803 acres of land legally described as Lot 18 Block 70 Tomball, Harris County, Texas, from the Single-Family 6 District to the Old Town & Mixed Use District.

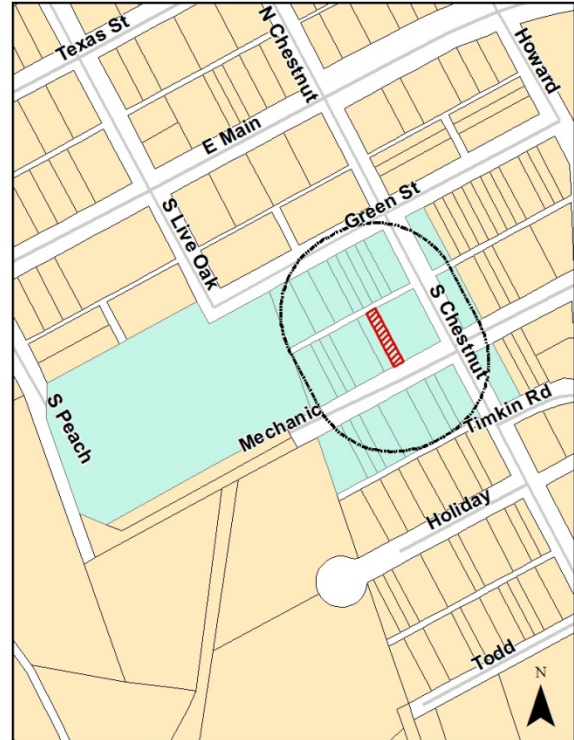
CONTACT: Amelia Lindley, Planner

PHONE: (281) 290-1410

E-MAIL: alindley@tomballtx.gov

Interested parties may contact the City of Tomball between 8:00 a.m. and 5:00 p.m. Monday through Friday for further information. The application is available for public review Monday through Friday, except holidays, between the hours of 8:00 a.m. and 5:00 p.m. in the Community Development Department office, located at 501 James Street, Tomball, TX 77375. The staff report will be available no later than 4:00 p.m. on the Friday preceding the meeting.

This notice is being mailed to all owners of real property within 200 feet of the request as such ownership appears on the last approved Harris County Appraisal District tax roll.



**Planning & Zoning Commission
Public Hearing:
Monday, May 14, 2018, 6:00 PM**

**City Council Public Hearing:
*Monday, May 21, 2018, 6:00 PM**

**The Public Hearings will be held in the
City Council Chambers, City Hall
401 Market Street, Tomball, Texas**

*Should the Planning & Zoning Commission vote to table the recommendation on the case, the date and time of a future meeting will be specified and the City Council will not review the subject case until such a recommendation is forwarded to the City Council by the Planning & Zoning Commission.

Amelia Lindley

From: Margie Matthews <diva14angel@gmail.com>
Sent: Sunday, May 13, 2018 7:37 PM
To: Amelia Lindley
Subject: Fwd: Public Comment Form

----- Forwarded message -----

From: **Margie Matthews** <diva14angel@gmail.com>
Date: Sun, May 13, 2018 at 7:03 PM
Subject: Public Comment Form
To: ALindley@tomballtx.gov

Ref: Case # P18-055

I am AGAINST the requested Rezoning as explained on the attached public notice for Zoning Case P18-055.

COMMENTS; We do not want any more business in our neighborhood. Driving up our taxes. When does it stop. None of these business would want us to place a business i their neighborhood and we do not want any more in our neighborhood. We just had a meeting last year changing the name to Single Family 6 District now you want to change it again. How do we go about getting on the books to stop business from building in our neighborhood? Will wait for your e-mail.

Kind regards,
Henry Matthews



Public Comment Form

(Please type or use black ink)

All submitted forms will become a part of the public record.

Please return to:

City of Tomball
Attn: Amelia Lindley
501 James Street
Tomball, TX 77375

Name:

(please print)

Address:

Signature:

Date:

TOM CROFOOT

1430 NEAL DR.

TOMBALL 77375

Tom Crofoot

5/03/2018



I am **FOR** the requested Rezoning as explained on the attached public notice for Zoning Case P18-055. (Please state reasons below)



I am **AGAINST** the requested Rezoning as explained on the attached public notice for Zoning Case P18-055. (Please state reasons below)

Date, Location & Time of **Planning & Zoning Commission** meeting:

Monday, May 14, 2018 6:00 PM

City Council Chambers of the City of Tomball, City Hall
401 Market Street, Tomball, Texas

Date, Location & Time of **City Council** meeting:

Monday, May 21, 2018, 6:00 PM

City Council Chambers of the City of Tomball, City Hall
401 Market Street, Tomball, Texas

COMMENTS:

I have no issue with this proposed change.

You may also comment via email to ALindley@tomballtx.gov.

Please reference the case number in the subject line.

For questions regarding this request please call Amelia Lindley @ 281-290-1410.

Regular City Council

Agenda Item

Data Sheet

Meeting Date: June 4, 2018

Topic:

Remove from Table for Consideration and Possible Action to Approve an Amended Development Agreement with LS Development, LLC (Developer of Raleigh Creek Subdivision) for Public Improvement District No. 2 (Raleigh Creek), Containing the Same Terms Provided in the Development Agreements for PID 3 and Subsequent City of Tomball PIDs

Background:

It is requested that City Council approve an amended development agreement with LS Development, LLC (the developer of Raleigh Creek Subdivision), PID 2, that contains the same up-to-date terms as contained in development agreements for PID 3 and later PIDs.

The original development agreement for PID 2 was executed in 2007. At that time, the City asked that service plans for PIDs require that they not exceed a ten- (10) year assessment payment term for each property covered by assessments, and the equivalent of a \$0.50 tax rate on annual payments. Those provisions are contained in the original development agreement for PID 2; the agreement also limited the developer to 50% reimbursement of eligible costs.

Development agreements and service plans for PID 3 and other later PIDs have allowed for up to fifteen (15) year payment terms and higher equivalent tax rates to make the residential projects competitive with MUDs located in the City's ETJ. The attached development agreement for PID 2 has been amended to reflect the more recent terms found in subsequent PIDs (up to 15-year payments terms and a higher equivalent tax rate) and the 50% limitation on eligible costs have been removed.

When this agreement was entered into in 2007, Ben Griffin was insistent that PIDs not exceed 10 years. Subsequently in 2012, we did a workshop for City Council during the course of PID 3 beginning and demonstrated that PIDs could have longer payment terms and higher equivalent tax rates and still have a lower combined tax rates than MUDs in the City's ETJ. Since then, PID 3 and later PIDs have been allowed to have 15-year terms and up to a \$0.90 equivalent tax rate.

The old PID 2 development agreement contained the old restrictions, and the amended one brings the agreement in line with PID 3 and subsequent PIDs by allowing a 15-year term and higher equivalent tax rate.

Origination:

Finance

Recommendation:

Adoption of the Amended Development Agreement

Party(ies) responsible for placing this item on agenda:

Glenn Windsor, CPA Finance Director

ACTION TAKEN

Approval	Readings Passed	Other
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☐ Yes ☐ No

☐ 1st ☐ 2nd

ATTACHMENTS:

COT-PID 2 Dev. Agmt. Amended

Council Information- Amended Develop. Agreement

Original PID 2 Agreement

PID Guidelines

AMENDED DEVELOPMENT AGREEMENT

This Development Agreement (this “*Agreement*”) is made as of _____, 2018, by and between the **CITY OF TOMBALL**, a municipal corporation and a home-rule city in the State of Texas (the “*City*”), and **LS DEVELOPMENT, LLC**, a Texas limited liability company (the “*Developer*”).

RECITALS

WHEREAS, in accordance with the provisions of Chapter 372, TEX. LOCAL GOV’T CODE, and Resolution 2007-22, the City Council of the City of Tomball created the Public Improvement District Number Two (the “*PID*”) pursuant to the petition for creation from the owner thereof; and

WHEREAS, the City Council of the City has determined that it is in the best interest of the City and the land within the PID to finance the construction of certain PID Improvements (defined below) and that an assessment against the benefited property within the PID should be made; and

WHEREAS, the Developer is the owner of certain property within the PID described in Exhibit A and B, and wishes to finance and construct certain PID projects; and

WHEREAS, the Developer intends to assist the City in the financing and construction of the PID Improvements, in exchange for the City’s agreement to reimburse the Developer in accordance with the terms of this Agreement; and

WHEREAS, the Developer and the City entered into a Development Agreement in 2007 and now wish to amend certain provisions of the Agreement; now, therefore,

AGREEMENT

For and in consideration of the mutual promises, covenants, obligations, and benefits of this Agreement, the Developer contract and agree as follows:

ARTICLE 1 GENERAL TERMS

1.01 **Definitions.** The terms “*Agreement*,” “*City*,” “*Developer*,” “*PID*,” and “*PID Agreement*” have the meanings set forth in the preamble hereof, and the following capitalized terms shall have the meanings provided below, unless otherwise defined or the context clearly requires otherwise. For purposes of this Agreement the words “shall” and “will” are mandatory, and the word “may” is permissive.

Act shall mean the Public Improvement District Assessment Act, Chapter 372, TEX. LOCAL GOV’T CODE, as amended.

Assessments shall mean assessments levied and collected in connection with the PID pursuant to the Act and the Plan, and deposited by the City into a PID Revenue Fund.

Developer Advances shall mean any funds advanced by the Developer pursuant to **Section 5.01**, and shall include any interest payable thereon.

Net Assessments shall mean the annual deposits of the Assessments into the PID Revenue Fund, less amounts reasonably required or anticipated to be required for the administration and operation of the PID in carrying out its responsibilities hereunder, including a reasonable operating reserve.

Parties or Party shall mean the City, and the Developer as parties to this Agreement.

PID Improvements shall mean the improvements described in **Article 3** hereof.

PID Revenue Fund shall mean the special fund established by the City and funded with payments made to the City pursuant to the PID.

Plan shall mean the final Service and Assessment Plan for the PID as approved by City Council in accordance with the Act.

Project shall mean the residential development within the PID projected to be carried out by the Developer described on Exhibit A and Exhibit B.

1.02 Singular and plural; gender. Words used herein in the singular, where the context so permits, also include the plural and vice versa. The definitions of words in the singular herein also apply to such words when used in the plural where the context so permits and vice versa. Likewise, any masculine references shall include the feminine, and vice versa.

ARTICLE 2 REPRESENTATIONS

2.01 Representations of the City. The City hereby represents that:

a. The City is duly authorized and is qualified to do business in the State of Texas and is duly qualified to do business wherever necessary to carry on the operations contemplated by this Agreement.

b. The City has the power, authority and legal right to enter into and perform its obligations set forth in this Agreement, and the execution, delivery and performance hereof, (i) have been duly authorized, (ii) will not, to the best of its knowledge, violate any judgment, order, law or regulation applicable to the City, and (iii) does not constitute a default under or result in the creation of, any lien, charge, encumbrance or security interest upon any assets of the City under any agreement or instrument to which the City is a party or by which the City or its assets may be bound or affected.

c. This Agreement has been duly authorized, executed and delivered and constitutes a legal, valid and binding obligation of the City, enforceable in accordance with its terms.

2.02. Representations of the Developer. The Developer hereby represents that:

a. The Developer is duly authorized, created and existing under the laws of the State of Texas, is qualified to do business in the State of Texas and is duly qualified to do business wherever necessary to carry on the operations contemplated by this Agreement.

b. The Developer has the power, authority and legal right to enter into and perform its obligations set forth in this Agreement, and the execution, delivery and performance hereof, (i) have been duly authorized, (ii) will not, to the best of its knowledge, violate any judgment, order, law or regulation applicable to the Developer or any provisions of the Developer's organizational documents, and (iii) does not constitute a default under or result in the creation of, any lien, charge, encumbrance or security interest upon any assets of the Developer under any agreement or instrument to which the Developer is a party or by which the Developer or its assets may be bound or affected.

c. The Developer has sufficient capital to perform its obligations under this Agreement and will commence construction of the Project within eighteen (18) months of execution of this Agreement.

d. This Agreement has been duly authorized, executed and delivered and constitutes a legal, valid and binding obligation of the Developer, enforceable in accordance with its terms.

ARTICLE 3 THE PLAN AND PID IMPROVEMENTS

3.01 The PID Improvements. The PID Improvements are intended to enhance the proposed implementation of a development within the PID constituting the Project, as more fully described in the Plan.

3.02 PID Improvements description. The PID Improvements consist of acquisition, construction and development of the public improvements within the portion of the PID comprising the Project, as more fully described in Exhibit B, and as described in the Plan. The PID Improvements will be developed pursuant to a schedule consistent with the pace of development of the Project that is mutually agreeable to the Parties. The PID Improvements shall include all engineering, legal and other consultant fees and expenses related to such PID Improvements. The Developer shall be entitled to reimbursement for the project costs described in Exhibit B subject to the limitations contained in Section 3.03 of this agreement.

3.03 General terms of the Plan. The Plan has been adopted by the City. The Plan includes the PID Improvements described above to serve the land within the PID, and such other facilities as may be agreed upon by the Parties, and that the Assessments shall be assessed in

phases to affect only the portions of the PID directly benefited by the PID improvements to be financed by each Assessment. The Assessments shall be based upon the estimated costs of the Public Improvements as reflected in Exhibit B, plus those related costs as deemed reimbursable by the City; however, the Assessments in the Plan shall be formulated in a manner that generally conforms to the equivalent of a \$0.85 tax rate for each property covered by the Plan and a maximum fifteen (15) year payment term for each property covered by the Plan.

3.04. Additional Projects. This Agreement does not apply to any projects not specifically included in the Plan and defined herein unless this Agreement is amended to provide for the design and construction of such additional projects.

ARTICLE 4 DUTIES AND RESPONSIBILITIES OF THE DEVELOPER

4.01 Construction manager. The Developer agrees to construct the PID Improvements and to provide and furnish, or cause to be provided and furnished, all materials and services as and when required in connection with the construction of the PID Improvements. The Developer will obtain all necessary permits and approvals from the City and all other governmental officials and agencies having jurisdiction, provide supervision of all phases of construction of the PID Improvements, provide periodic reports of such construction to the City upon request, and cause the construction to be performed in accordance with the Plan.

4.02 Design of the PID Improvements. The Developer shall prepare or cause to be prepared the plans and specifications for the PID Improvements. Prior to the commencement of construction or implementation of the PID Improvements, the plans and specifications must be approved by the City. The PID Improvements shall be designed in accordance with City standards applicable to similar public improvements within the City.

4.03 Construction contracts. The Developer shall prepare the PID Improvements construction contract documents to ensure that the contract documents are in accordance with the approved plans and specifications. The Developer shall comply with all laws and regulations regarding the bidding and construction of public improvements applicable to similar facilities constructed by the City, including without limitation any applicable requirement relating to payment, performance and maintenance bonds.

4.04. Construction and implementation of the PID Improvements. The Developer shall be responsible for the inspection and supervision of the construction and implementation of the PID Improvements.

a. The Developer shall commence construction of the PID Improvements in a timely fashion to coincide with the expected development of the Project.

b. Upon completion of a contract for the construction of the PID Improvements, the Developer shall provide the City with a final summary of all costs associated with such contract, and show that all amounts owing to contractors and subcontractors have been paid in full evidenced by customary affidavits executed by such contractors. Following

completion of a construction contract, the Developer will call for inspection of the applicable PID Improvements by the City, and upon approval thereof as being in compliance with City standards relating thereto, the PID Improvements will be conveyed to the City, subject only to the right to reimbursement for Developer Advances with respect thereto.

ARTICLE 5

PROJECT FINANCING AND FUNDING

5.01. The Developer Advances.

a. In connection with the construction of the PID Improvements the Developer has determined are required to be constructed to serve the Project, the Developer agrees to provide sufficient funds as such become due for all costs thereof (the “Developer Advances”), such as costs of design, engineering, materials, labor, construction, and inspection fees arising in connection with the PID Improvements, including all payments arising under any contracts entered into pursuant to this Agreement, all costs incurred in connection with obtaining governmental approvals, certificates or permits required as a part of any contracts entered into in accordance with this Agreement, and all related legal fees and out-of-pocket expenses incurred on behalf of the City in connection therewith. Developer Advances shall further include any amounts advanced by the Developer in connection with the administration of the PID and the design and construction of the PID Improvements.

b. Interest on each Developer Advance shall accrue at a seven percent (7%) annual rate, compounded annually, whether such costs, fees, or expenses are paid or incurred before or after the effective date of this Agreement. Interest shall be calculated on the basis of a year of 360 days and the actual days elapsed (including the first day but excluding the last day) occurring in the period for which such interest is payable, unless such calculation would result in a usurious rate, in which case interest shall be calculated on the per annum basis of a year of 365 or 366 days, as applicable, and the actual days elapsed (including the first day but excluding the last day).

5.02. Repayment of Developer Advances.

a. In consideration of the development and construction of the PID Improvements, the City shall begin repaying the Developer Advances, and shall continue such repayment until repaid in full, on the earliest date that funds are available from the following source, and solely from such source:

(i) the Net Assessments, subject to the limitations set forth in **subsection (c)**.

b. the City shall reimburse the Developer for Developer Advances, plus interest, from Net Assessments from the Project accumulated in the PID Revenue Fund available in accordance with the priorities described in **Section 5.03**, below.

c. At such time as funds are available to pay all or any portion of the

Developer Advances made hereunder, the City shall hire a certified public accountant at the Developer's expense to calculate the amount due the Developer and prepare and submit a report to the City certifying (1) the amount due the Developer for the Developer Advances being repaid with interest calculated thereon, and (2) that funds are available to make such payment. Such report shall be approved at the earliest practicable time, but not later than 90 days after submission by the Developer of the records required therefor. The City shall make payment to the Developer within 30 days of approval of the auditor's report.

5.03. Priorities. Amounts deposited in the PID Revenue Fund shall be applied in the following order of priority (i) administrative and operating costs of the PID, (ii) payments to the Developer pursuant to **Section 5.02**, above.

ARTICLE 6 DEFAULT

6.01. Default.

a. If the City does not perform its obligations hereunder in substantial compliance with this Agreement, in addition to the other rights given the Developer under this Agreement, the Developer may enforce specific performance of this Agreement or seek actual damages incurred by the Developer for any such default.

b. If the Developer fails to commence or complete the PID Improvements or the Project in accordance with the terms of this Agreement, including the failure to fund Developer Advances or commence construction of the Project within eighteen (18) months, the City may terminate this Agreement with respect to its obligations to the Developer and shall be relieved of any obligation to reimburse the Developer for any Developer Advances made after notice of such default has been provided to the Developer in writing or seek actual damages incurred for any such default.

c. The Party alleging default shall provide written notice to the other party of such default, and the defaulting party shall have 60 days to remedy the default prior to the declaration of any default hereunder.

ARTICLE 7 GENERAL

7.01. Inspections, audits. The Developer agrees to keep such operating records with respect to the PID Improvements and other activities contemplated by this Agreement and all costs associated therewith as may be required by the City, or by State and federal law or regulation. The Developer shall allow the City access to, and the City shall have a right at all reasonable times to audit, all documents and records in the Developer's possession, custody or control relating to the PID Improvements that the City deems necessary to assist the City in determining the Developer's compliance with this Agreement.

7.02 Developer operations and employees. All personnel supplied or used by the Developer in the performance of this Agreement shall be deemed contractors or subcontractors of the Developer and will not be considered employees, agents, contractors or subcontractors of the City for any purpose whatsoever. The Developer shall be solely responsible for the compensation of all such contractors and subcontractors.

7.03 Personal liability of public officials, legal relations. To the extent permitted by State law, no director, officer, employee or agent of the City shall be personally responsible for any liability arising under or growing out of the Agreement. THE PARTIES SHALL INDEMNIFY AND SAVE HARMLESS EACH OTHER AND THEIR RESPECTIVE OFFICERS, REPRESENTATIVES, AND AGENTS FROM ALL SUITS, ACTIONS, OR CLAIMS OF ANY CHARACTER BROUGHT FOR OR ON ACCOUNT OF ANY INJURIES OR DAMAGES RECEIVED BY ANY PERSON, PERSONS, OR PROPERTY RESULTING FROM THE NEGLIGENT ACTS OF SUCH PARTY, OR ANY OF ITS AGENTS, OFFICERS, OR REPRESENTATIVES IN PERFORMING ANY OF THE SERVICES AND ACTIVITIES UNDER THIS AGREEMENT.

7.04 Notices. Any notice sent under this Agreement (except as otherwise expressly required) shall be written and mailed, or sent by electronic or facsimile transmission confirmed by mailing written confirmation at substantially the same time as such electronic or facsimile transmission, or personally delivered to an officer of the receiving party at the following addresses:

City of Tomball
c/o City Manager
401 Market Street
Tomball, Texas 77375

PID Contract Administrator
Hawes Hill Calderon, LLP
P.O. Box 22167
Houston, Texas 77092
Attn: Scott Bean

Mr. Jim Spurlin
LS DEVELOPMENT, LLC
10423 Huffsmith
Tomball, Texas 77375

Each party may change its address by written notice in accordance with this section. Any communication addressed and mailed in accordance with this section shall be deemed to be given when so mailed, any notice so sent by electronic or facsimile transmission shall be deemed to be given when receipt of such transmission is acknowledged, and any communication so delivered in person shall be deemed to be given when receipted for by, or actually received by the Authority, or the Developer, as the case may be.

7.05 Amendments and waivers. Any provision of this Agreement may be amended or waived if such amendment or waiver is in writing and is signed by the City and the Developer.

No course of dealing on the part of the Parties, nor any failure or delay by one or more of the Parties, with respect to exercising any right, power or privilege under this Agreement shall operate as a waiver thereof, except as otherwise provided in this section.

7.06 Invalidity. In the event that any of the provisions contained in this Agreement shall be held unenforceable in any respect, such unenforceability shall not affect any other provision of this Agreement.

7.07 Successors and assigns. All covenants and agreements contained by or on behalf of a Party in this Agreement shall bind its successors and assigns and shall inure to the benefit of the other Parties, their successors and assigns. The Parties may assign their rights and obligations under this Agreement or any interest herein, only with the prior written consent of the other Parties, and any assignment without such prior written consent, including an assignment by operation of law, is void and of no effect; provided that, the Developer may make an assignment to a successor developer of the Land if such assignee specifically assumes all of the obligations of the Developer hereunder or may make a collateral assignment in favor of a lender without consent. This section shall not be construed to prevent the Developer from selling lots, parcels or other portions of the Land in the normal course of business. If such assignment of the obligations by the Developer hereunder is effective, the Developer shall be deemed released from such obligations. If any assignment of the obligations by the Developer hereunder is deemed ineffective or invalid, the Developer shall remain liable hereunder.

7.08 Exhibits; titles of articles, sections and subsections. The exhibits attached to this Agreement are incorporated herein and shall be considered a part of this Agreement for the purposes stated herein, except that in the event of any conflict between any of the provisions of such exhibits and the provisions of this Agreement, the provisions of this Agreement shall prevail. All titles or headings are only for the convenience of the parties and shall not be construed to have any effect or meaning as to the agreement between the parties hereto. Any reference herein to a section or subsection shall be considered a reference to such section or subsection of this Agreement unless otherwise stated. Any reference herein to an exhibit shall be considered a reference to the applicable exhibit attached hereto unless otherwise stated.

7.09 Construction. This Agreement is a contract made under and shall be construed in accordance with and governed by the laws of the United States of America and the State of Texas, as such laws are now in effect.

7.10 Entire Agreement. **THIS WRITTEN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.**

7.11 Term. This Agreement shall be in force and effect from the date of execution hereof for a term expiring on the date that the Developer Advances have been repaid in full, or January 1 of the year following the date the last assessment payment has been made in accordance with the PID Service and Assessment Plan and Assessment Roll(s).

7.12 Time of the essence. Time is of the essence with respect to the obligations of the Parties to this Agreement.

7.13 Approval by the Parties. Whenever this Agreement requires or permits approval or consent to be hereafter given by any of the parties, the parties agree that such approval or consent shall not be unreasonably conditioned, withheld or delayed.

7.14 Counterparts. This Agreement may be executed in multiple counterparts, each of which when so executed and delivered shall be deemed an original, but such counterparts together shall constitute but one and the same instrument.

7.15 Legal costs. If any Party hereto is the prevailing party in any legal proceedings against another Party brought under or with relation to this Agreement, such prevailing Party shall additionally be entitled to recover court costs and reasonable attorneys' fees from the non-prevailing Party to such proceedings.

7.16 Further assurances. Each Party hereby agrees that it will take all actions and execute all documents necessary to fully carry out the purposes and intent of this Agreement.

[EXECUTION PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be duly executed as of _____, 2018.

CITY OF TOMBALL

By: _____

Name: _____

Title: _____

LS DEVELOPMENT, LLC

Jim Spurlin

Title: _____

EXHIBIT A
LEGAL DESCRIPTION
Job #35093

Description of a 142.770 acre tract of land in the Joseph Miller Survey, Abstract No. 50 in Harris County, Texas, being a portion of a called 153.45 acre tract described in deed recorded in Harris County Clerk's File No. C-817579 being all of a called 7.3765 acre tract described in deed recorded in Harris County Clerk's File No. S-040074, and being all of a called 8.7325 acre tract described in deed recorded in Harris County Clerk's File No. S-040076, and said 142.770 acre tract being more fully described as follows (with bearings referenced to the Southwesterly right-of-way line of the I. & G.N. Railroad right-of-way as South 56° 30' 48" East):

BEGINNING at a ½ inch iron rod set for the Southwest corner of the above referenced 7.3765 acre tract in the North right-of-way line of Zion Road (60 feet wide) and being also the Southeast corner of a called 0.5264 acre tract recorded in Harris County Clerk's File No. V-471789, and from which a found ½ inch iron rod bears North 82° 21' 48" East, 15.33 feet and a found ¾ inch iron pipe bears North 82° 34' 12" East, 15.20 feet;

THENCE North 00° 04' 01" East, along the East line of said 0.5264 acre tract, the East line of a called 2.29 acre tract recorded in Harris County Clerk's File No. R-006483, the East line of a called 1.224 acre tract recorded in Harris County Clerk's File No. R-404456, the East line of a called File No. R-404456, the East line of a called 1.0354 acre tract recorded in Harris County Clerk's File No. S-053503, and the East line of another called 1.0354 acre tract recorded in Harris County Clerk's File No. P-336468, 1777.49 feet to a ½ inch iron rod set for the Northwest corner of the aforementioned 8.7325 acre tract in the South line of the aforementioned called 153.45 acre tract, from which a found ¾ inch iron pipe bears North 15° 01' 09" West, 3.16 feet, and a found ¾ inch iron pipe bears North 28° 46' 23" West, 0.70 feet;

THENCE South 88° 50' 47" West, along the South line of said 153.45 acre tract and the North line of the aforementioned 1.0354 acre tract, 150.09 feet to a 2 inch iron pipe found for its Northwest corner and an angle point in the upper South line of this tract;

THENCE South 88° 48' 41" West, along the South line of said 153.45 acre tract and the North line of a called 3.4015 acre and a called 0.7718 acre tract, both recorded in Harris County Clerk's File No. S-398301, 623.36 feet to a fence corner found for the upper Southwest corner of this tract in the East line of a called 22.8140 acre tract recorded in Harris County Clerk's File No. U-623541;

THENCE North 00° 27' 22" West, along the East line of said 22.8140 acre tract and the East line of a called 68 acre tract recorded in Harris County Clerk's File No. U-139153, 1805.55 feet to a ½ inch iron rod found for the most Westerly Northwest corner of this tract and the Southwest corner of a called 15.6463 acre tract recorded in Harris County Clerk's File No. L-547016, and from which a found ½ inch iron rod bears South 00° 23' 12" East, 84.64 feet, and a found ½ inch iron rod bears North 00° 19' 15" East, 90.25 feet;

THENCE South 89° 56' 50" East, along the South line of said 15.6463 acre tract, passing a one inch iron rod found for its Southeast corner and the Southwest corner of a called 13.476 acre tract recorded in Harris County Clerk's File No. U-002476 at 403.01 feet and continuing for a total distance of 805.79 feet to a ½ inch iron rod found for the Southeast corner of said 13.476 acre tract and an interior corner of this tract;

THENCE North 00° 01' 04" East, along the East line of said 13.476 acre tract, 1263.73 feet to a ½ inch iron rod set for the Northwest corner of this tract in the Southwesterly line of the I. & G. N. Railroad right-of-way as recorded in Volume 140, Page 486 of the Harris County Deed Records, and from which a found 1 inch iron rod bears North 00° 01' 04" East, 59.94 feet;

THENCE South 56° 30' 48" East, along the Southwesterly right-of-way line of said I. & G. N. Railroad, 41.04 feet to a ½ inch iron rod set for an angle point;

THENCE South 89° 24' 47" East, along the Southwesterly right-of-way line of said I. & G. N. Railroad, 92.05 feet to a ½ inch iron rod set for an angle point;

THENCE South 56° 30' 48" East, continuing along the Southwesterly right-of-way line of said I. & G. N. Railroad, 1780.39 feet to a railroad tie fence corner for the Northeast corner of the herein described tract in the West line of a called 44.1 acre tract recorded in Harris County Clerk's File No. U-330857;

THENCE South 01° 39' 12" West, along the West line of said 44.1 acre tract the West line of a called 2.934 acre tract recorded in Harris County Clerk's File No. U-822429, and the West line of a called 2.00 acre tract recorded in Harris County Clerk's File No. U-140795, 2048.02 feet to a fence corner post for the upper Southeast corner of this tract and being a point in the North line of a called 48 acre tract recorded in Volume 915, Page 177 of the Harris County Deed Records;

THENCE North 89° 35' 19" West, along the North line of said 48 acre tract, 1177.80 feet to an axle found for an interior corner of this tract and the Northeast corner of the aforementioned 8.7325 acre tract;

THENCE South 00° 06' 23" West, along the West line of said 48 acre tract and the East line of the aforementioned 8.7325 acre and 7.3765 acre tracts, 1782.90 feet to a ½ inch iron rod set for the Southeast corner of the herein described tract in the North right-of-way line of Zion Road, and from which a found ¾ inch iron rod bears North 47° 50' 10" West, 73.98 feet, and a found ¾ inch iron rod bears South 89° 35' 31" West, 129.16 feet;

THENCE South 89° 38' 14" West, along the North right-of-way line of Zion Road, 391.58 feet to the POINT OF BEGINNING and containing 142.770 acres of land.

This description is based on a ground survey and plat prepared by Marion R. Clark, R.P.L.S. and dated November 28, 2005.



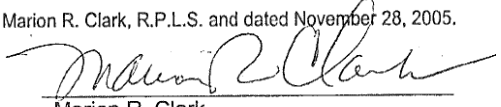

Marion R. Clark
Registered Professional Land Surveyor
Texas Registration No. 1881
November 29, 2005

Exhibit B
The PID Improvements

PUBLIC IMPROVEMENT	ESTIMATED COSTS
Water, sewer, storm sewer, streets, detention including land costs, gas, off-site utility extensions, amenities, engineering, design fees, landscaping, PID creation	\$9,090,494
Financing Costs (15 years)	\$5,880,816
Total Improvements	\$14,971,310
Administration (2.5%)	\$374,283
Total Costs (15 years)	\$15,345,593

Council Item Information Sheet – Amended Development Agreement for Public Improvement District Number Two (Raleigh Creek)

Council Action Requested

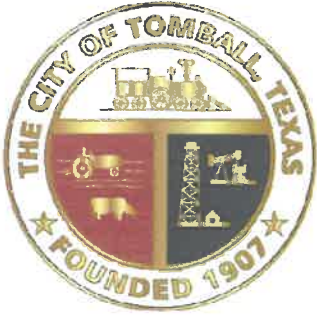
It is requested that City Council approve an amended development agreement with LS Development, LLC (the developer of Raleigh Creek Subdivision) that contains more up to date terms as contained in development agreements for PID 3 and later PIDs.

Background

The original development agreement for PID 2 was executed in 2007. At that time, the City was asking that the service plans for PIDs require that they not exceed a ten (10) year assessment payment term for each property covered by assessments, and the equivalent of a \$0.50 tax rate on annual payments. Those provisions are contained in the original development agreement for PID 2. The agreement also limited the developer to 50% reimbursement of eligible costs.

Development agreements and service plans for PID 3 and other later PIDs have allowed for up to fifteen (15) year payment terms and higher equivalent tax rates to make the residential projects competitive with MUDs located in the City's ETJ.

The attached development agreement for PID 2 has been amended to reflect the more recent terms (up to 15 year payments terms and a high equivalent tax rate) and the 50% limitation on eligible costs have been removed.



City of Tomball

GRETCHEN FAGAN
MAYOR



June 6, 2007

Scott Bean
PID Contract Administrator
Hawes Hill Calderon, LLP
P. O. Box 22167
Houston, TX 77092

RE: Development Agreement - City of Tomball and LS Development

Dear Mr. Bean:

Enclosed is an executed original of the Development Agreement between the City of Tomball and LS Development, LLC, along with copies of the executed Resolutions for Public Utility District Number Two. Mr. Spurlin has his original of the Development Agreement and Resolutions.

If you have any questions or need additional information, please contact me at dspeer@ci.tomball.tx.us or 281-290-1002.

Sincerely,

Doris Speer
City Secretary

Enclosures

DEVELOPMENT AGREEMENT

This Development Agreement (this "*Agreement*") is made as of May 7, 2007, by and between the **CITY OF TOMBALL**, a municipal corporation and a home-rule city in the State of Texas (the "*City*"), and **LS DEVELOPMENT, LLC**, a Texas limited liability company (the "*Developer*").

RECITALS

WHEREAS, in accordance with the provisions of Chapter 372, TEX. LOCAL GOV'T CODE, and Resolution 2007-22, the City Council of the City of Tomball created the Public Improvement District Number Two (the "*PID*") pursuant to the petition for creation from the owner thereof; and

WHEREAS, the City Council of the City has determined that it is in the best interest of the City and the land within the PID to finance the construction of certain PID Improvements (defined below) and that an assessment against the benefited property within the PID should be made; and

WHEREAS, the Developer is the owner of certain property within the PID described in Exhibit A, and wishes to finance and construct certain PID projects; and

WHEREAS, the Developer intends to assist the City in the financing and construction of the PID Improvements, in exchange for the City's agreement to reimburse the Developer in accordance with the terms of this Agreement; now, therefore,

AGREEMENT

For and in consideration of the mutual promises, covenants, obligations, and benefits of this Agreement, the Developer contract and agree as follows:

ARTICLE 1 GENERAL TERMS

1.01 **Definitions.** The terms "*Agreement*," "*City*," "*Developer*," "*PID*," and "*PID Agreement*" have the meanings set forth in the preamble hereof, and the following terms shall have the meanings provided below, unless otherwise defined or the context clearly requires otherwise. For purposes of this Agreement, the words "shall" and "will" are mandatory, and the word "may" is permissive.

Act shall mean the Public Improvement District Assessment Act, Chapter 372, TEX. LOCAL GOV'T CODE, as amended.

Assessments shall mean assessments levied and collected in connection with the PID pursuant to the Act and the Plan, and deposited by the City into a PID Revenue Fund.

Developer Advances shall mean any funds advanced by the Developer pursuant to **Section 5.01**, and shall include any interest payable thereon.

Net Assessments shall mean the annual deposits of the Assessments into the PID Revenue Fund, less amounts reasonably required or anticipated to be required for the administration and operation of the PID in carrying out its responsibilities hereunder, including a reasonable operating reserve.

Parties or *Party* shall mean the City, and the Developer as parties to this Agreement.

PID Improvements shall mean the improvements described in **Article 3** hereof.

PID Revenue Fund shall mean the special fund established by the City and funded with payments made to the City pursuant to the PID.

Plan shall mean the final Service and Assessment Plan for the PID as approved by City Council in accordance with the Act.

Project shall mean the residential development within the PID projected to be carried out by the Developer described on Exhibit B.

1.02 Singular and plural; gender. Words used herein in the singular, where the context so permits, also include the plural and vice versa. The definitions of words in the singular herein also apply to such words when used in the plural where the context so permits and vice versa. Likewise, any masculine references shall include the feminine, and vice versa.

ARTICLE 2 REPRESENTATIONS

2.01 Representations of the City. The City hereby represents that:

a. The City is duly authorized and is qualified to do business in the State of Texas and is duly qualified to do business wherever necessary to carry on the operations contemplated by this Agreement.

b. The City has the power, authority and legal right to enter into and perform its obligations set forth in this Agreement, and the execution, delivery and performance hereof, (i) have been duly authorized, (ii) will not, to the best of its knowledge, violate any judgment, order, law or regulation applicable to the City, and (iii) does not constitute a default under or result in the creation of, any lien, charge, encumbrance or security interest upon any assets of the City under any agreement or instrument to which the City is a party or by which the City or its assets may be bound or affected.

c. This Agreement has been duly authorized, executed and delivered and constitutes a legal, valid and binding obligation of the City, enforceable in accordance with its terms.

2.02. Representations of the Developer. The Developer hereby represents that:

a. The Developer is duly authorized, created and existing under the laws of the State of Texas, is qualified to do business in the State of Texas and is duly qualified to do business wherever necessary to carry on the operations contemplated by this Agreement.

b. The Developer has the power, authority and legal right to enter into and perform its obligations set forth in this Agreement, and the execution, delivery and performance hereof, (i) have been duly authorized, (ii) will not, to the best of its knowledge, violate any judgment, order, law or regulation applicable to the Developer or any provisions of the Developer's organizational documents, and (iii) does not constitute a default under or result in the creation of, any lien, charge, encumbrance or security interest upon any assets of the Developer under any agreement or instrument to which the Developer is a party or by which the Developer or its assets may be bound or affected.

c. The Developer has sufficient capital to perform its obligations under this Agreement and will commence construction of the Project within eighteen (18) months of execution of this Agreement.

d. This Agreement has been duly authorized, executed and delivered and constitutes a legal, valid and binding obligation of the Developer, enforceable in accordance with its terms.

ARTICLE 3 THE PLAN AND PID IMPROVEMENTS

3.01 The PID Improvements. The PID Improvements are intended to enhance the proposed implementation of a development within the PID constituting the Project, as more fully described in the Plan.

3.02 PID Improvements description. The PID Improvements consist of acquisition, construction and development of the public improvements within the portion of the PID comprising the Project, as more fully described in Exhibit C, and as described in the Plan. The PID Improvements will be developed pursuant to a schedule consistent with the pace of development of the Project that is mutually agreeable to the Parties. The PID Improvements shall include all engineering, legal and other consultant fees and expenses related to such PID Improvements. The Developer shall be entitled to reimbursement of up to 50% of the project costs described in Exhibit C subject to the limitations contained in Section 3.03 of this agreement.

3.03 General terms of the Plan. The Plan has not yet been adopted by the City. The Parties anticipate that the Plan, at a minimum, will include the PID Improvements described above to serve the land within the PID, and such other facilities as may be agreed upon by the Parties, and that the Assessments shall be assessed in phases to affect only the portions of the PID directly benefited by the PID improvements to be financed by each Assessment. The Assessments shall be based upon the agreed-upon percentage of estimated costs of the Public Improvements as reflected in Exhibit C, plus those related costs as deemed reimbursable by the City; however, the Assessments in the Plan shall be formulated in a manner that generally

conforms to the equivalent of a \$0.50 tax rate for each property covered by the Plan and a maximum ten (10) year payment term for each property covered by the Plan.

3.04. Additional Projects. This Agreement does not apply to any projects not specifically included in the Plan and defined herein unless this Agreement is amended to provide for the design and construction of such additional projects.

ARTICLE 4 DUTIES AND RESPONSIBILITIES OF THE DEVELOPER

4.01 Construction manager. The Developer agrees to construct the PID Improvements and to provide and furnish, or cause to be provided and furnished, all materials and services as and when required in connection with the construction of the PID Improvements. The Developer will obtain all necessary permits and approvals from the City and all other governmental officials and agencies having jurisdiction, provide supervision of all phases of construction of the PID Improvements, provide periodic reports of such construction to the City upon request, and cause the construction to be performed in accordance with the Plan.

4.02 Design of the PID Improvements. The Developer shall prepare or cause to be prepared the plans and specifications for the PID Improvements. Prior to the commencement of construction or implementation of the PID Improvements, the plans and specifications must be approved by the City. The PID Improvements shall be designed in accordance with City standards applicable to similar public improvements within the City.

4.03 Construction contracts. The Developer shall prepare the PID Improvements construction contract documents to ensure that the contract documents are in accordance with the approved plans and specifications. The Developer shall comply with all laws and regulations regarding the bidding and construction of public improvements applicable to similar facilities constructed by the City, including without limitation any applicable requirement relating to payment, performance and maintenance bonds.

4.04. Construction and implementation of the PID Improvements. The Developer shall be responsible for the inspection and supervision of the construction and implementation of the PID Improvements.

a. The Developer shall commence construction of the PID Improvements in a timely fashion to coincide with the expected development of the Project.

b. Upon completion of a contract for the construction of the PID Improvements, the Developer shall provide the City with a final summary of all costs associated with such contract, and show that all amounts owing to contractors and subcontractors have been paid in full evidenced by customary affidavits executed by such contractors. Following completion of a construction contract, the Developer will call for inspection of the applicable PID Improvements by the City, and upon approval thereof as being in compliance with City standards relating thereto, the PID Improvements will be conveyed to the City, subject only to the right to reimbursement for Developer Advances with respect thereto.

ARTICLE 5 PROJECT FINANCING AND FUNDING

5.01. The Developer Advances.

a. In connection with the construction of the PID Improvements the Developer has determined are required to be constructed to serve the Project, the Developer agrees to provide sufficient funds as such become due for all costs thereof (the "Developer Advances"), such as costs of design, engineering, materials, labor, construction, and inspection fees arising in connection with the PID Improvements, including all payments arising under any contracts entered into pursuant to this Agreement.

b. Interest on each Developer Advance shall accrue at a seven percent (7%) annual rate, compounded annually, whether such costs, fees, or expenses are paid or incurred before or after the effective date of this Agreement. Interest shall be calculated on the basis of a year of 360 days and the actual days elapsed (including the first day but excluding the last day) occurring in the period for which such interest is payable, unless such calculation would result in a usurious rate, in which case interest shall be calculated on the per annum basis of a year of 365 or 366 days, as applicable, and the actual days elapsed (including the first day but excluding the last day).

5.02. Repayment of Developer Advances.

a. In consideration of the development and construction of the PID Improvements, the City shall begin repaying the Developer Advances, and shall continue such repayment until repaid in full, on the earliest date that funds are available from the following source, and solely from such source:

(i) the Net Assessments, subject to the limitations set forth in **subsection (c)**.

b. the City shall reimburse the Developer for Developer Advances, plus interest, from Net Assessments from the Project accumulated in the PID Revenue Fund available in accordance with the priorities described in **Section 5.03** below.

c. At such time as funds are available to pay all or any portion of the Developer Advances made hereunder, the City shall hire a certified public accountant at the Developer's expense to calculate the amount due the Developer and prepare and submit a report to the City certifying (1) the amount due the Developer for the Developer Advances being repaid with interest calculated thereon, and (2) that funds are available to make such payment. Such report shall be approved at the earliest practicable time, but not later than 90 days after submission by the Developer of the records required therefor. The City shall make payment to the Developer within 30 days of approval of the auditor's report.

5.03. Priorities. Amounts deposited in the PID Revenue Fund shall be applied in the following order of priority (i) administrative and operating costs of the PID, (ii) payments to the Developer pursuant to **Section 5.02**, above.

ARTICLE 6 DEFAULT

6.01. Default.

a. If the City does not perform its obligations hereunder in substantial compliance with this Agreement, in addition to the other rights given the Developer under this Agreement, the Developer may enforce specific performance of this Agreement or seek actual damages incurred by the Developer for any such default.

b. If the Developer fails to commence or complete the PID Improvements or the Project in accordance with the terms of this Agreement, including the failure to fund Developer Advances or commence construction of the Project within eighteen (18) months, the City may terminate this Agreement with respect to its obligations to the Developer and shall be relieved of any obligation to reimburse the Developer for any Developer Advances or seek actual damages incurred for any such default.

c. The Party alleging default shall provide written notice to the other party of such default, and the defaulting party shall have 60 days to remedy the default prior to the declaration of any default hereunder.

ARTICLE 7 GENERAL

7.01. Inspections, audits. The Developer agrees to keep such operating records with respect to the PID Improvements and other activities contemplated by this Agreement and all costs associated therewith as may be required by the City, or by State and federal law or regulation. The Developer shall allow the City access to, and the City shall have a right at all reasonable times to audit, all documents and records in the Developer's possession, custody or control relating to the PID Improvements that the City deems necessary to assist the City in determining the Developer's compliance with this Agreement.

7.02 Developer operations and employees. All personnel supplied or used by the Developer in the performance of this Agreement shall be deemed contractors or subcontractors of the Developer and will not be considered employees, agents, contractors or subcontractors of the City for any purpose whatsoever. The Developer shall be solely responsible for the compensation of all such contractors and subcontractors.

7.03 Personal liability of public officials, legal relations. To the extent permitted by State law, no director, officer, employee or agent of the City shall be personally responsible for any liability arising under or growing out of the Agreement. THE DEVELOPER SHALL INDEMNIFY AND SAVE HARMLESS THE CITY AND ITS RESPECTIVE OFFICERS, REPRESENTATIVES, AND AGENTS FROM ALL SUITS, ACTIONS, OR CLAIMS OF ANY CHARACTER BROUGHT FOR OR ON ACCOUNT OF ANY INJURIES OR DAMAGES RECEIVED BY ANY PERSON, PERSONS, OR PROPERTY RESULTING FROM THE NEGLIGENT ACTS OF THE DEVELOPER, OR ANY OF ITS AGENTS, OFFICERS, OR REPRESENTATIVES IN PERFORMING ANY OF THE SERVICES AND ACTIVITIES UNDER THIS AGREEMENT.

7.04 Notices. Any notice sent under this Agreement (except as otherwise expressly required) shall be written and mailed, or sent by electronic or facsimile transmission confirmed by mailing written confirmation at substantially the same time as such electronic or facsimile transmission, or personally delivered to an officer of the receiving party at the following addresses:

City of Tomball
c/o City Manager
401 Market Street
Tomball, Texas 77375

PID Contract Administrator
Hawes Hill Calderon, LLP
P.O. Box 22167
Houston, Texas 77092
Attn: Scott Bean

Mr. Jim Spurlin
LS DEVELOPMENT, LLC
10423 Huffsmith
Tomball, Texas 77375

Each party may change its address by written notice in accordance with this section. Any communication addressed and mailed in accordance with this section shall be deemed to be given when so mailed, any notice so sent by electronic or facsimile transmission shall be deemed to be given when receipt of such transmission is acknowledged, and any communication so delivered in person shall be deemed to be given when receipted for by, or actually received by the City, or the Developer, as the case may be.

7.05 Amendments and waivers. Any provision of this Agreement may be amended or waived if such amendment or waiver is in writing and is signed by the City and the Developer. No course of dealing on the part of the Parties, nor any failure or delay by one or more of the Parties, with respect to exercising any right, power or privilege under this Agreement shall operate as a waiver thereof, except as otherwise provided in this section.

7.06 Invalidity. In the event that any of the provisions contained in this Agreement shall be held unenforceable in any respect, such unenforceability shall not affect any other provision of this Agreement.

7.07 Successors and assigns. All covenants and agreements contained by or on behalf of a Party in this Agreement shall bind its successors and assigns and shall inure to the benefit of the other Parties, their successors and assigns. The Parties may assign their rights and obligations under this Agreement or any interest herein, only with the prior written consent of the other Parties, and any assignment without such prior written consent, including an assignment by operation of law, is void and of no effect; provided that, the Developer may make a collateral assignment in favor of a lender without consent. This section shall not be construed to prevent the Developer from selling lots, parcels or other portions of the Project in the normal course of business. If such assignment of the obligations by the Developer hereunder is effective, the

Developer shall be deemed released from such obligations. If any assignment of the obligations by the Developer hereunder is deemed ineffective or invalid, the Developer shall remain liable hereunder.

7.08 Exhibits; titles of articles, sections and subsections. The exhibits attached to this Agreement are incorporated herein and shall be considered a part of this Agreement for the purposes stated herein, except that in the event of any conflict between any of the provisions of such exhibits and the provisions of this Agreement, the provisions of this Agreement shall prevail. All titles or headings are only for the convenience of the parties and shall not be construed to have any effect or meaning as to the agreement between the parties hereto. Any reference herein to a section or subsection shall be considered a reference to such section or subsection of this Agreement unless otherwise stated. Any reference herein to an exhibit shall be considered a reference to the applicable exhibit attached hereto unless otherwise stated.

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[EXECUTION PAGE FOLLOWS]

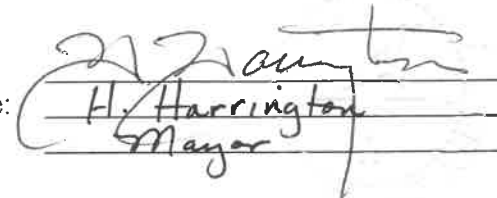
IN WITNESS WHEREOF, the parties hereto have caused this instrument to be duly executed as of May 31, 2007.

CITY OF TOMBALL, TEXAS

By:

Name:

Title:


H. Harrington
Mayor

LS DEVELOPMENT, LLC

Jim Spurlin

Title:

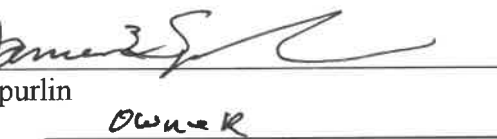

Owner

EXHIBIT A

LEGAL DESCRIPTION

Job #35093

Description of a 142.770 acre tract of land in the Joseph Miller Survey, Abstract No. 50 in Harris County, Texas, being a portion of a called 153.45 acre tract described in deed recorded in Harris County Clerk's File No. C-817579 being all of a called 7.3765 acre tract described in deed recorded in Harris County Clerk's File No. S-040074, and being all of a called 8.7325 acre tract described in deed recorded in Harris County Clerk's File No. S-040076, and said 142.770 acre tract being more fully described as follows (with bearings referenced to the Southwesterly right-of-way line of the I. & G.N. Railroad right-of-way as South 56° 30' 48" East):

BEGINNING at a ½ inch iron rod set for the Southwest corner of the above referenced 7.3765 acre tract in the North right-of-way line of Zion Road (60 feet wide) and being also the Southeast corner of a called 0.5264 acre tract recorded in Harris County Clerk's File No. V-471789, and from which a found ½ inch iron rod bears North 82° 21' 48" East, 15.33 feet and a found ¾ inch iron pipe bears North 82° 34' 12" East, 15.20 feet;

THENCE North 00° 04' 01" East, along the East line of said 0.5264 acre tract, the East line of a called 2.29 acre tract recorded in Harris County Clerk's File No. R-006483, the East line of a called 1.224 acre tract recorded in Harris County Clerk's File No. R-404456, the East line of a called File No. R-404456, the East line of a called 1.0354 acre tract recorded in Harris County Clerk's File No. S-053503, and the East line of another called 1.0354 acre tract recorded in Harris County Clerk's File No. P-336468, 1777.49 feet to a ½ inch iron rod set for the Northwest corner of the aforementioned 8.7325 acre tract in the South line of the aforementioned called 153.45 acre tract, from which a found ¾ inch iron pipe bears North 15° 01' 09" West, 3.16 feet, and a found ¾ inch iron pipe bears North 28° 46' 23" West, 0.70 feet;

THENCE South 88° 50' 47" West, along the South line of said 153.45 acre tract and the North line of the aforementioned 1.0354 acre tract, 150.09 feet to a 2 inch iron pipe found for its Northwest corner and an angle point in the upper South line of this tract;

THENCE South 88° 48' 41" West, along the South line of said 153.45 acre tract and the North line of a called 3.4015 acre and a called 0.7718 acre tract, both recorded in Harris County Clerk's File No. S-398301, 623.36 feet to a fence corner found for the upper Southwest corner of this tract in the East line of a called 22.8140 acre tract recorded in Harris County Clerk's File No. U-623541;

THENCE North 00° 27' 22" West, along the East line of said 22.8140 acre tract and the East line of a called 68 acre tract recorded in Harris County Clerk's File No. U-139153, 1805.55 feet to a ½ inch iron rod found for the most Westerly Northwest corner of this tract and the Southwest corner of a called 15.6463 acre tract recorded in Harris County Clerk's File No. L-547016, and from which a found ½ inch iron rod bears South 00° 23' 12" East, 84.64 feet, and a found ½ inch iron rod bears North 00° 19' 15" East, 90.25 feet;

THENCE South 89° 56' 50" East, along the South line of said 15.6463 acre tract, passing a one inch iron rod found for its Southeast corner and the Southwest corner of a called 13.476 acre tract recorded in Harris County Clerk's File No. U-002476 at 403.01 feet and continuing for a total distance of 805.79 feet to a ½ inch iron rod found for the Southeast corner of said 13.476 acre tract and an interior corner of this tract;

THENCE North 00° 01' 04" East, along the East line of said 13.476 acre tract, 1263.73 feet to a ½ inch iron rod set for the Northwest corner of this tract in the Southwesterly line of the I. & G. N. Railroad right-of-way as recorded in Volume 140, Page 486 of the Harris County Deed Records, and from which a found 1 inch iron rod bears North 00° 01' 04" East, 59.94 feet;

THENCE South 56° 30' 48" East, along the Southwesterly right-of-way line of said I. & G. N. Railroad, 41.04 feet to a ½ inch iron rod set for an angle point;

THENCE South 89° 24' 47" East, along the Southwesterly right-of-way line of said I. & G. N. Railroad, 92.05 feet to a ½ inch iron rod set for an angle point;

THENCE South 56° 30' 48" East, continuing along the Southwesterly right-of-way line of said I. & G. N. Railroad, 1780.39 feet to a railroad tie fence corner for the Northeast corner of the herein described tract in the West line of a called 44.1 acre tract recorded in Harris County Clerk's File No. U-330857;

THENCE South 01° 39' 12" West, along the West line of said 44.1 acre tract the West line of a called 2.934 acre tract recorded in Harris County Clerk's File No. U-822429, and the West line of a called 2.00 acre tract recorded in Harris County Clerk's File No. U-140795, 2048.02 feet to a fence corner post for the upper Southeast corner of this tract and being a point in the North line of a called 48 acre tract recorded in Volume 915, Page 177 of the Harris County Deed Records;

THENCE North 89° 35' 18" West, along the North line of said 48 acre tract, 1177.80 feet to an axle found for an interior corner of this tract and the Northeast corner of the aforementioned 8.7325 acre tract;

THENCE South 00° 06' 23" West, along the West line of said 48 acre tract and the East line of the aforementioned 8.7325 acre and 7.3765 acre tracts, 1782.90 feet to a ½ inch iron rod set for the Southeast corner of the herein described tract in the North right-of-way line of Zion Road, and from which a found ¾ inch iron rod bears North 47° 50' 10" West, 73.98 feet, and a found ¾ inch iron rod bears South 89° 35' 31" West, 129.16 feet;

THENCE South 89° 38' 14" West, along the North right-of-way line of Zion Road, 391.58 feet to the POINT OF BEGINNING and containing 142.770 acres of land.

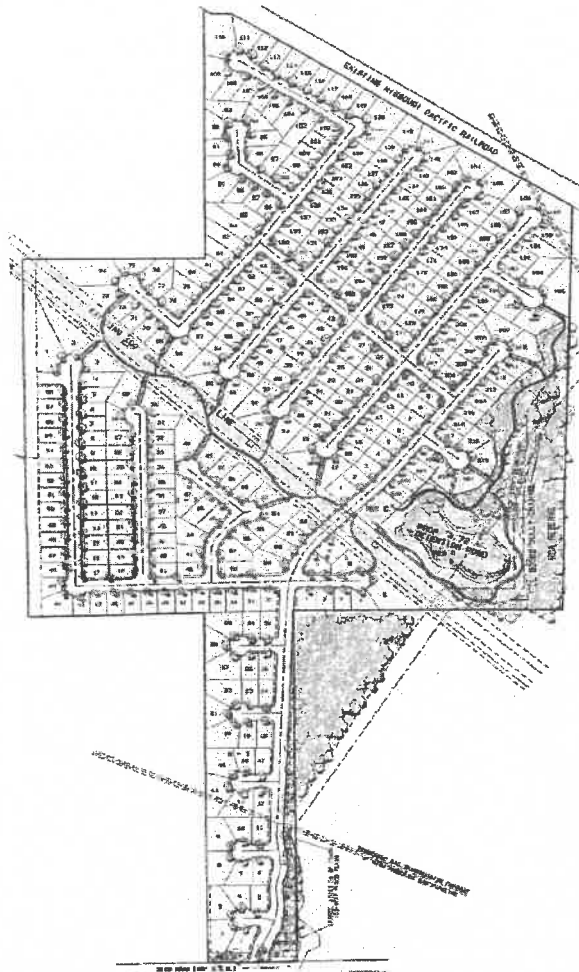
This description is based on a ground survey and plat prepared by Marion R. Clark, R.P.L.S. and dated November 28, 2005.



Marion R. Clark
Registered Professional Land Surveyor
Texas Registration No. 1881
November 29, 2005

EXHIBIT B

Description of Residential Development



Master Plan

Scale 1" = 200'



Entry Elevation

Scale 1/2" = 1' - 0"

RALEIGH CREEK

I-S Development



Town Center Landscape Inc.
Landscape Architecture
P.O. Box 1000
Tomball, TX 77357
Phone: 281.291.1000
Fax: 281.291.1001
www.towncenterlandscape.com

EXHIBIT C

The PID Improvements

Project	Estimated Cost
Water Lines	\$480,000
Sanitary Sewer	\$750,000
Storm Sewer & Drainage	\$2,100,000
Storm Water Detention	\$375,000
Street Paving and Sidewalks	\$3,080,000
Engineering & Contingencies (15%)	\$1,017,759
TOTAL	\$7,802,750

CITY OF TOMBALL
DEVELOPMENT POLICY
SPECIAL FINANCING DISTRICTS

The City of Tomball has established this policy as a guideline to those developer seeking incentives from the City for development projects utilizing tax increment financing (TIF/TIRZ) and/or public improvement districts (PID). This policy is not intended to address all aspects of development costs. Those costs not specifically addressed in this policy will be considered on an individual project basis.

Limitation on Size of Development

1. To receive consideration by and approval from the City for PID financing to facilitate a residential development, the proposed boundaries of the development shall be no less than 125 acres. If the proposed boundaries of the development are less than 125 acres, the average value of homes built in the district shall be no less than \$225,000. This home value will be adjusted each year by the Consumer Price Index (CPI) to convert the \$225K benchmark value to current year prices.
2. To receive consideration by and approval from the City for TIF financing to facilitate a mixed-use development, the proposed boundaries of the commercial component of the development shall be no less than 45% of the total acreage. If the commercial component is less than 45% of the total acreage, the City will consider granting approval of TIF financing if:
 - a. There is no issuance of debt in the tax increment zone
 - b. The development facilitates the completion of projects outlined in the City's Capital Improvement Plan for transportation, drainage, water, wastewater, and parks improvements.
 - c. The project facilitates the economic development desires of City Council.
3. Tax increment financing will not be extended to new residential development.

Limitation on PID Assessment

The annual assessment to property owners within the district shall be no more than the equivalent of a \$.50 tax rate on the assessed value of their property.

Limitation on Assessment Term

The maximum term of a PID assessment is not to exceed 10 years. The date the first assessment installment becomes due is either 3 years from the date of the levy or the date that the real property is transferred to the home buyer; whichever occurs first.

Zone/District Administration

The City of Tomball will contract with an outside consultant to administer the zone and to bill, collect, and track district assessments. This cost will be considered a reimbursable project cost and should be included in the zone/district Project Plan.

Limitation on Developer Interest

Developer earned interest will be reimbursed at an amount not to exceed the net effective interest rate on bonds sold or 8% whichever is less. If zone/district bonds are not sold, reimbursement will be calculated at 50 basis points over the average interest reported by the Bond Buyer in its "20 Bond Index" for general obligation bonds during the interest accrual period or 8% whichever is less.

Bidding of Project Improvements

Developers will be required to follow municipal bidding procedures on all project improvements as outlined in Chapter 252 of the Texas Local Government Code. Bid tabulations and a recommendation for award of contracts will be brought before City Council for approval. This process will be required of both TIRZ's and PID's.

Regular City Council

Agenda Item

Data Sheet

Meeting Date: June 4, 2018

Topic:

Consideration and Possible Action to Approve Agreement for Annexation and Provision of Water Services with Houston PFG, Inc. for the City to Temporarily Provide Out-of-City Water Service

Background:

Houston PFG, Inc. (PFG) owns property located at 14600 Brown Road and is currently located outside the Tomball city limits. The property is partially constructed and includes two office/warehouse buildings, a parking area and detention pond. PFG desires to annex into the Tomball city limits and the annexation process can take up to 90 days to complete.

The Agreement for Annexation and Provision of Water Services (Agreement) under consideration will allow PFG to receive water service from the City of Tomball prior to annexation if PFG submits a petition for annexation within 10 days of the date of the agreement. If PFG withdraws their application for annexation or if the annexation fails to occur within six months of the date of the agreement, the Agreement provides the City of Tomball the ability to disconnect their water service.

Origination:

Houston PFG, Inc.

Recommendation:

Approval

Party(ies) responsible for placing this item on agenda:

Craig T. Meyers, P.E., Community Development Director

ACTION TAKEN

Approval ☐ Yes ☐ No	Readings Passed ☐ 1 st ☐ 2 nd	Other
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ATTACHMENTS:

Agreement for Annexation and Provision of Water Services

Site Map

Site Photo

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

AGREEMENT FOR ANNEXATION AND PROVISION OF WATER SERVICES

This Agreement for Provision of Water Services (“Agreement”) is entered into by and between the City of Tomball, Texas, a home-rule municipal corporation existing and operating pursuant to the laws and constitution of the State of Texas (“Tomball”) and Houston PFG, Inc. (“PFG”).

WHEREAS, PFG owns land located at 14600 Brown Road in the extraterritorial jurisdiction of Tomball (the “Property”);

WHEREAS, PFG desires to have the Property annexed into the city limits of Tomball;

WHEREAS, the Parties agree that, while the Property is in the process of being annexed into the city limits of Tomball, Tomball will provide water utilities to the Property in accordance with the terms and provisions of this Agreement.

NOW, THEREFORE, for and in consideration of the mutual agreements, covenants and conditions contained herein, and other good and valuable consideration the sufficiency of which is hereby acknowledged, Tomball and PFG hereby agree as follows:

1. PFG agrees to submit a petition for annexation of the Property into the corporate limits of Tomball within ten (10) days of the date of this Agreement.
2. Upon receipt of the petition for annexation described in paragraph 1 above, Tomball will make water utilities available to the Property. The water shall be provided to the Property at the same rates water is provided to other customers of Tomball. PFG shall pay all utility deposits, tap fees and impact fees as required by other customers. Upon completion of the annexation, PFG will be treated in the same manner as all other customers in the corporate limits of Tomball.
3. If PFG, or any other owner of the Property, should withdraw the petition for annexation prior to the completion of the annexation process, or if the annexation process is not completed for any reason within six (6) months of the date of this Agreement, Tomball shall have the right terminate this Agreement and water service to the Property.

**AGREEMENT FOR ANNEXATION
AND PROVISION OF WATER SERVICES
City of Tomball and PFG Houston, Inc.
Page 2 of 2**

Agreed and entered into this the _____ day of June, 2018.

THE CITY OF TOMBALL, TEXAS

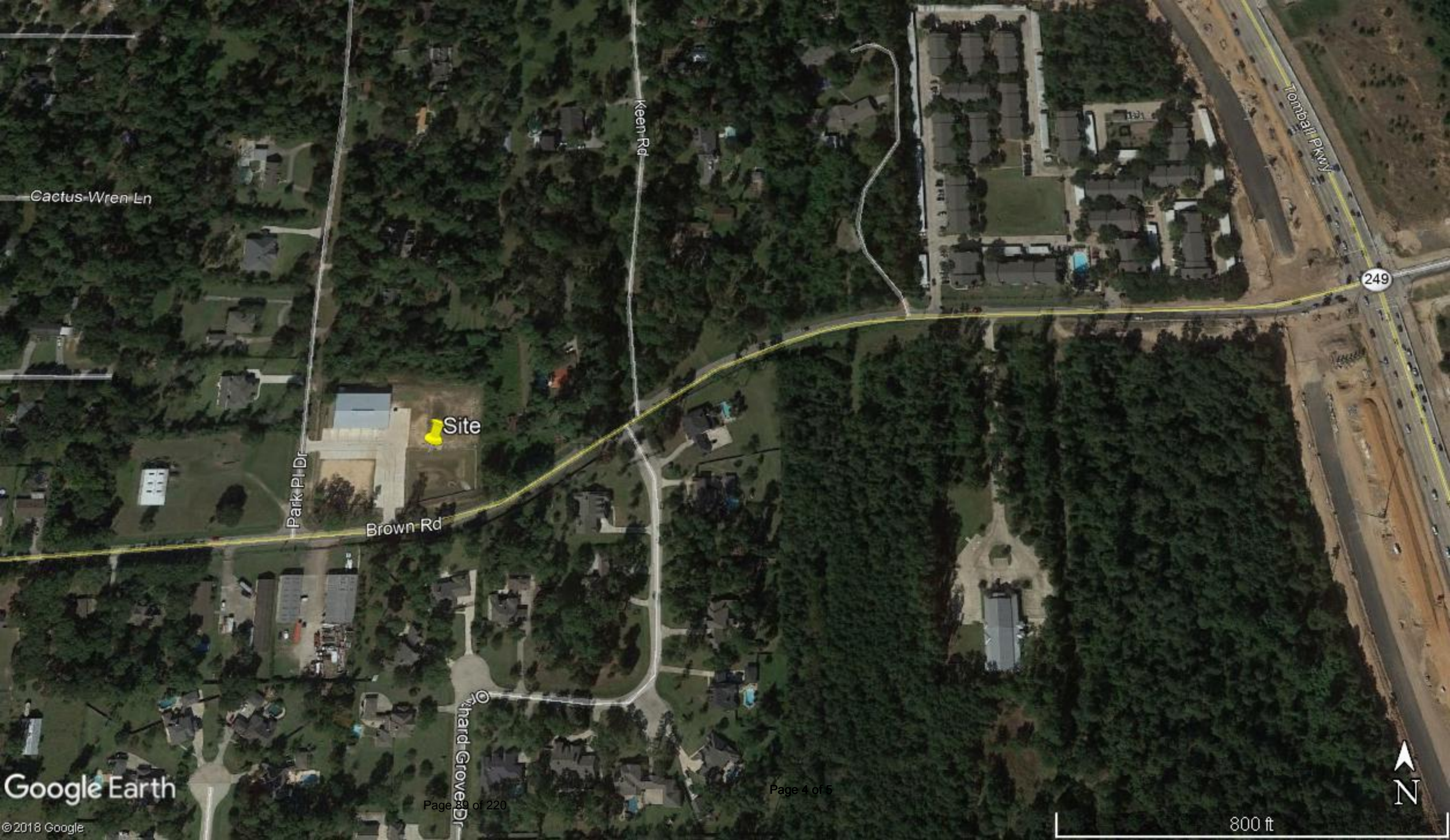
By: _____
Robert S. Hauck
City Manager

ATTEST:

Doris Speer, City Secretary

PFG HOUSTON, INC

By: _____
Russell McKee
President





Regular City Council
Agenda Item
Data Sheet

Meeting Date: June 4, 2018

Topic:

Receive the Tomball Economic Development Corporation (TEDC) 2017-2018 Annual Report.

Background:

The Bylaws of the Tomball Economic Development Corporation (TEDC) require that an annual status report outlining the activities of the Corporation in carrying out its Strategic Work Plan be submitted to City Council for review.

Origination:

Tomball Economic Development Corporation Board of Directors.

Recommendation:

As per the TEDC Bylaws, this annual report is for review by the City Council. No action is required.

Party(ies) responsible for placing this item on agenda:

Kelly Violette, Executive Director, Tomball Economic Development Corporation.

ACTION TAKEN

Approval ☐ Yes ☐ No	Readings Passed ☐ 1 st ☐ 2 nd	Other
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ATTACHMENTS:

2017-2018 Annual Report

TOMBALL

ECONOMIC DEVELOPMENT CORPORATION

ANNUAL REPORT

2017-2018



Gretchen Fagan, President
Mayor, City of Tomball



Lori Klein Quinn, Vice President
Mayor Pro Tem, City of Tomball



William E. Sumner Jr.
Secretary



Richard Bruce
Treasurer



Tom Crofoot



Chad Degges
Tomball City Council



Steve Vaughan

ABOUT TOMBALL EDC

The TOMBALL ECONOMIC DEVELOPMENT CORPORATION (TEDC) is a non-profit Type B Corporation created pursuant to the Texas Development Corporation Act of 1979. The TEDC was formed in November 1994, after the citizens of Tomball voted to pass a ½ cent sales tax dedicated to economic development. The TEDC is governed by a seven-member Board of Directors appointed by the Tomball City Council.

Over the last five years, the TEDC worked projects that resulted in the retention and creation of nearly 1,300 jobs and generated over \$103 million in capital investment.

OPERATING REVENUES

(FY 2018 Adopted)

BEGINNING FUND BALANCE	INTEREST INCOME
\$16,754,225	\$150,000
SALES TAX	TOTAL AVAILABLE RESOURCES
\$3,500,000	\$20,409,725

EXPENDITURES

INDIRECT ECONOMIC DEVELOPMENT EXPENSES
\$594,952
CITY DEBT SERVICE
\$1,091,761
GRANTS, LOANS & OTHER EXPENDITURES
\$3,327,750
TOTAL EXPENDITURES
\$5,431,199
ENDING FUND BALANCE
\$14,978,526

EXECUTIVE DIRECTOR'S

MESSAGE

On behalf of the Board of Directors of the Tomball Economic Development Corporation (TEDC), I am pleased to present you with the 2017-2018 Annual Report. The Tomball Economic Development Corporation takes great pride in our work to positively impact the economic well-being of the Tomball community. This report details our efforts to fulfill the TEDC's mission of promoting economic growth in the City of Tomball through the attraction of new business and industry and the retention of existing businesses to enhance Tomball's quality of life for years to come.

Over the past year, the TEDC awarded \$105,584 to assist two existing companies in expanding their operations. Those companies invested over \$345,000, retained 72 jobs, and created 11 new jobs. Additionally, the TEDC approved \$100,925 in grant funds for two new projects that will bring over 245 jobs to Tomball and over \$9.2 million in private capital investment.

Under the Corporation's Business Improvement Grant (BIG) Program, the TEDC invested over \$163,000 to assist local businesses with façade, property, landscaping, and signage improvements. That investment has generated over \$683,000 in total project value within the City of Tomball. The BIG Program has been an excellent tool to support the revitalization of commercial properties and stimulate private investment in high-quality improvements that enhance the overall appearance of the city.

We continue to experience success in the development of the Tomball Business & Technology Park. In 2017, we celebrated the

groundbreaking of a new laboratory research facility for Suez Water Technologies and Solutions. The \$22 million state-of-the-art facility will house over 80 engineers, scientists, and staff members. The addition of Suez to the Tomball Business & Technology Park continues to demonstrate that our investment in establishing development-ready sites for new and expanding businesses has proven to be a sound strategy for the TEDC.

As we move forward, the Tomball EDC remains focused on supporting our existing businesses, promoting new development opportunities, and working with our economic development partners to enhance the business climate and improve the quality of life for our residents.

It is my great pleasure to serve you as the Executive Director of the Tomball Economic Development Corporation and I look forward to working with you to continue to develop Tomball as a great place to do business!

Sincerely,

Kelly Violette, CEcd, PCED, AICP
Executive Director



Tiffani Wooten, CEcd
Assistant Director

Kelly Violette, CEcd, PCED, AICP
Executive Director

TEDC GOALS

VISION

Tomball will be a sound economic competitor, providing opportunities for commercial and industrial development that enable business owners and residents to benefit from Tomball's dynamic economy, strong labor force and unmatched living and working environment.

MISSION

To promote economic growth in the City of Tomball through the attraction of new business and industry and the retention of existing businesses by providing the resources that enable development and advance the general well-being of the community.

THE TOMBALL EDC REMAINS FOCUSED ON ACHIEVING THE GOALS OUTLINED IN OUR STRATEGIC WORK PLAN: Promote business retention and expansion, attract new business and industry, and coordinate economic development efforts in Tomball, the region, and the state.

In 2017, TEDC staff had face-to-face visits with 32 area businesses to discuss opportunities, challenges, and needs. The visits focused on expansion activities, workforce development, and the strengths and weaknesses of Tomball's business climate. The TEDC Board of Directors approved two performance agreements for business expansion projects resulting in \$346,151 in private capital investment, 72 jobs retained and 11 new jobs for the Tomball community.

Additionally, over 100 prospect meetings were held to discuss relocation opportunities, incentives, and development procedures. These efforts resulted in the approval of two performance agreements for relocation and new development projects totaling \$9.2 million in private capital investment and up to 245 new jobs for the Tomball community.

Over the past year, the TEDC has continued to work with our economic development partners to support activities that enhance economic growth and job creation and contribute to a higher quality of life for Tomball's residents. Most notably in 2017, the TEDC partnered with the Governor's Office, Texas Workforce Commission, Lone Star College Business Success Center, and the North Houston Association to host a Governor's Small Business Workshop and Expo at Lone Star College-Tomball.

SUPPORT FROM TEDC



Site Selection Assistance



Fast Track Development Coordination



Data and Demographic Research



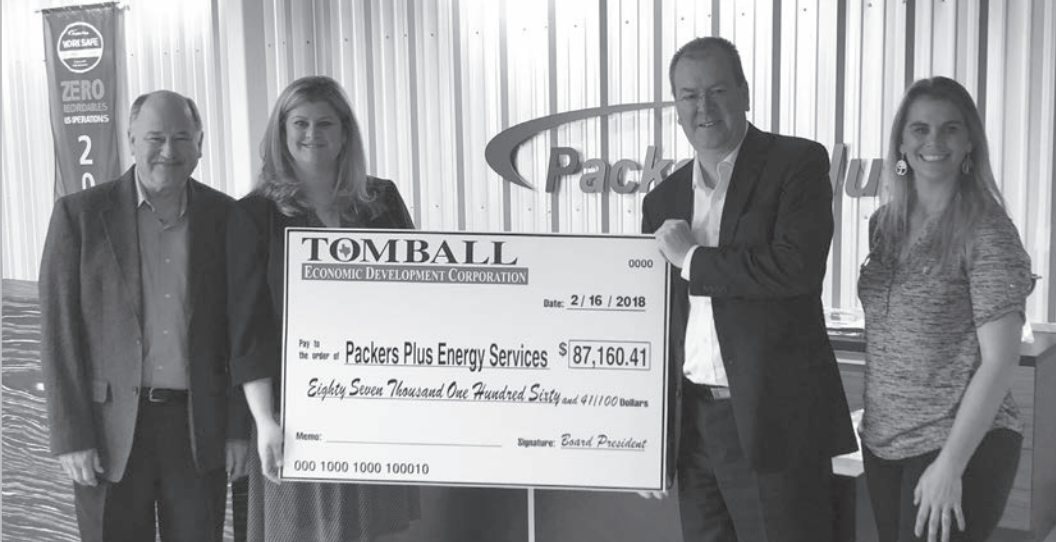
Business Funding and Incentive Connections



Networking and Referral Resource



Workforce Development Liaison



ATTRACT

RETAIN



COORDINATE



ECONOMIC DEVELOPMENT BY THE NUMBERS



32 Businesses Visited



100 Prospect Meetings



4 Project Grants Awarded



72 Jobs Retained



256 Jobs Created



\$9.3M in Capital Investment

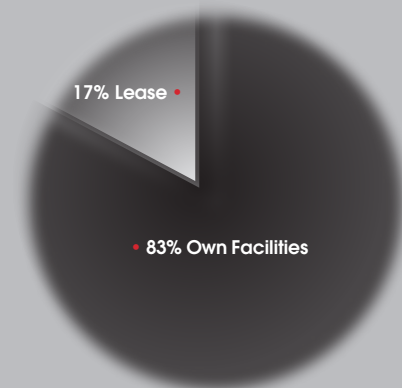
EMPLOYMENT

COMPANY	JOB BASE	NEW JOBS	COMPANY INVESTMENT	TEDC INVESTMENT
Houston Poly Bag I, Ltd.	60	7	\$236,152	\$95,000
Motion Machinery, Ltd.	12	4	\$110,000	\$10,584
Birner Houston Corp. dba Renewal by Andersen	0	200	\$2,800,000	\$50,000
Dancing Falls Development, LLC	0	45	\$6,150,250	\$50,925
TOTALS	72	256	\$9,296,402	\$206,509

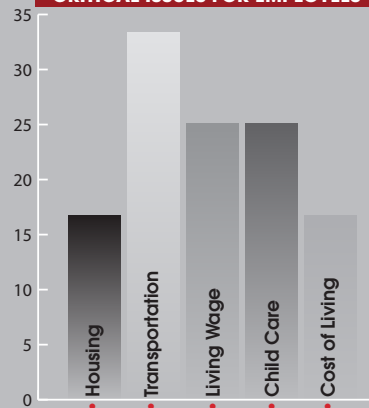
BUSINESS RETENTION & EXPANSION SURVEY

In order to better understand and address the needs of local businesses, the TEDC surveyed twenty area companies in a confidential online survey. The survey was intended to identify business challenges, workforce needs, and expansion plans. The survey results will assist the TEDC in developing strategies to support local businesses and retain and create jobs.

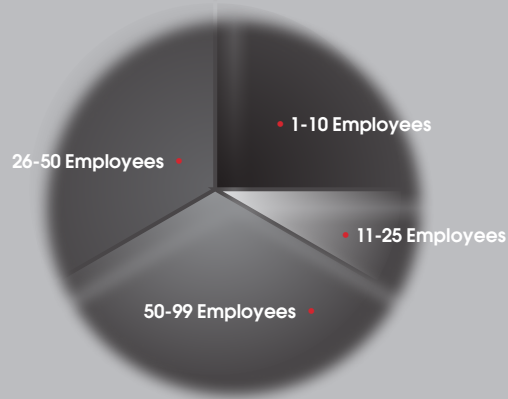
FACILITY OWNERSHIP



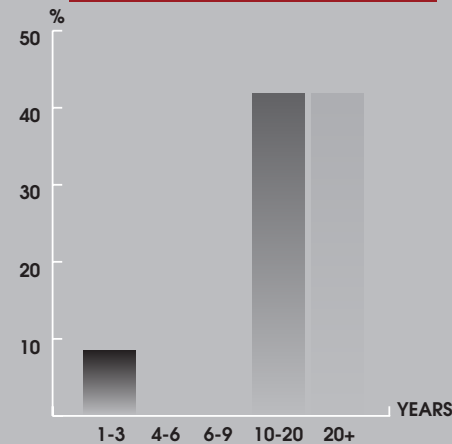
CRITICAL ISSUES FOR EMPLOYEES



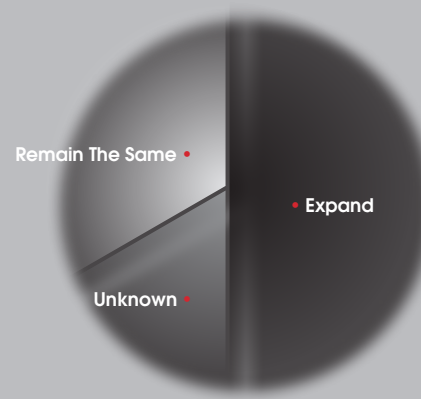
CURRENT FULL-TIME EMPLOYEES



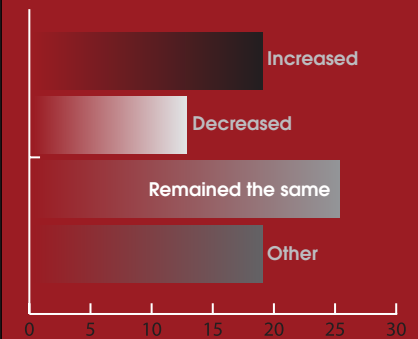
NO. OF YEARS IN OPERATION



PLANS FOR THE NEXT 24 MONTHS



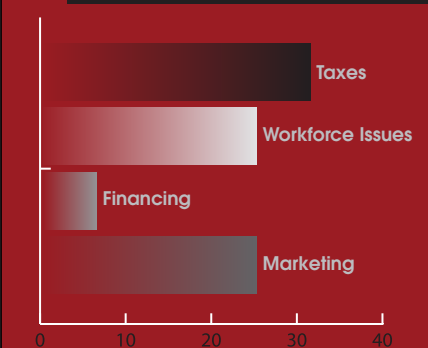
BUSINESS REVENUES OVER THE PAST 2 YEARS



COMPETITIVE ADVANTAGES OF BUSINESS



DIFFICULTIES FOR BUSINESS



TOMBALL BUSINESS & TECHNOLOGY PARK



In 2017, the Tomball EDC solicited Statements of Qualifications for professional design services for entryway signage, landscaping, lighting, and irrigation design for the Tomball Business & Technology Park. After evaluating eleven submittals, the TEDC approved a professional services agreement with Burditt Consultants, LLC. The consultant team held a series of workshops with the TEDC and project stakeholders to explore design concepts and budget goals. Each workshop began to more closely examine sign types and costs, materials, color schemes, lighting, and landscape concepts. Three conceptual designs were developed based on discussions and feedback in the workshops and presented to the TEDC and stakeholder group for consideration. A preferred design was selected, and the project is currently in the final design phase.



SUEZ, a French water treatment and waste management company that acquired GE Water, broke ground on a 45,000 sf research and development facility in the Tomball Business and Technology Park on October 24, 2017. Located on 5.5 acres, the new building will house more than 80 scientists, engineers, researchers, and staff members.



Pictured left to right:

Tom Stanley, Chief Technology Officer
SUEZ

Sean Nolan, Senior Vice President
Trammell Crow

George DeLong, Senior Engineering Manager
SUEZ

Mayor Gretchen Fagan, Board President
Tomball EDC

Amy Ericson, CMS Global Business Leader
SUEZ

David Zebold, Vice President
EEReed

“The new SUEZ technology facility in Tomball, Texas was developed with an emphasis on increased safety and environmental design concepts to deliver state-of-the-art laboratory infrastructure and training facilities for our engineers and scientists who are developing and supporting new chemical and monitoring technologies.”

Amy Ericson, global business leader for chemicals and monitoring solutions, SUEZ –Water Technologies & Solutions

BUSINESS IMPROVEMENT GRANT (BIG) PROGRAM

This program is designed to help commercial property owners and businesses make high quality improvements to buildings and properties in Tomball. The Program encourages investments that directly relate to improving the aesthetics of the community and increasing commercial property values.



 **22** Business were assisted in 2017-18

\$163,527 TEDC Investment



\$226,964
Façade Improvements



\$206,852
Landscaping Improvements



\$238,268
Property Improvements



\$11,013
Signage Improvements



Total Project
Capital Investment
\$683,099

Over the past 8 years, the TEDC has awarded over \$2.1 million in BIG funds to local businesses. TEDC'S investment has generated over \$10.3 million in total project value within the city limits of Tomball.

FOCUS ON TOMBALL

Positioning Tomball as a top destination for business development and growth opportunities is the primary focus of the TEDC's marketing efforts. Targeting key sectors and audiences through online and print media with a strategic marketing campaign has elevated Tomball's presence among site selectors, commercial brokers, and business executives.

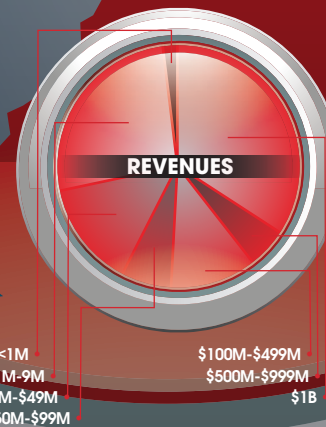
WEBSITE

The TEDC website continues to be our most powerful marketing tool. Site selectors and business owners have access to useful information such as demographics, available properties, news, site selection data, incentives, partner agencies and community/quality of life amenities.

The TEDC uses Google Analytics and Multiview Inc. to track website performance as well as behavior targeting. Over the past year, the site was visited over 15,000 times with over 13,000 unique visitors. Top countries that visited the site are: United States, Canada, South Korea, Mexico, and the Philippines. Our behavioral marketing campaign ads generated over 840 "clicks" over to the TEDC website which is higher than last year's 780 "clicks". Through this technology the TEDC is able to customize our print advertisement to be more productive by better understanding our potential customers.



Company-level information about the companies that visited tomballtxedc.org.

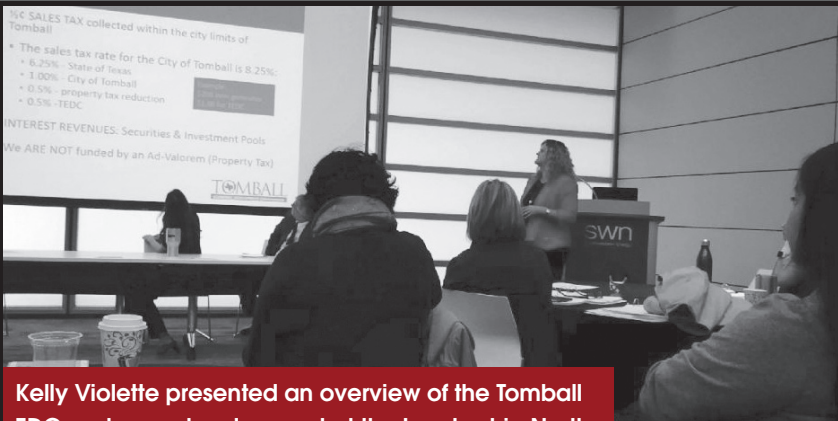


HIGHLIGHTED EVENTS



TEDC staff attended The Woodlands Area Economic Development Partnership Luncheon with representatives from CenterPoint Energy and Houston Northwest Chamber of Commerce.

The Tomball Economic Development Corporation was honored to host the Governors Small Business Workshop at Lone Star College-Tomball.



Kelly Violette presented an overview of the Tomball EDC and area development at the Leadership North Houston Economic Development Day program.

U.S. Senator Ted Cruz visited with area leaders during a GTACC Roundtable event.



Kelly Violette joined panelists Mark Kilkenny, Mischer Investments, Heath Melton, The Howard Hughes Corporation, Lisa Helfman, H-E-B, and Peter Barnhart, Caldwell Companies, at the North West Houston State of the Market event hosted by BISNOW.



The Greater Houston Partnership, International Economic Development Council, Texas Economic Development Council, and the Economic Development Administration hosted an economic development recovery briefing for economic developers following Hurricane Harvey.

ECONOMIC OUTLOOK LUNCHEON



In June of each year, the TEDC hosts an Economic Outlook event for community leaders, real estate professionals, bankers, and developers to learn about and discuss the region's economic competitiveness, market trends, and the issues that will impact growth and development in the coming year. The event has become one of the TEDC's most successful outreach initiatives as it continues to bring allies and stakeholders together to promote economic activity in Tomball.

Featured Speaker Dr. Ray Perryman, President & CEO, The Perryman Group, presented the economic outlook. Dr. Perryman predicted that while the national economy will grow at a decent pace, the Texas economy remains relatively strong despite the oil downturn over the last several years. Dr. Perryman pointed out that despite significant job losses in the oil and gas sector Texas has continued to gain jobs and has experienced growth in trade, healthcare, and the technology sector.





GOVERNOR'S SMALL BUSINESS WORKSHOP

The Tomball Economic Development Corporation was honored to host the 2017 Governor's Small Business Service Provider Workshop at Lone Star College – Tomball. In partnership with our state and regional organizations, including the Governor's Office of Small Business Assistance, the Texas Workforce Commission, Lone Star College Business Success Center, and North Houston Association, we connected over 80 local entrepreneurs, small business owners, service providers, and stakeholders. Attendees heard presentations from various organizations including the Small Business Administration, Texas Workforce Commission, Workforce Solutions, and LiffFund. Additionally, the event featured a service providers expo where attendees could speak directly with state and federal agencies and learn about resources available to start, grow, and sustain small and mid-sized businesses.

★ ★ ★ ★ ★
GOVERNOR'S
2017 | SMALL
BUSINESS
WORKSHOPS
Tomball

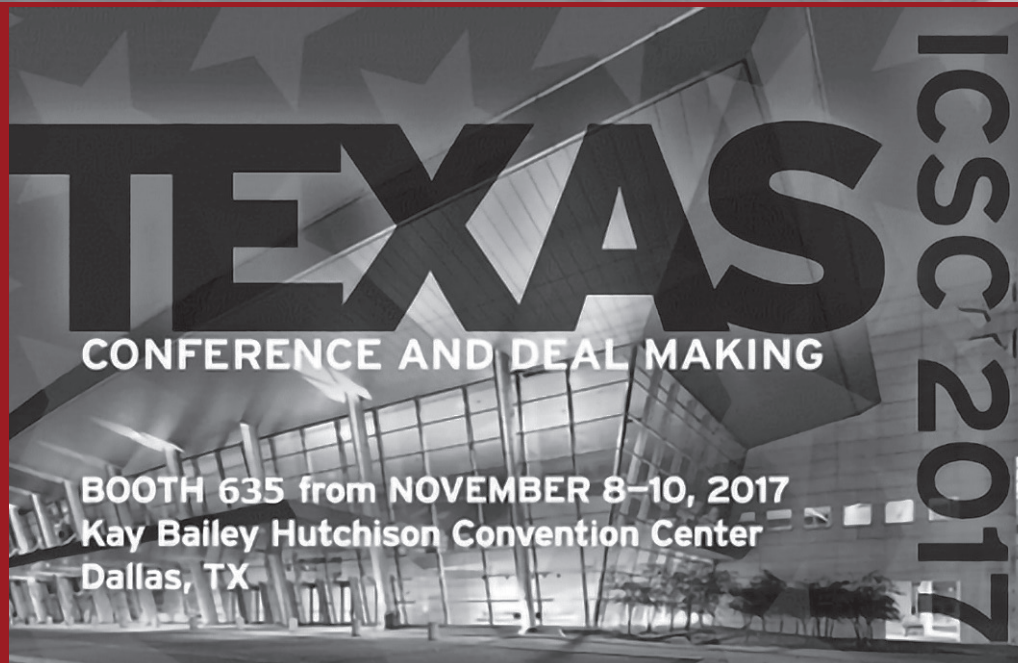


INTERNATIONAL COUNCIL OF SHOPPING CENTERS (ICSC)

TRADE SHOW PARTICIPATION

The TEDC participates annually in the ICSC Texas Conference and Deal making show. The trade show is the premier convention in Texas for the shopping center industry and provides networking, deal making and educational opportunities for real estate professionals, developers, franchisers, and municipalities.

RETAILER CENTRAL

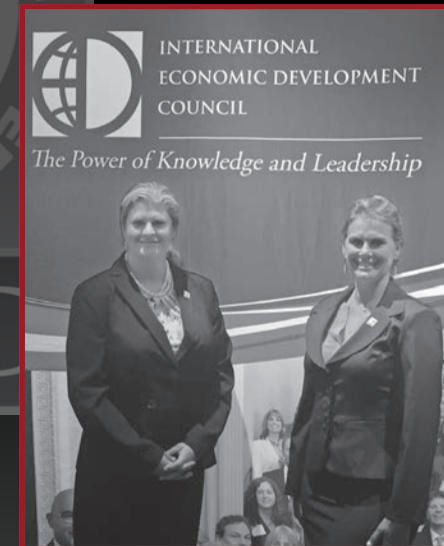


TEDC STAFF EARN DESIGNATION OF CERTIFIED ECONOMIC DEVELOPERS

As the TEDC continues to make strides in our mission to promote economic growth in the City of Tomball, the expertise and resources our staff delivers remains a top priority.

In 2017, Executive Director, Kelly Violette, and Assistant Director, Tiffani Wooten, each earned the designation of Certified Economic Developer (CEcD) after passing a rigorous three-part, two-day examination, testing their knowledge, proficiency and judgment in the key areas of economic development.

Administered by the International Economic Development Council (IEDC), the designation of Certified Economic Developer (CEcD) is a highly regarded recognition that denotes a mastery of principal skills in the field, professional attainment and a commitment to professional growth. There are approximately 1,110 Certified Economic Developers (CEcD) in the United States.



Pictured left to right:

Kelly Violette, TEDC Executive Director

Sherrie Meicher, Constituent Liaison,
Congressman Michael T. McCaul

Tiffani Wooten, TEDC Assistant Director

Landon Reed, Assistant Director of Community Outreach,
Pct. 4 Commissioner R. Jack Cagle

Sharon Slover, District Director, TX House Representative
Tom Oliverson

Kelly Violette and Tiffani Wooten were recognized for achieving CEcD designation by Congressman McCaul's office, State representative Oliverson's office, and Precinct 4 County Commissioner Cagle's office at the Greater Tomball Area Chamber of Commerce First Friday Luncheon on October 6, 2017.



TEDC Staff joined SEDC for a day and a half of networking with Dallas-area site location professionals.



TEDC Staff joined the Southern Economic Development Council (SEDC) at the “Meet the Consultants” event in Dallas April 19-20, 2018.

SEDC’s Meet the Consultants event offered economic developers the opportunity to gain useful insights directly from some of the top site selectors in the south. During the event, TEDC staff networked with over 18 site consultants as they discussed trends and provided insight into various industry sectors.





IEDC 2018 FED FORUM

The 2018 IEDC FED Forum, held in Washington, DC from March 25-27, was attended by more than 100 economic developers, including TEDC staff. The Federal Forum is the only multi-day conference focused exclusively on federal economic development programs, policies, and initiatives. It is designed to provide economic development practitioners with actionable

information on federal economic development issues that play a key role in local job creation. The 2018 theme was “Building Momentum Together: Federal Economic Development in an Uncertain Time” which focused on current challenges and issues in economic development with a specific concentration on making federal resources work for local communities.



29201 Quinn Rd. Suite B
Tomball, TX 77375

281.401.4086

TOMBALLTXEDC.ORG

Regular City Council

Agenda Item

Data Sheet

Meeting Date: June 4, 2018

Topic:

Consideration and possible action to approve, as a Project of the Corporation, an agreement with Grimes Industrial, Inc., to make direct incentives to, or expenditures for, the creation or retention of primary jobs associated with the expansion and development of its current facility located at 929 E. Main Street, Tomball, TX 77375. The estimated amount of expenditures for such Project is \$15,485.00.

Background:

On May 15, 2018, the Tomball Economic Development Corporation (TEDC) Board of Directors unanimously approved, as a Project of the Corporation, an economic development performance agreement with Grimes Industrial, Inc. for the creation or retention of primary jobs associated with the expansion of its business operations. The Tomball City Council has final approval authority over all programs and expenditures of the Corporation.

Origination:

Tomball Economic Development Corporation Board of Directors

Recommendation:

Approve, as a Project of the Corporation, the Economic Development Performance Agreement with Grimes Industrial, Inc.

Funding:

Yes

Account Number: Project Grants

Party(ies) responsible for placing this item on agenda:

Kelly Violette, Executive Director, Tomball Economic Development Corporation

ACTION TAKEN

Approval ☐ Yes ☐ No	Readings Passed ☐ 1 st ☐ 2 nd	Other
---	---	--------------

ATTACHMENTS:

TEDC Memo

Request Letter

Draft TEDC Performance Agreement

Economic Impact Analysis



TO: Honorable Mayor and City Council

FROM: Kelly Violette, Executive Director

MEETING DATE: June 4, 2018

SUBJECT: Grimes Industrial, Inc. Performance Agreement

Grimes Industrial, Inc. manufactures structural steel and industrial sheet metal fabricated components for the oil and gas, energy, refining, and petro-chemical industries. Grimes Industrial Inc. has been in business since 2007 and relocated to its current location at 929 E. Main Street in 2014 with assistance from the TEDC.

The company President, Mr. Jody Grimes, has submitted a request for grant assistance to help facilitate the expansion of an existing 8,000 sq.ft. fabrication shop. The proposed expansion includes the addition of 9,600 sq.ft. to the existing shop, the installation of a fire suppressant system, additional parking and an expansion of the site's detention pond.

Grimes Industrial, Inc. currently has twenty-eight (28) full-time employees and plans to add an additional ten (10) employees in conjunction with the expansion. The estimated capital investment for this project is \$1,090,000.00.

This company is a primary employer based on its North American Industry Classification Code (NAICS) of 332312: Fabricated Structural Metal Manufacturing.

An economic impact analysis has been prepared to show the impact of this expansion project on Tomball's economy. Per the analysis, the estimated five-year net benefit to the city is \$51,615.00. The proposed incentive is \$15,485.00, based upon 30% of the five-year net benefit.



May 7, 2018

For the attention of: Kelly Viollete

Dear Kelly,

I am writing to kindly request your consideration of funding assistance for our upcoming fab shop expansion at our Tomball location.

My name is Jody Grimes, I am the President, and sole owner of Grimes Industrial, Inc. I started the company 2007 as a manufacturer of structural steel and industrial sheet metal fabricated components for the oil and gas, energy, refining, and petro-chemical industries. We now have 11 years of steady growth and hope to gently accelerate our growth after we expand our facility.

The NAICS code for our manufacturing process is 332312.

We are intending to add on to one of our fab shops located at 929 E. Main St. Tomball, Texas 77375. The lot is 4.913 acres. We intend to add 9,600 sq. ft. to our fabrication shop for a total project site development of approx. 2.2 acres. We are also going to increase our existing retention pond for the full 4.913 acres development.

The current appraisal value for the property is \$1,671,746. We have a total project budget for building, land, and landscaping improvements cost of approx \$1,020,000.00.

We already closed on the new SBA loan for the improvements and our project completion date (if approved) is set for October 1st, 2018.

Since constructing and moving into this new facility in 2014, we have been able to hire and keep more than twenty eight (28) full time employees. We hope to hire an additional ten (10) full time employees within the first year of completing the expansion. We expect to fully staff up to approx. forty (40) employees fairly quickly. Most of these positions will be welders and fabricators plus a couple sales, estimating, and inspectors positions will be filled. The average wage will be approx \$40,000 / yr. plus multiple benefits such as healthcare, life insurance, dental, vision, retirement plans, and vacation.

Please advise what assistance and tax abatement options are available and let me know if there's anything else you're needing from me at this time. All of our upper management and sales staff now live in Tomball, and we're proud to call this small town our home.

My contact details are as follows:

Jody Grimes,
President of Grimes Industrial, Inc
929 E. Main St.
Tomball, TX 77375
Tell: 713-921-0000
Email: info@grimes-industrial.com
Website: www.grimes-industrial.com

Please let me know if you need any more information .

Thank you in advance for your kind consideration of our expansion and relocation to Tomball.

Yours sincerely,

Jody Grimes

AGREEMENT

THE STATE OF TEXAS §
 § KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF HARRIS §

This Agreement (the “Agreement”) is made and entered into by and between the **Tomball Economic Development Corporation**, an industrial development corporation created pursuant to Tex. Rev. Civ. Stat. Ann. Art. 5190.6, Section 4B, located in Harris County, Texas (the “TEDC”), and **Grimes Industrial, Inc.** (the “Company”), 929 E. Main Street, Tomball, TX 77375.

WITNESSETH:

WHEREAS, it is the established policy of the TEDC to adopt such reasonable measures from time-to-time as are permitted by law to endeavor to attract industry, create and retain primary jobs, expand the growth of the City of Tomball (the “City”), and thereby enhance the economic stability and growth of the City; and

WHEREAS, the Company owns a 4.913-acre tract of land within the City, located at 929 E. Main Street, Tomball, TX 77375 (the “Property”), and more particularly described in Exhibit “A,” attached hereto and made a part hereof; and

WHEREAS, the Company proposes to expand its current operations at the Property, and as part of the process, plans to expend funds to construct a 9,600 square foot building addition and make other capital improvements (the “Improvements”), more particularly described in Exhibit “B” attached hereto and made a part hereof; and

WHEREAS, the Company also proposes to maintain its current twenty-eight (28) full-time jobs at the Property and create ten (10) new full-time employment positions at the Property in conjunction with the expansion of its business operations at the Property; and

WHEREAS, the TEDC agrees to provide to the Company the sum of Fifteen Thousand Four Hundred and Eighty-Five Dollars (\$15,485.00) to assist in the construction of the Improvements, the retention of twenty-eight (28) full-time jobs, and the addition of ten (10) new full-time jobs at the Property; and

WHEREAS, the Company has agreed, in exchange and as consideration for the funding, to satisfy and comply with certain terms and conditions; and

WHEREAS, this expenditure is found by the Board of Directors of the TEDC to be required or suitable for the promotion and development of new or expanded business enterprises and in furtherance of creation and retention of primary jobs; and

NOW, THEREFORE, in consideration of the premises and the mutual benefits and obligations set forth herein, including the recitals set forth above, the TEDC and the Company agree as follows:

1.

The Company covenants and agrees that it will construct the Improvements and operate and maintain the proposed business on the Property for a term of at least five (5) years, and will for such term, except as provided by paragraph 4 hereof, maintain twenty-eight (28) full-time employees and create ten (10) new full-time jobs on the Property.

2.

The Company also covenants and agrees that construction of the Improvements, the addition of the ten (10) new employees, and obtaining all necessary occupancy permits from the City shall occur within twenty-four (24) months from the Effective Date of this Agreement. Extensions of these deadlines, due to any extenuating circumstance or uncontrollable delay, may be granted at the sole discretion of the Board of Directors of the TEDC.

3.

The Company further covenants and agrees that it does not and will not knowingly employ an undocumented worker. An “undocumented worker” shall mean an individual who, at the time of employment, is not (a) lawfully admitted for permanent residence to the United States; or (b) authorized under the law to be employed in that manner in the United States.

4.

In consideration of the Company's representations, promises, and covenants, TEDC agrees to grant to the Company Fifteen Thousand Four Hundred and Eighty-Five Dollars (\$15,485.00) to assist in the construction of the Improvements, the retention of twenty-eight (28) full-time jobs, and the addition of ten (10) new full-time jobs to the Tomball operation. The TEDC agrees to distribute such funds to the Company within thirty (30) days of receipt of a letter from the Company requesting such payment, which letter shall also include: (a) a copy of the City's occupancy permit for the Improvements to the Property, if applicable; (b) proof that the company has retained and added the number of employees indicated above to the Tomball operation as evidenced by copies of Texas Workforce Commission form C-3 or Internal Revenue Service form 941; (c) a letter from the City acknowledging that all necessary plats, plans, and specifications have been received, reviewed, and approved; (d) certification that the Improvements have been constructed in accordance with the approved plans and specifications; (e) an affidavit stating that all contractors and subcontractors providing work and/or materials in the construction of the Improvements have been paid and any and all liens and claims regarding such work have been released; and (f) Proof of payment to all contractors and subcontractors providing work and/or materials in the construction of the Improvements, proof of payment must

include copies of canceled checks and/or credit card receipts and copies of paid invoices from all contractors and subcontractors.

In the event the number of jobs originally projected is not met or maintained, the amount of the funding provided to the Company by TEDC will be reduced on a pro-rata basis to reflect the actual number of jobs at the time of the request for disbursement of funds.

5.

It is understood and agreed by the parties that, in the event of a default by the Company on any of its obligations under this Agreement, the Company shall reimburse the TEDC the full amount paid to the Company by the TEDC, with interest at the rate equal to the 90-day Treasury Bill plus $\frac{1}{2}\%$ per annum, within 120 days after the TEDC notifies the Company of the default. It is further understood and agreed by the parties that if the Company is convicted of a violation under 8 U.S.C. Section 1324a(f), the Company will reimburse the TEDC the full amount paid to the Company, with interest at the rate equal to the 90-day Treasury Bill plus $\frac{1}{2}\%$ per annum, within 120 days after the TEDC notifies the Company of the violation.

The Company shall also reimburse the TEDC for any and all reasonable attorney's fees and costs incurred by the TEDC as a result of any action required to obtain reimbursement of such funds. Such reimbursement shall be due and payable thirty (30) days after the Company receives written notice of default accompanied by copies of all applicable invoices.

It is understood and agreed by the parties that, in the event of a default by the TEDC on any of its obligations under this Agreement, the Company's sole and exclusive remedy shall be limited to either a) the termination of this Agreement or b) a suit for specific performance.

6.

Personal Liability of Public Officials: To the extent permitted by law, no director, officer, employee or agent of the TEDC, and no officer, employee or agent of the City of Tomball, shall be personally responsible for any liability arising under or growing out of this Agreement.

7.

This Agreement shall inure to the benefit of and be binding upon the TEDC and the Company, and upon the Company's successors and assigns, affiliates, and subsidiaries, and shall remain in force whether the Company sells, assigns, or in any other manner disposes of, either voluntarily or by operation of law, all or any part of the Property and the agreements herein contained shall be held to be covenants running with the Property for so long as this Agreement, or any extension thereof, remains in effect.

8.

Any notice provided or permitted to be given under this Agreement must be in writing and may be served by (i) depositing the same in the United States mail, addressed to the party to be notified, postage prepaid, registered or certified mail, return receipt requested; or (ii) by delivering the same in person to such party; or (iii) by overnight or messenger delivery service that retains regular records of delivery and receipt; or (iv) by facsimile; provided a copy of such notice is sent within one (1) day thereafter by another method provided above. The initial addresses of the parties for the purpose of notice under this Agreement shall be as follows:

If to City:

Tomball Economic Development Corporation
401 W. Market Street
Tomball, Texas 77375
Attn: President, Board of Directors

If to Company: Grimes Industrial, Inc.
929 E. Main Street
Tomball, TX 77375
Attn: Jody Grimes, Owner and President

9.

This Agreement shall be performable and enforceable in Harris County, Texas, and shall be construed in accordance with the laws of the State of Texas.

10.

Except as otherwise provided in this Agreement, this Agreement shall be subject to change, amendment or modification only in writing, and by the signatures and mutual consent of the parties hereto.

11.

The failure of any party to insist in any one or more instances on the performance of any of the terms, covenants or conditions of this Agreement, or to exercise any of its rights, shall not be construed as a waiver or relinquishment of such term, covenant, or condition, or right with respect to further performance.

12.

This Agreement shall bind and benefit the respective Parties and their legal successors and shall not be assignable, in whole or in part, by any party without first obtaining written consent of the other party.

13.

In the event any one or more words, phrases, clauses, sentences, paragraphs, sections, or other parts of this Agreement, or the application thereof to any person, firm, corporation, or circumstance, shall be held by any court of competent jurisdiction to be invalid or

unconstitutional for any reason, then the application, invalidity or unconstitutionality of such words, phrases, clauses, sentences, paragraphs, sections, or other parts of this Agreement shall be deemed to be independent of and severable from the remainder of this Agreement, and the validity of the remaining parts of this Agreement shall not be affected thereby.

IN TESTIMONY OF WHICH, THIS AGREEMENT has been executed by the parties on this _____ day of _____ 2018 (the "Effective Date").

GRIMES INDUSTRIAL, INC.

By: _____

Name: Jody Grimes

Title: President

ATTEST:

By: _____

Name: _____

Title: _____

TOMBALL ECONOMIC DEVELOPMENT CORPORATION

By: _____

Name: Gretchen Fagan

Title: President, Board of Directors

ATTEST:

By: _____

Name: William E. Sumner Jr.

Title: Secretary, Board of Directors

ACKNOWLEDGMENT

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on the ____ day of _____
2018, by Jody Grimes, President of Grimes Industrial, Inc., for and on behalf of said company.

Notary Public in and for the State of Texas

My Commission Expires: _____

(SEAL)

ACKNOWLEDGMENT

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on the ____ day of _____
2018, by Gretchen Fagan, President of the Board of Directors of the Tomball Economic
Development Corporation, for and on behalf of said Corporation.

Notary Public in and for the State of Texas

My Commission Expires: _____

(SEAL)

Exhibit A
Legal Description of Property

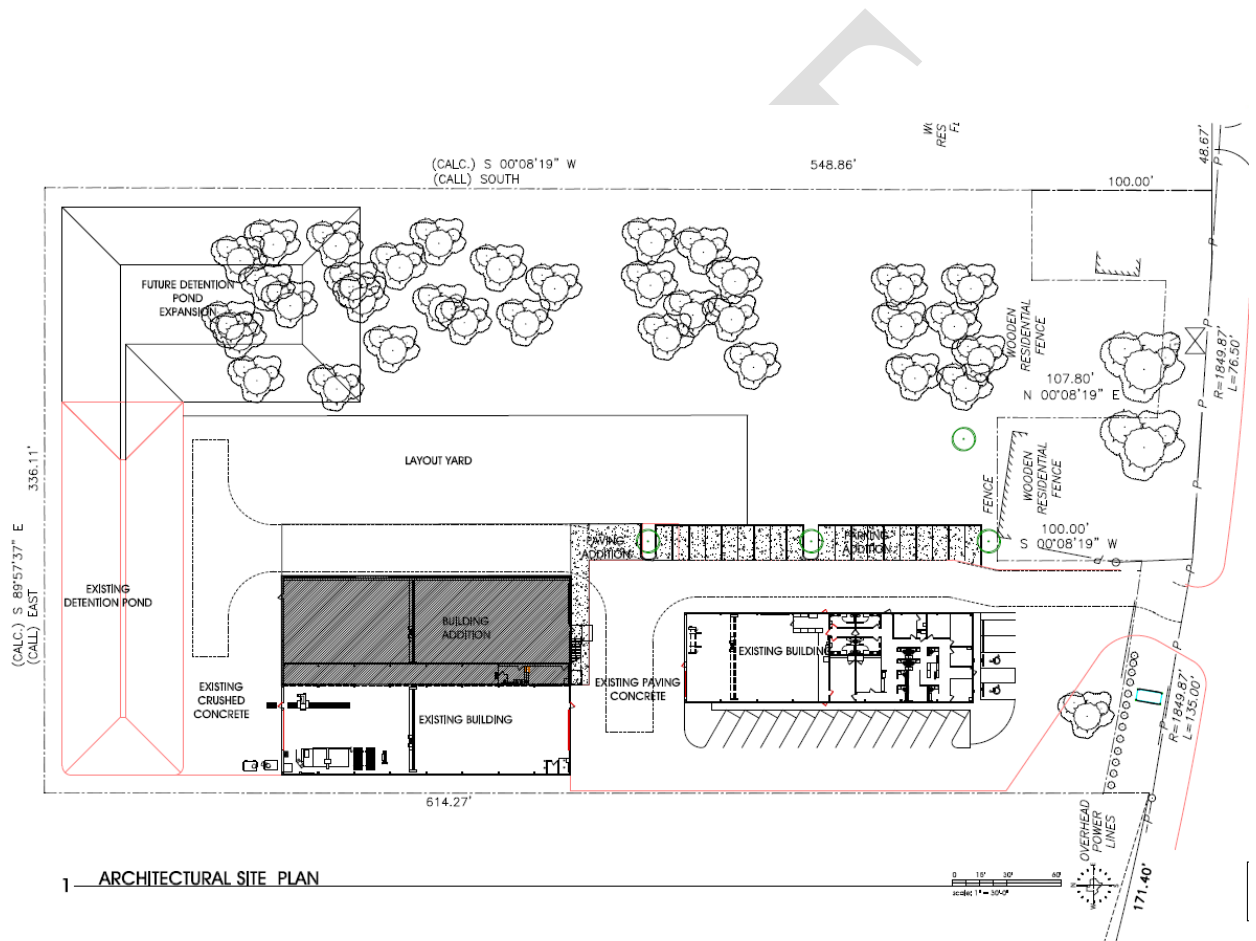
Property Address: 929 E. Main St., Tomball, Texas 77375

A TRACT OF LAND CONTAINING 4.611 ACRES (200,846 SQUARE FEET) (CALLED-4.71 ACRES) RECORDED IN HARRIS COUNTY CLERK'S FILE NUMBER (H.C.C.F. NO.) Z243499, SITUATED IN THE JESSE PRUITT SURVEY, ABSTRACT NO. 629, IN HARRIS COUNTY, TEXAS, BEING THAT CERTAIN CALLED 5 ACRE TRACT RECORDED IN VOLUME 2479, PAGE 423 OF THE HARRIS COUNTY DEED RECORD (H.C.D.R.); SAVE AND EXCEPT THOSE TRACTS RECORDED IN VOLUME 3637, PAGE 44 H.C.D.R. (CONVEYED TO THE COUNTY OF HARRIS) AND H.C.C.F. NOS. C743682, C845451 AND F018755. SAID 5 ACRE TRACT ALSO BEING DESIGNATED AS TRACT "E" OUT OF A CERTAIN CALLED 50 ACRE TRACT RECORDED IN VOLUME 1257, PAGE 233 H.C.D.R.

Exhibit B

Description of Improvements

Construction of a 9,600 sq. ft. building addition to an existing 8,000 sq. ft. fabrication shop along with related parking improvements and an expansion of an existing detention facility.



EXECUTIVE SUMMARY

A REPORT OF THE ECONOMIC IMPACT OF GRIMES INDUSTRIAL, INC. EXPANSION PROJECT IN TOMBALL, TX

May 9, 2018

Prepared by:
Tomball Economic Development Corporation
29201 Quinn Rd., Suite B
Tomball, Texas 77375



Prepared using Total Impact



PURPOSE & LIMITATIONS

This report presents the results of an analysis undertaken by the Tomball Economic Development Corporation using Total Impact, an economic and fiscal impact analysis tool developed and supported by the Austin, TX based economic consulting firm, Impact DataSource.

The Total Impact model is a customized software program licensed to the Tomball Economic Development Corporation. The model includes estimates, assumptions, and other information developed by Impact DataSource from its independent research effort detailed in Tomball Economic Development Corporation's Total Impact User Guide.

The analysis relies on prospective estimates of business activity that may not be realized. Tomball Economic Development Corporation made reasonable efforts to ensure that the project-specific data entered into the Total Impact model reflects realistic estimates of future activity.

No warranty or representation is made by Tomball Economic Development Corporation or Impact DataSource that any of the estimates or results contained in this study will actually be achieved.



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Introduction

This report presents the results of an economic impact analysis performed using Total Impact, a model developed by Impact DataSource. The report estimates the impact that a potential project in the City of Tomball will have on the local economy and estimates the costs and benefits for local taxing districts over a 10-year period.

Description of the Project

Expansion of the rear fabrication shop from 8,000 sq.ft. to 17,600 sq.ft. The expansion will include a new shop breakroom, bathrooms, and first aid & eye wash station. New offices will be built upstairs for production, quality, and safety personnel. An additional 18 parking spaces will be constructed and the existing retention pond will be expanded to account for full development in the future.

Existing & Expanded Operations

The Project under analysis represents the expansion of an existing company in the City of Tomball. The existing operations currently support 28.0 direct jobs in the community and 21.1 indirect and induced jobs. The direct workers earn \$40,000 per year and the company supports \$0.2 million per year in taxable sales and spending in the community. Additionally, the company supports taxable property valued at \$1.7 million annually.

The table below illustrates the company's economic impact over the next 10 years - including both the existing and expanded operations.

Table 1. Economic Impact of Existing and Expanded Operations Over the Next 10 Years

	Existing Operations	Expansion	Existing & Expanded Ops
Jobs			
Direct	28.0	10.0	38.0
Indirect & Induced	21.1	7.5	28.6
Total	49.1	17.5	66.6
Salaries			
Direct	\$12,263,688	\$4,379,888	\$16,643,576
Indirect & Induced	\$7,463,681	\$2,665,599	\$10,129,280
Total	\$19,727,369	\$7,045,487	\$26,772,856
Taxable Sales			
Direct	\$1,309,346	\$788,535	\$2,097,880
Indirect & Induced	\$783,687	\$279,888	\$1,063,574
Total	\$2,093,032	\$1,068,423	\$3,161,455

The table below illustrates the company's fiscal impact - the net benefits for local taxing districts - over the next 10 years - including both the existing and expanded operations.

Table 2. Fiscal Impact of Existing and Expanded Operations Over the Next 10 Years

	Net Benefits		
	Existing Operations	Expansion	Existing & Expanded Ops
City of Tomball	\$144,582	\$101,360	\$245,942

The remainder of this report will focus on only the economic and fiscal impact associated with the expanded operations.

Economic Impact Overview

The Project's operations will support employment and other economic impacts in the community. The 10.0 workers directly employed by the Project will earn approximately \$44,000 per year on average over the next 10 years. This direct activity will support 7.5 indirect and induced workers in the community earning \$36,000 on average over the next 10 years. The total additional payroll or workers' earnings associated with the Project is estimated to be approximately \$7.0 million over the next 10 years.

On average, the Project will generate \$3.0 million in direct economic output over the next 10 years. Spin-off businesses in the community will produce \$1.4 million in economic output per year as a result of the Project. In total, the Project will support \$4.4 million in economic output per year on average. Economic output is the value of goods and services produced in the economy and can be thought of as revenues for businesses. The economic output calculations in this report were estimated using the RIMS II economic impact model and the Project's employment estimates.

Accounting for various taxable sales and purchases, including activity associated with the Project, worker spending, and visitors' spending in the community, the Project is estimated to support approximately \$1.1 million in taxable sales over the next 10 years.

Table 3. Economic Impact Over the Next 10 Years

	Direct	Indirect & Induced	Total
Number of permanent direct, indirect, and induced jobs to be created	10.0	7.5	17.5
Salaries to be paid to direct, indirect, and induced workers	\$4,379,888	\$2,665,599	\$7,045,487
Economic output generated by direct, indirect, and induced activity	\$29,941,987	\$14,375,148	\$44,317,135
Taxable sales and purchases expected in the City	\$788,535	\$279,888	\$1,068,423

The Project may result in new residents moving to the community and potentially new residential properties being constructed as summarized below.

Table 4. Population Impacts Over the Next 10 Years

	Direct	Indirect & Induced	Total
Number of direct, indirect, and induced workers who will move to the City	0.5	0.4	0.9
Number of new residents in the City	1.3	1.0	2.3
Number of new residential properties to be built in the City	0.1	0.0	0.1
Number of new students expected to attend local school district	1.0	0.8	1.8

The Project is estimated to support an average of approximately \$1.3 million in new non-residential taxable property each year over the next 10 years. The taxable value of property supported by the Project over the 10-year period is shown in the following table.

Table 5. Value of Taxable Property Supported by the Project Over the Next 10 Years

Year	New Residential Property	The Project's Property					Total Residential & Nonresidential Property
		Land	Buildings & Other Real Prop. Improvements	Furniture, Fixtures, & Equipment	Inventories	Subtotal Nonresidential Property	
1	\$16,867	\$0	\$1,020,000	\$70,000	\$0	\$1,090,000	\$1,106,867
2	\$17,711	\$0	\$1,071,000	\$63,000	\$0	\$1,134,000	\$1,151,711
3	\$18,596	\$0	\$1,124,550	\$56,000	\$0	\$1,180,550	\$1,199,146
4	\$19,526	\$0	\$1,180,778	\$49,000	\$0	\$1,229,778	\$1,249,304
5	\$20,502	\$0	\$1,239,816	\$42,000	\$0	\$1,281,816	\$1,302,319
6	\$21,527	\$0	\$1,301,807	\$35,000	\$0	\$1,336,807	\$1,358,335
7	\$22,604	\$0	\$1,366,898	\$28,000	\$0	\$1,394,898	\$1,417,501
8	\$23,734	\$0	\$1,435,242	\$21,000	\$0	\$1,456,242	\$1,479,976
9	\$24,921	\$0	\$1,507,005	\$14,000	\$0	\$1,521,005	\$1,545,925
10	\$26,167	\$0	\$1,582,355	\$14,000	\$0	\$1,596,355	\$1,622,521

The taxable value of residential property represents the value of properties that may be constructed as a result of new workers moving to the community.

This analysis assumes the residential real property appreciation rate to be 5.0% per year. The Project's real property is assumed to appreciate at a rate of 5.0% per year. The analysis assumes the Project's furniture, fixtures, and equipment will depreciate over time according to the depreciation schedule shown in Appendix A.

Temporary Construction Impact

The Project will include an initial period of construction where \$1.0 million will be spent to construct new buildings and other real property improvements. It is assumed that 50.0% of the construction expenditure will be spent on materials and 50.0% on labor. The temporary construction activity will support temporary economic impacts in the community in the form of temporary construction employment and sales for local construction firms.

Table 6. Spending and Estimated Direct Employment Impact of Project-Related Construction Activity

	Amount
Total construction expenditure	\$1,020,000
Materials	\$510,000
Labor	\$510,000
Temporary Construction Workers Supported (Average Earnings = \$51,300)	9.9

The following table presents the temporary economic impacts resulting from the construction.

Table 7. Temporary Economic Impact of Project-Related Construction Activity

	Direct	Indirect & Induced	Total
Number of temporary direct, indirect, and induced job years to be supported*	9.9	6.9	16.8
Salaries to be paid to direct, indirect, and induced workers	\$510,000	\$258,366	\$768,366
Revenues or sales for businesses related to construction	\$1,020,000	\$879,036	\$1,899,036

* A job year is defined as full employment for one person for 2080 hours in a 12-month span.

Sales tax calculations related to construction activity are presented in the following table. The sales tax revenue generated from construction-period taxable spending is included in the fiscal impact for affected districts in Year 1 of this analysis.

Table 8. Construction-Related Taxable Spending

	Estimate
Expenditure for Materials	\$510,000
Percent of Materials subject to local tax	50.0%
<u>Subtotal Taxable Materials</u>	<u>\$255,000</u>
Expenditure for Labor / Paid to construction workers	\$510,000
Percent of gross earnings spent on taxable goods and services	24.0%
Percent of taxable spending done locally	35.0%
<u>Subtotal Taxable Construction Worker Spending</u>	<u>\$42,840</u>
Expenditure for Furniture, Fixtures, & Equipment (FF&E)	\$70,000
Percent of FF&E subject to local tax	35.0%
<u>Subtotal Taxable FF&E Purchases</u>	<u>\$24,500</u>
<u>Total Construction-Related Taxable Spending</u>	<u>\$322,340</u>

The above construction analysis focuses on the impact resulting from the Project's construction investments identified in Year 1. If construction will be phased in over several years or an expansion is planned in a later year, parallel calculations will be performed for those years.

Fiscal Impact Overview

The Project will generate additional benefits and costs for the City. Overall, the City will receive approximately \$101,400 in net benefits over the 10-year period. The table below displays the estimated additional benefits, costs, and net benefits to be received by the City over the next 10 years of the Project. Appendix C contains the year-by-year calculations.

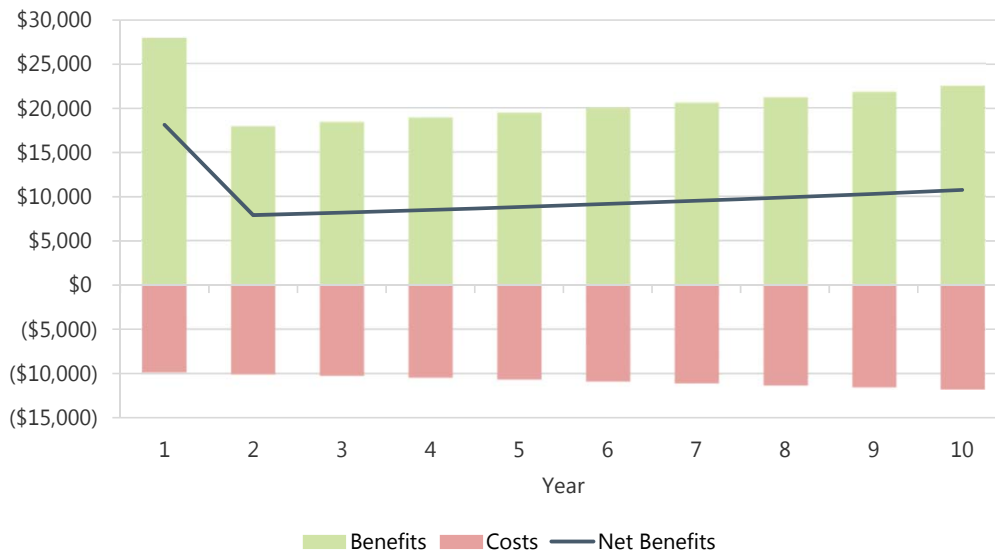
Table 9. City of Tomball: Benefits, Costs, and Net Benefits Over the Next 10 Years

	Amount
Sales Taxes	\$21,368
Property Taxes - Project	\$71,554
Property Taxes - New Residential	\$1,148
Utility Revenue	\$84,663
Utility Franchise Fees	\$16,109
Building Permits and Fees	\$4,050
Hotel Occupancy Taxes	\$839
Miscellaneous Taxes & User Fees	\$9,268
<u>Subtotal Benefits</u>	<u>\$209,000</u>
Cost of Providing Municipal Services	(\$18,744)
Cost of Providing Utility Services	(\$88,896)
<u>Subtotal Costs</u>	<u>(\$107,640)</u>
Net Benefits	\$101,360
<i>Present Value (5% discount rate)</i>	<i>\$79,093</i>

Table 10. Year-by-Year Benefits, Costs, and Net Benefits for the City of Tomball

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$27,965	(\$9,830)	\$18,134	\$18,134
2	\$17,942	(\$10,027)	\$7,915	\$26,049
3	\$18,436	(\$10,228)	\$8,208	\$34,257
4	\$18,949	(\$10,432)	\$8,517	\$42,774
5	\$19,482	(\$10,641)	\$8,841	\$51,615
6	\$20,037	(\$10,854)	\$9,183	\$60,798
7	\$20,614	(\$11,071)	\$9,543	\$70,341
8	\$21,214	(\$11,292)	\$9,922	\$80,263
9	\$21,838	(\$11,518)	\$10,320	\$90,583
10	\$22,525	(\$11,748)	\$10,777	\$101,360
Total	\$209,000	(\$107,640)	\$101,360	

Figure 1. Annual Fiscal Net Benefits for the City of Tomball



Impact from Project and Workers

The City will receive benefits from the activity, spending, and investments associated with (1) the Project and (2) the workers. These benefits, associated costs, and resulting net benefits for the next 10 years are shown below for these two categories.

Table 11: Net Benefits to the City from the Project and Workers

	The Project	Workers	Total
Sales Taxes	\$6,573	\$14,796	\$21,368
Real Property Taxes	\$69,433	\$0	\$69,433
FF&E Property Taxes	\$2,122	\$0	\$2,122
Inventory Property Taxes	\$0	\$0	\$0
New Residential Property Taxes	\$0	\$1,148	\$1,148
Utility Revenue	\$70,078	\$14,585	\$84,663
Utility Franchise Fees	\$15,154	\$956	\$16,109
Building Permits and Fees	\$4,050	\$0	\$4,050
Hotel Occupancy Taxes	\$839	\$0	\$839
Miscellaneous Taxes & User Fees	\$5,365	\$3,902	\$9,268
Subtotal Benefits	\$173,613	\$35,387	\$209,000
Cost of Providing Municipal Services	(\$10,840)	(\$7,904)	(\$18,744)
Cost of Providing Utility Services	(\$73,582)	(\$15,314)	(\$88,896)
Subtotal Costs	(\$84,422)	(\$23,218)	(\$107,640)
Net Benefits	\$89,191	\$12,169	\$101,360
<i>Percent of Total Net Benefits</i>	<i>88.0%</i>	<i>12.0%</i>	

Non-Tax Incentives

The Tomball EDC is considering the following non-tax incentives for the Project.

Table 16. Incentives Under Consideration

Year	Enter Incentive Description
1	\$15,485
2	\$0
3	\$0
4	\$0
5	\$0
6	\$0
7	\$0
8	\$0
9	\$0
10	\$0
Total	\$15,485

These financial incentives may be considered an investment in the Project made by the EDC. Four calculations analyzing possible investments were made:

1. Net Benefits - detailed above
2. Present Value of Net Benefits - detailed above
3. Rate of Return on Investment - discussed and detailed below
4. Payback Period - discussed and detailed below

The rate of return on investment calculates the average annual rate of return to the city, treating the incentives as the initial investment and the net benefits to the city as the return on investment. The payback period is the number of years that it will take the city to recover the cost of incentives from the additional revenues that it will receive as a result of the Project.

The table below shows an analysis of these incentives, including a calculation of incentives per job, rate of return, and payback period.

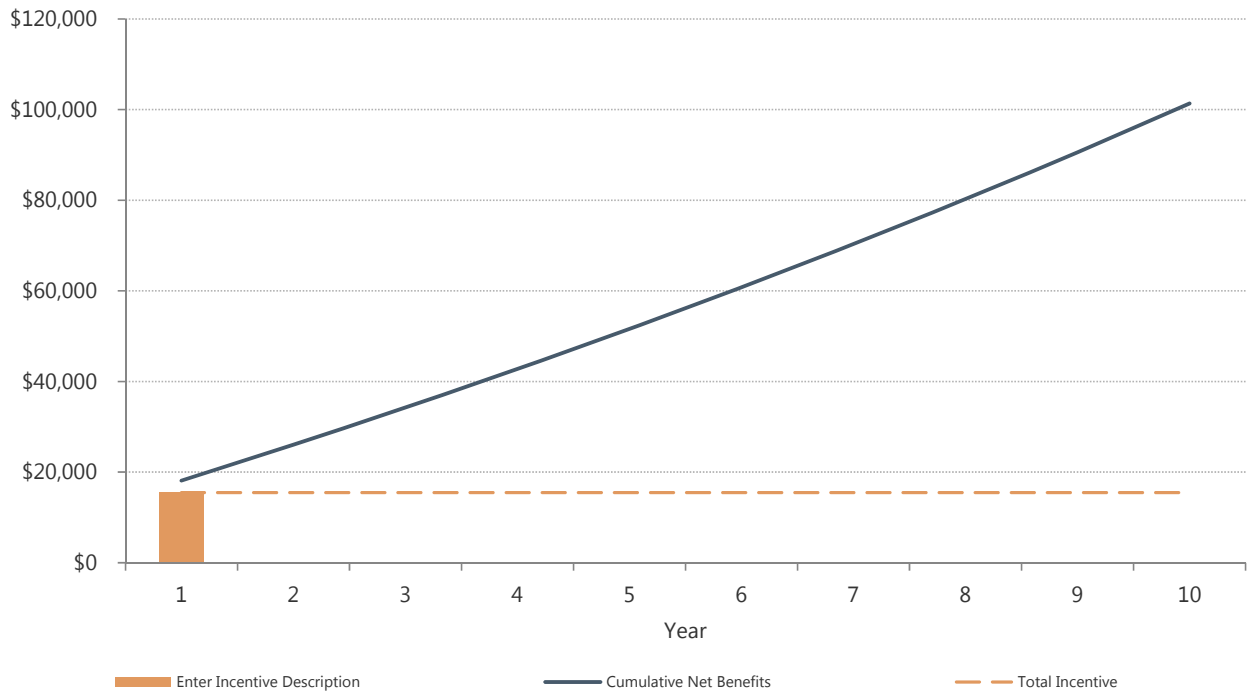
Table 17. Analysis of Incentives

Total Non-Tax Incentive	\$15,485
Incentive Per Job	\$1,548
Rate of Return - 5 Years	66.7%
Rate of Return - 10 Years	65.5%
Payback period (years)	0.9

Note: The Rate of Return and Payback Period are calculated based on the sum of annual incentives, not the present value of the incentives.

The graph below depicts the total incentives currently under consideration versus the cumulative net benefits to the City. The intersection indicates the length of time until the incentives are paid back.

Figure 2. Incentives Under Consideration



Overview of Methodology

This report presents the results of an analysis undertaken by the Tomball Economic Development Corporation using Total Impact, an economic and fiscal impact analysis tool developed and supported by the Austin, TX based economic consulting firm, Impact DataSource.

The Total Impact model combines project-specific attributes with community data, tax rates, and assumptions to estimate the economic impact of the Project and the fiscal impact for local taxing districts over a 10-year period.

The economic impact as calculated in this report can be categorized into two main types of impacts. First, the direct economic impacts are the jobs and payroll directly created by the Project. Second, this economic impact analysis calculates the indirect and induced impacts that result from the Project. Indirect jobs and salaries are created in new or existing area firms, such as maintenance companies and service firms, that may supply goods and services for the Project. In addition, induced jobs and salaries are created in new or existing local businesses, such as retail stores, gas stations, banks, restaurants, and service companies that may supply goods and services to new workers and their families.

The economic impact estimates in this report are based on the Regional Input-Output Modeling System (RIMS II), a widely used regional input-output model developed by the U. S. Department of Commerce, Bureau of Economic Analysis. The RIMS II model is a standard tool used to estimate regional economic impacts. The economic impacts estimated using the RIMS II model are generally recognized as reasonable and plausible assuming the data input into the model is accurate or based on reasonable assumptions. Impact DataSource utilizes county-level multipliers to estimate the impact occurring at the sub-county level.

Two types of regional economic multipliers were used in this analysis: an employment multiplier and an earnings multiplier. An employment multiplier was used to estimate the number of indirect and induced jobs created or supported in the area. An earnings multiplier was used to estimate the amount of salaries to be paid to workers in these new indirect and induced jobs. The employment multiplier shows the estimated number of total jobs created for each direct job. The earnings multiplier shows the estimated amount of total salaries paid to these workers for every dollar paid to a direct worker. The multipliers used in this analysis are listed below:

332310 Plate work and fabricated structural product manufacturing		City	County
Employment Multiplier	(Type II Direct Effect)	1.7542	2.4994
Earnings Multiplier	(Type II Direct Effect)	1.6086	2.2100

The fiscal impacts calculated in this report are detailed in Appendix C. Most of the revenues estimated in this study result from calculations relying on (1) attributes of the Project, (2) assumptions to derive the value of associated taxable property or sales, and (3) local tax rates. In some cases, revenues are estimated on a per new household, per new worker, or per new school student basis.

The company or Project developer was not asked, nor could reasonably provide data for calculating some other revenues. For example, while the city will likely receive revenues from fines paid on speeding tickets given to new workers, the company does not know the propensity of its workers to speed. Therefore, some revenues are calculated using an average revenue approach. This approach uses relies on two assumptions:

1. The taxing entity has two general revenue sources: revenues from residents and revenues from businesses.
2. The taxing entity will collect (a) about the same amount of miscellaneous taxes and user fees from each new household that results from the Project as it currently collects from existing households on average, and (b) the same amount of miscellaneous taxes and user fees from the new business (on a per worker basis) will be collected as it collects from existing businesses.

In the case of the school district, some additional state and federal revenues are estimated on a per new school student basis consistent with historical funding levels.

Additionally, this analysis sought to estimate the additional expenditures faced by the city and county to provide services to new households and new businesses. A marginal cost approach was used to calculate these additional costs. This approach relies on two assumptions:

1. The taxing entity spends money on services for two general groups: revenues from residents and revenues from businesses.
2. The taxing entity will spend slightly less than its current average cost to provide local government services (police, fire, EMS, etc.) to (a) new residents and (b) businesses on a per worker basis.

In the case of the school district, the marginal cost to educate new students was estimated based on a portion of the school's current expenditures per student and applied to the headcount of new school students resulting from the Project.

Additionally, this analysis seeks to calculate the impact on the school district's finances from the Project by generally, and at a summary level, mimicking the district's school funding formula.

According to the Texas Education Agency, any property added to local tax rolls, and the local taxes that this generates, reduces the amount of state funding equivalent to local taxes collected for maintenance and operations. The school district retains local taxes received for debt services and the corresponding state funding is not reduced.

However, according to the Texas Education Agency, the school district will receive state aid for each new child that moves to the District. The additional revenues for the school district are calculated in this analysis.

About Impact DataSource

Impact DataSource is an Austin economic consulting, research, and analysis firm founded in 1993. The firm has conducted over 2,500 economic impact analyses of firms, projects, and activities in most industry groups in Texas and more than 30 other states.

Regular City Council

Agenda Item

Data Sheet

Meeting Date: June 4, 2018

Topic:

Approve, on First Reading, Resolution No. 2018-15-TEDC, a Resolution of the City Council of the City of Tomball, Texas, authorizing and approving the Tomball Economic Development Corporation's Project to Expend Funds in accordance with an Economic Development Performance Agreement by and between the Corporation and ARC Management, LLC, to make direct incentives to, or expenditures for, assistance with infrastructure costs to be required or suitable for the promotion of new or expanded business development related to the development and construction of a multi-building office/warehouse park to be located at 14426-14434 Medical Complex Drive, Tomball, TX 77375. The estimated amount of expenditures for such Project is \$186,700.00.

Background:

On May 15, 2018, the Tomball Economic Development Corporation (TEDC) Board of Directors unanimously approved, as a Project of the Corporation, an economic development performance agreement with ARC Management, LLC for infrastructure assistance for the promotion of new or expanded business development. The Tomball City Council has final approval authority over all programs and expenditures of the Corporation.

Origination:

Tomball Economic Development Corporation Board of Directors

Recommendation:

Approve of Resolution No. 2018-15-TEDC on first reading.

Funding:

Yes

Account Number:Project Grants

Party(ies) responsible for placing this item on agenda:

Kelly Violette, Executive Director, Tomball Economic Development Corporation.

ACTION TAKEN

Approval ☐ Yes ☐ No	Readings Passed ☐ 1 st ☐ 2 nd	Other
--	--	-------

ATTACHMENTS:

Resolution No. 2018-15-TEDC

TEDC Memo

Request Letter

Draft Performance Agreement

RESOLUTION NO. 2018-15-TEDC

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TOMBALL, TEXAS, AUTHORIZING AND APPROVING THE TOMBALL ECONOMIC DEVELOPMENT CORPORATION'S PROJECT TO EXPEND FUNDS IN ACCORDANCE WITH AN ECONOMIC DEVELOPMENT AGREEMENT BY AND BETWEEN THE CORPORATION AND ARC MANAGEMENT, LLC, TO PROMOTE AND DEVELOP A NEW OR EXPANDED BUSINESS ENTERPRISE; CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT; AND PROVIDING FOR SEVERABILITY.

* * * * *

WHEREAS, the Tomball Economic Development Corporation (the "TEDC"), created pursuant to the Development Corporation Act, now Chapter 501 of the Texas Local Government Code, as amended (the "Act"), desires to adopt projects and provide incentives for economic development within the City; and

WHEREAS, the Board of Directors of the TEDC had adopted as a specific project the expenditure of the estimated amount of One Hundred Eighty-Six Thousand Seven Hundred Dollars (\$186,700.00), found by the Board to be required or suitable to promote a new business development by ARC Management LLC; and

WHEREAS, pursuant to the Act, the TEDC may not undertake such project without the approval of Tomball City Council; and

WHEREAS, City Council finds and determines that such project promotes new or expanded business development and is in the best interests of the citizenry; now, therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF TOMBALL, TEXAS:

Section 1. The facts and matters set forth in the preamble of this Resolution are hereby found to be true and correct.

Section 2. The City Council hereby authorizes and approves the adoption, by the Board of Directors of the Tomball Economic Development Corporation, as a specific project for the economic development of the City, an expenditure of the estimated amount of One Hundred Eighty-Six Thousand Seven Hundred Dollars (\$186,700.00), to ARC Management LLC in accordance with an economic development agreement by and between the TEDC and ARC Management LLC to promote and develop a new or expanded business enterprise, to be located at 14426-14434 Medical Complex Drive, Tomball, Texas 77375.

Section 3. In the event any clause, phrase, provision, sentence, or part of this Resolution or the application of the same to any person or circumstance shall for any reason be

adjudged invalid or held unconstitutional by a court of competent jurisdiction, it shall not affect, impair, or invalidate this Resolution as a whole or any part or provision hereof other than the part declared to be invalid or unconstitutional; and the City Council of the City of Tomball, Texas, declares that it would have passed each and every part of the same notwithstanding the omission of any such part thus declared to be invalid or unconstitutional, whether there be one or more parts.

PASSED AND APPROVED on first reading this ____ day of _____, 2018.

PASSED, APPROVED, AND RESOLVED on second and final reading this ____ day of _____, 2018.

Gretchen Fagan, Mayor

ATTEST:

Doris Speer, City Secretary



TO: Honorable Mayor and City Council

FROM: Kelly Violette
Executive Director

MEETING DATE: June 4, 2018

SUBJECT: ARC Management, LLC Performance Agreement

The Tomball Economic Development Corporation has received a request from James Springfield, President of ARC Management, LLC, for assistance with infrastructure costs related to the development of a proposed multi-building office/warehouse park.

ARC Management, LLC, proposes to develop approximately 8.355 acres located at 14426-14434 Medical Complex Drive in Tomball. The development will consist of two 37,500 square-foot and one 28,000 square-foot concrete tilt-wall office/warehouse buildings. The estimated capital investment for the project is over \$8.4 million.

Targeted infrastructure that will promote the development and expansion of business enterprise is a permissible project as outlined in Texas Economic Development Legislation. The eligible infrastructure improvements include water, sanitary, gas, storm sewer, telecommunications, electric utilities and related site improvements totaling approximately \$1,867,000.00.

An economic impact analysis is included with the agreement to show the impact of this project on Tomball's economy. Per the analysis, the 5-year net benefit of this project on Tomball's economy is \$408,362.00.

If the agreement between the TEDC and ARC Management, LLC is approved as a Project of the Corporation, the grant funding amount will not exceed \$186,700.00, based on 10% of the actual expenditures for the eligible infrastructure improvements.

May 7th, 2018

Dear TEDC Board of Directors:

On behalf of ARC Management, I appreciate the opportunity to request grant funding from TEDC for the completion of Tomball Crossing Business Park. I am privileged to work with our project team including our owner, Mr. Attayi, along with Jeremy Moss and Andy Hudson, who are also with the ARC Team. We are fortunate to have both Bryan and Larry Rennell from Rennell Associates as well as Josh Rendon from Drake Builders as key partners in this project.

Our mission in developing Tomball Crossing Business Park is to serve the needs of both newly-formed and well-established businesses with requirements for flexible office/warehouse space in the Tomball market. Future tenants seeking to lease in our project will be able to customize their allotted space to suit their needs.

Tomball Crossing Business Park will consist of two 37,500 square foot buildings with a shared truck court and high-dock access along with a single, 28,000 square foot building with high-dock access also included. The property is located near Highway 249 and Medical Complex Boulevard. The features and location of this project were designed with value and flexibility in mind, with both the usability and ease of access to large trucks.

The construction phase of this project is set to commence on June 5th, 2018 and is scheduled for completion 9 months later, on March 1st, 2019.

We are seeking grant funding for approved installations at our project, including infrastructure, landscaping, and signage improvements. Our estimated budget is as follows:

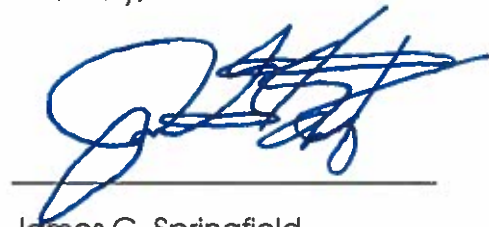
Land	\$1,486,734
Construction	\$5,150,000
Total Tenant Improvement	\$927,000
Landscaping	\$100,000
Graphics & Signage	\$40,000
Project Manager	\$91,000
Development Services	\$153,450
Surveyor	\$3,600
Geotechnical Investigation	\$8,131
Construction Materials Testing	\$50,475
Permit/Plan Review	\$16,440
Telephone/Electric/Gas Charges	\$20,000
CPE Encroachment	\$24,000
Meters & Tap Fees	\$2,910
Water/Wastewater Impact Fees	\$49,808
Commercial Gas Impact Fee	\$800
Legal	\$10,000

Based on our review of the market, we believe our project will complement the Tomball Technology and Business Park and play a valuable counterpart to the existing grade-level developments in the area. This project is value-engineered with the end-user in mind, making it a great choice for national-level companies and locally-owned businesses alike.

For further assistance in your consideration efforts, we are enclosing the requested Project Data Sheet and Certified Survey.

We welcome any questions you may have about Tomball Crossing Business Park. For a prompt response to your inquiries, please contact me by phone at 713-234-6322. We are grateful for this opportunity to receive your assistance and trust in our development. Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read 'James G. Springfield', is written over a horizontal line.

James G. Springfield
President
ARC Management, LLC

AGREEMENT

THE STATE OF TEXAS §
 § KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF HARRIS §

This Agreement (the “Agreement”) is made and entered into by and between the Tomball Economic Development Corporation, an industrial development corporation created pursuant to Tex. Rev. Civ. Stat. Ann. Art. 5190.6, Section 4B, located in Harris County, Texas (the “TEDC”), and **ARC Management, LLC** (the “Company”), 10235 West Little York Rd, Suite 170, Houston, TX, 77040.

WITNESSETH:

WHEREAS, it is the established policy of the TEDC to adopt such reasonable measures from time-to-time as are permitted by law to endeavor to attract industry, create and retain primary jobs, expand the growth of the City of Tomball (the “City”), and thereby enhance the economic stability and growth of the City; and

WHEREAS, the Company proposes to develop an 8.355-acre tract of land within the City, located at 14426-14434 Medical Complex Drive, Tomball, TX 77377 (the “Property”), more particularly described in Exhibit “A,” attached hereto and made a part hereof; and

WHEREAS, such development shall include the construction of two (2) 37,500 square-foot and one (1) 28,000 square-foot concrete tilt-wall office/warehouse buildings; and

WHEREAS, the TEDC agrees to provide to the Company the sum of One Hundred Eighty-Six Thousand Seven Hundred Dollars (\$186,700), or an amount equal to actual construction costs if less than the sum stated above, to assist in the construction of infrastructure

improvements (the “Infrastructure Improvements”), identified and described in Exhibit “B,” attached hereto and made a part hereof; and

WHEREAS, the Company has agreed, in exchange and as consideration for the funding, to satisfy and comply with certain terms and conditions; and

NOW, THEREFORE, in consideration of the premises and the mutual benefits and obligations set forth herein, including the recitals set forth above, the TEDC and the Company agree as follows:

1.

The Company covenants and agrees that it will construct and maintain on the Property two (2) 37,500 square-foot and one (1) 28,000 square-foot concrete tilt-wall office/warehouse buildings (the “Improvements”) identified and described on Exhibit “C,” attached hereto and made a part hereof. In conjunction with the development of the Property, the Company further agrees to construct the Infrastructure Improvements contemplated by this Agreement, in accordance with the requirements of the ordinances of the City and the plans and specifications approved by the City. The Company further represents and agrees that it will certify the costs of the construction of such Infrastructure Improvements to the TEDC prior to construction.

2.

Construction of the Improvements of the Property, including construction of the Infrastructure Improvements, must commence within 180 days from the date of this Agreement (the “Start Date”), and the Company shall notify the TEDC of such Start Date. The construction of the Improvements to the Property, including construction of the Infrastructure Improvements shall be completed, and all necessary occupancy permits from the City shall be obtained, within twenty-four (24) months of the Start Date. Extensions of these deadlines due to extenuating

circumstances or uncontrollable delay may be granted by the Board of Directors of the TEDC at its sole discretion.

3.

The Company further represents and agrees that the Improvements described in Paragraph 1 hereof will be occupied and maintained for a term of at least five (5) years.

4.

The Company further covenants and agrees that the Company or any owner or leasee of the Improvements does not and will not knowingly employ an undocumented worker. An “undocumented worker” shall mean an individual who, at the time of employment, is not (a) lawfully admitted for permanent residence to the United States; or (b) authorized under the law to be employed in that manner in the United States.

5.

In consideration of the Company's representations, promises, and covenants, TEDC agrees to reimburse the Company for the actual cost of the Infrastructure Improvements up to the amount of One Hundred Eighty-Six Thousand Seven Hundred Dollars (\$186,700), or an amount equal to actual construction costs if less than the sum stated above. The TEDC agrees to reimburse the Company for such amount within thirty (30) days of receipt of a letter from the Company requesting such payment and including: (a) certification of the cost of constructing the Infrastructure Improvements; (b) a copy of the City's occupancy permit for the improvements to the Property; (c) a copy of a letter from the City acknowledging that all necessary plats, permits, plans, and specifications have been received, reviewed, and approved; (d) certification that the Infrastructure Improvements have been constructed in accordance with the approved plans and specifications; (e) an affidavit stating that all contractors and subcontractors providing work

and/or materials in the construction of the Improvements have been paid and any and all liens and claims regarding such work have been released; and (f) Proof of payment to all vendors, contractors and subcontractors providing work and/or materials in the construction of the Improvements, proof of payment must include copies of canceled checks and/or credit card receipts and copies of paid invoices from all vendors, contractors and subcontractors. Upon completion of construction and occupancy of each office/warehouse building, the Company may, upon providing the certifications and information required above, request reimbursement of one-third (1/3) of the amount that TEDC has agreed to reimburse to Company. The TEDC agrees to reimburse the Company for such amount within thirty (30) days of receipt of such request, including the certifications and information required.

6.

It is understood and agreed by the parties that, in the event of a default by the Company on any of its obligations under this Agreement, the Company shall reimburse the TEDC the full amount paid to the Company by the TEDC, with interest at the rate equal to the 90-day Treasury Bill plus ½% per annum, within 120 days after the TEDC notifies the Company of the default. It is further understood and agreed by the parties that if the Company, or any owner or lessee of the Improvements, is convicted of a violation under 8 U.S.C. Section 1324a(f), the Company will reimburse the TEDC the full amount paid to the Company, with interest at the rate equal to the 90-day Treasury Bill plus ½% per annum, within 120 days after the TEDC notifies the Company of the violation.

The Company shall also reimburse the TEDC for any and all reasonable attorney's fees and costs incurred by the TEDC as a result of any action required to obtain reimbursement of

such funds. Such reimbursement shall be due and payable thirty (30) days after the Company receives written notice of default.

7.

This Agreement shall inure to the benefit of and be binding upon the TEDC and the Company, and upon the Company's successors and assigns, lessees, affiliates, and subsidiaries, and shall remain in force whether the Company sells, leases, assigns, or in any other manner disposes of, either voluntarily or by operation of law, all or any part of the Property and the agreements herein contained shall be held to be covenants running with the Property for so long as this Agreement, or any extension thereof, remains in effect.

8.

Any notice provided or permitted to be given under this Agreement must be in writing and may be served by (i) depositing the same in the United States mail, addressed to the party to be notified, postage prepaid, registered or certified mail, return receipt requested; or (ii) by delivering the same in person to such party; or (iii) by overnight or messenger delivery service that retains regular records of delivery and receipt; or (iv) by facsimile; provided a copy of such notice is sent within one (1) day thereafter by another method provided above. The initial addresses of the parties for the purpose of notice under this Agreement shall be as follows:

If to City:

Tomball Economic Development Corporation
401 W. Market Street
Tomball, Texas 77375
Attn: President, Board of Directors

If to Company:

ARC Management, LLC
10235 West Little York Rd, Suite 170
Houston, TX, 77040
Attn: James G. Springfield, President

9.

This Agreement shall be performable and enforceable in Harris County, Texas, and shall be construed in accordance with the laws of the State of Texas.

10.

Except as otherwise provided in this Agreement, this Agreement shall be subject to change, amendment or modification only in writing, and by the signatures and mutual consent of the parties hereto.

11.

The failure of any party to insist in any one or more instances on the performance of any of the terms, covenants or conditions of this Agreement, or to exercise any of its rights, shall not be construed as a waiver or relinquishment of such term, covenant, or condition, or right with respect to further performance.

12.

This Agreement shall bind and benefit the respective Parties and their legal successors and shall not be assignable, in whole or in part, by any party without first obtaining written consent of the other party.

13.

In the event any one or more words, phrases, clauses, sentences, paragraphs, sections, or other parts of this Agreement, or the application thereof to any person, firm, corporation, or circumstance, shall be held by any court of competent jurisdiction to be invalid or unconstitutional for any reason, then the application, invalidity or unconstitutionality of such words, phrases, clauses, sentences, paragraphs, sections, or other parts of this Agreement shall be

deemed to be independent of and severable from the remainder of this Agreement, and the validity of the remaining parts of this Agreement shall not be affected thereby.

IN TESTIMONY OF WHICH, THIS AGREEMENT has been executed by the parties on this _____ day of _____ 2018 (the “Effective Date”).

ARC MANAGEMENT, LLC

By: _____
Name: James G. Springfield
Title: President

ATTEST:

By: _____
Name: _____
Title: _____

TOMBALL ECONOMIC DEVELOPMENT CORPORATION

By: _____
Name: Gretchen Fagan
Title: President, Board of Directors

ATTEST:

By: _____
Name: William E. Sumner Jr.
Title: Secretary, Board of Directors

ACKNOWLEDGMENT

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on the ____ day of _____
2018, by James G. Springfield, the President of ARC Management, LLC for and on behalf of
said company.

Notary Public in and for the State of Texas

My Commission Expires: _____

(SEAL)

ACKNOWLEDGMENT

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on the ____ day of _____
2018, by Gretchen Fagan, President of the Board of Directors of the Tomball Economic
Development Corporation, for and on behalf of said Corporation.

Notary Public in and for the State of Texas

My Commission Expires: _____

(SEAL)

Exhibit A
Legal Description of Property

LOT 9, TOMBALL MARKETPLACE, ACCORDING TO THE MAP OR PLAT THEREOF AS RECORDED IN FILM CODE NO. 605157 OF THE MAP RECORDS OF HARRIS COUNTY, TEXAS.

DRAFT

Exhibit B
Description of Infrastructure Improvements

Sanitary Sewer	\$ 150,000
Storm Drainage	\$ 275,000
Water	\$ 267,000
Gas	\$ 75,000
Site Preparation	\$ 750,000
Telecommunications/Internet	\$ 50,000
Electric	\$ 300,000
Total	\$ 1,867,000

Exhibit C
Description of Improvements

Two 37,500 square-foot and one 28,000 square-foot concrete tilt-wall office/warehouse buildings on an 8.355-acre tract of land located at 14426-14434 Medical Complex Drive, Tomball, TX 77377.

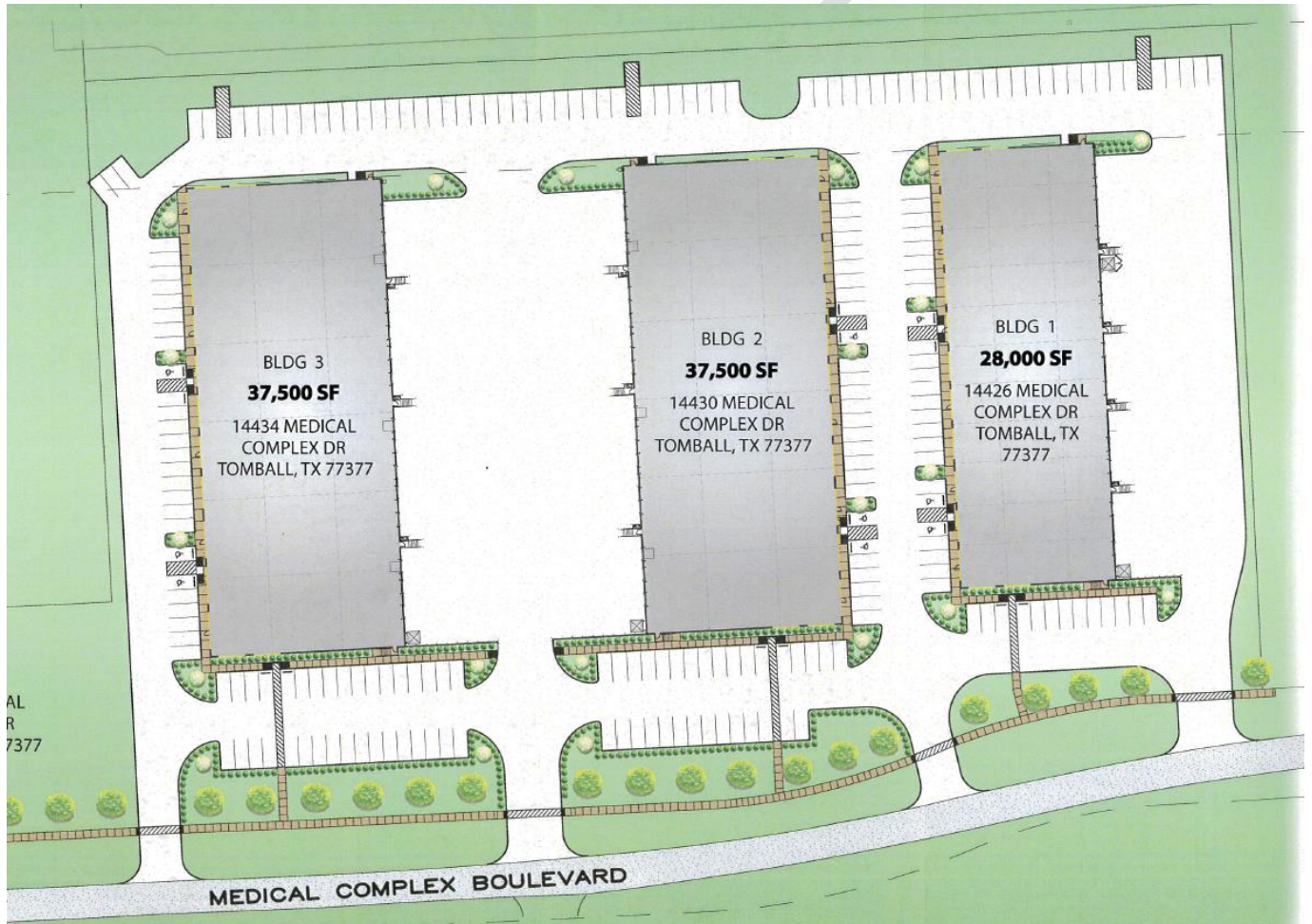


Exhibit C Continued
Description of Improvements



EXECUTIVE SUMMARY

A REPORT OF THE ECONOMIC IMPACT OF TOMBALL CROSSING BUSINESS PARK IN TOMBALL, TX

May 10, 2018

Prepared by:
Tomball Economic Development Corporation
29201 Quinn Rd., Suite B
Tomball, Texas 77375



Prepared using Total Impact



PURPOSE & LIMITATIONS

This report presents the results of an analysis undertaken by the Tomball Economic Development Corporation using Total Impact, an economic and fiscal impact analysis tool developed and supported by the Austin, TX based economic consulting firm, Impact DataSource.

The Total Impact model is a customized software program licensed to the Tomball Economic Development Corporation. The model includes estimates, assumptions, and other information developed by Impact DataSource from its independent research effort detailed in Tomball Economic Development Corporation's Total Impact User Guide.

The analysis relies on prospective estimates of business activity that may not be realized. Tomball Economic Development Corporation made reasonable efforts to ensure that the project-specific data entered into the Total Impact model reflects realistic estimates of future activity.

No warranty or representation is made by Tomball Economic Development Corporation or Impact DataSource that any of the estimates or results contained in this study will actually be achieved.



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Introduction

This report presents the results of an economic impact analysis performed using Total Impact, a model developed by Impact DataSource. The report estimates the impact that a potential project in the City of Tomball will have on the local economy and estimates the costs and benefits for local taxing districts over a 10-year period.

Description of the Project

The proposed Tomball Crossing Business Park is a three-building 103,000 square foot industrial flex space project near the intersection of Medical Complex Drive and the West side of the Hwy 249 Feeder Road. The project consists of three high-dock buildings with multiple office and warehouse layouts depending upon the needs of the user. The two western buildings will share a truck court featuring high-dock access and each are 37,500 square feet in respective size. The third easternmost building is 28,000 square feet and will also offer high-dock access.

Economic Impact Overview

The Project's operations will support employment and other economic impacts in the community. The 95.0 workers directly employed by the Project will earn approximately \$49,000 per year on average over the next 10 years. This direct activity will support 60.1 indirect and induced workers in the community earning \$28,000 on average over the next 10 years. The total additional payroll or workers' earnings associated with the Project is estimated to be approximately \$60.7 million over the next 10 years.

On average, the Project will generate \$25.7 million in direct economic output over the next 10 years. Spin-off businesses in the community will produce \$8.9 million in economic output per year as a result of the Project. In total, the Project will support \$34.7 million in economic output per year on average. Economic output is the value of goods and services produced in the economy and can be thought of as revenues for businesses. The economic output calculations in this report were estimated using the RIMS II economic impact model and the Project's employment estimates.

Accounting for various taxable sales and purchases, including activity associated with the Project, worker spending, and visitors' spending in the community, the Project is estimated to support approximately \$15.9 million in taxable sales over the next 10 years.

Table 1. Economic Impact Over the Next 10 Years

	Direct	Indirect & Induced	Total
Number of permanent direct, indirect, and induced jobs to be created	95.0	60.1	155.1
Salaries to be paid to direct, indirect, and induced workers	\$44,735,556	\$15,916,912	\$60,652,468
Economic output generated by direct, indirect, and induced activity	\$257,332,030	\$89,294,214	\$346,626,244
Taxable sales and purchases expected in the City	\$15,381,066	\$477,507	\$15,858,573

The Project may result in new residents moving to the community and potentially new residential properties being constructed as summarized below.

Table 2. Population Impacts Over the Next 10 Years

	Direct	Indirect & Induced	Total
Number of direct, indirect, and induced workers who will move to the City	4.8	3.0	7.8
Number of new residents in the City	12.5	7.7	20.2
Number of new residential properties to be built in the City	0.7	0.5	1.2
Number of new students expected to attend local school district	2.5	1.5	4.0

The Project is estimated to support an average of approximately \$9.2 million in new non-residential taxable property each year over the next 10 years. The taxable value of property supported by the Project over the 10-year period is shown in the following table.

Table 3. Value of Taxable Property Supported by the Project Over the Next 10 Years

Year	New Residential Property	The Project's Property				Subtotal Nonresidential Property	Total Residential & Nonresidential Property
		Land	Buildings & Other Real Prop. Improvements	Furniture, Fixtures, & Equipment	Inventories		
1	\$118,071	\$1,486,734	\$6,950,207	\$0	\$0	\$8,436,941	\$8,555,012
2	\$189,251	\$1,516,469	\$7,089,211	\$0	\$0	\$8,605,680	\$8,794,931
3	\$210,585	\$1,546,798	\$7,230,995	\$0	\$0	\$8,777,793	\$8,988,378
4	\$214,797	\$1,577,734	\$7,375,615	\$0	\$0	\$8,953,349	\$9,168,146
5	\$219,092	\$1,609,289	\$7,523,128	\$0	\$0	\$9,132,416	\$9,351,509
6	\$223,474	\$1,641,474	\$7,673,590	\$0	\$0	\$9,315,065	\$9,538,539
7	\$227,944	\$1,674,304	\$7,827,062	\$0	\$0	\$9,501,366	\$9,729,310
8	\$232,503	\$1,707,790	\$7,983,603	\$0	\$0	\$9,691,393	\$9,923,896
9	\$237,153	\$1,741,946	\$8,143,275	\$0	\$0	\$9,885,221	\$10,122,374
10	\$241,896	\$1,776,785	\$8,306,141	\$0	\$0	\$10,082,925	\$10,324,821

The taxable value of residential property represents the value of properties that may be constructed as a result of new workers moving to the community.

This analysis assumes the residential real property appreciation rate to be 2.0% per year. The Project's real property is assumed to appreciate at a rate of 2.0% per year. The analysis assumes the Project's furniture, fixtures, and equipment will depreciate over time according to the depreciation schedule shown in Appendix A.

Temporary Construction Impact

The Project will include an initial period of construction where \$7.0 million will be spent to construct new buildings and other real property improvements. It is assumed that 50.0% of the construction expenditure will be spent on materials and 50.0% on labor. The temporary construction activity will support temporary economic impacts in the community in the form of temporary construction employment and sales for local construction firms.

Table 4. Spending and Estimated Direct Employment Impact of Project-Related Construction Activity

	Amount
Total construction expenditure	\$6,950,207
Materials	\$3,475,104
Labor	\$3,475,104
Temporary Construction Workers Supported (Average Earnings = \$51,300)	67.7

The following table presents the temporary economic impacts resulting from the construction.

Table 5. Temporary Economic Impact of Project-Related Construction Activity

	Direct	Indirect & Induced	Total
Number of temporary direct, indirect, and induced job years to be supported*	67.7	47.0	114.7
Salaries to be paid to direct, indirect, and induced workers	\$3,475,104	\$1,760,487	\$5,235,591
Revenues or sales for businesses related to construction	\$6,950,207	\$5,989,688	\$12,939,895

* A job year is defined as full employment for one person for 2080 hours in a 12-month span.

Sales tax calculations related to construction activity are presented in the following table. The sales tax revenue generated from construction-period taxable spending is included in the fiscal impact for affected districts in Year 1 of this analysis.

Table 6. Construction-Related Taxable Spending

	Estimate
Expenditure for Materials	\$3,475,104
Percent of Materials subject to local tax	50.0%
<u>Subtotal Taxable Materials</u>	<u>\$1,737,552</u>
Expenditure for Labor / Paid to construction workers	\$3,475,104
Percent of gross earnings spent on taxable goods and services	24.0%
Percent of taxable spending done locally	10.0%
<u>Subtotal Taxable Construction Worker Spending</u>	<u>\$83,402</u>
Expenditure for Furniture, Fixtures, & Equipment (FF&E)	\$0
Percent of FF&E subject to local tax	10.0%
<u>Subtotal Taxable FF&E Purchases</u>	<u>\$0</u>
<u>Total Construction-Related Taxable Spending</u>	<u>\$1,820,954</u>

The above construction analysis focuses on the impact resulting from the Project's construction investments identified in Year 1. If construction will be phased in over several years or an expansion is planned in a later year, parallel calculations will be performed for those years.

Fiscal Impact Overview

The Project will generate additional benefits and costs for the City. Overall, the City will receive approximately \$795,700 in net benefits over the 10-year period. The table below displays the estimated additional benefits, costs, and net benefits to be received by the City over the next 10 years of the Project. Appendix C contains the year-by-year calculations.

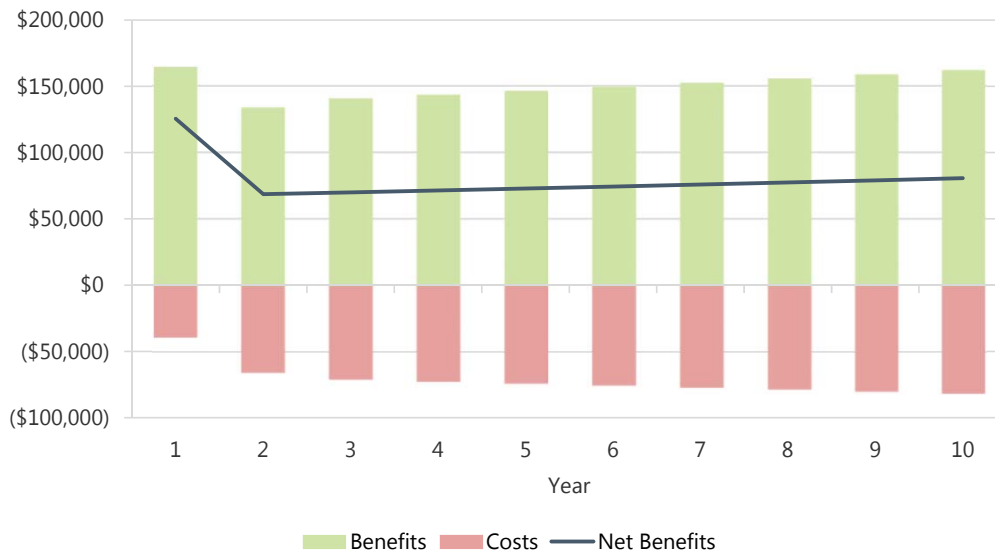
Table 7. City of Tomball: Benefits, Costs, and Net Benefits Over the Next 10 Years

	Amount
Sales Taxes	\$317,171
Property Taxes - Project	\$499,972
Property Taxes - New Residential	\$11,445
Utility Revenue	\$523,517
Utility Franchise Fees	\$49,373
Building Permits and Fees	\$21,841
Hotel Occupancy Taxes	\$4,851
Miscellaneous Taxes & User Fees	\$80,985
<u>Subtotal Benefits</u>	<u>\$1,509,156</u>
Cost of Providing Municipal Services	(\$163,779)
Cost of Providing Utility Services	(\$549,693)
<u>Subtotal Costs</u>	<u>(\$713,473)</u>
Net Benefits	\$795,683
<i>Present Value (5% discount rate)</i>	<i>\$620,305</i>

Table 8. Year-by-Year Benefits, Costs, and Net Benefits for the City of Tomball

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$164,730	(\$39,202)	\$125,528	\$125,528
2	\$134,293	(\$65,707)	\$68,585	\$194,113
3	\$140,882	(\$70,904)	\$69,979	\$264,092
4	\$143,727	(\$72,322)	\$71,406	\$335,498
5	\$146,632	(\$73,768)	\$72,864	\$408,362
6	\$149,597	(\$75,243)	\$74,353	\$482,715
7	\$152,623	(\$76,748)	\$75,875	\$558,590
8	\$155,713	(\$78,283)	\$77,430	\$636,020
9	\$158,868	(\$79,849)	\$79,019	\$715,040
10	\$162,090	(\$81,446)	\$80,644	\$795,683
Total	\$1,509,156	(\$713,473)	\$795,683	

Figure 1. Annual Fiscal Net Benefits for the City of Tomball



Impact from Project and Workers

The City will receive benefits from the activity, spending, and investments associated with (1) the Project and (2) the workers. These benefits, associated costs, and resulting net benefits for the next 10 years are shown below for these two categories.

Table 9: Net Benefits to the City from the Project and Workers

	The Project	Workers	Total
Sales Taxes	\$280,780	\$36,391	\$317,171
Real Property Taxes	\$499,972	\$0	\$499,972
FF&E Property Taxes	\$0	\$0	\$0
Inventory Property Taxes	\$0	\$0	\$0
New Residential Property Taxes	\$0	\$11,445	\$11,445
Utility Revenue	\$402,901	\$120,617	\$523,517
Utility Franchise Fees	\$41,468	\$7,905	\$49,373
Building Permits and Fees	\$21,841	\$0	\$21,841
Hotel Occupancy Taxes	\$4,851	\$0	\$4,851
Miscellaneous Taxes & User Fees	\$48,712	\$32,273	\$80,985
Subtotal Benefits	\$1,300,524	\$208,632	\$1,509,156
Cost of Providing Municipal Services	(\$98,418)	(\$65,361)	(\$163,779)
Cost of Providing Utility Services	(\$423,046)	(\$126,648)	(\$549,693)
Subtotal Costs	(\$521,464)	(\$192,009)	(\$713,473)
Net Benefits	\$779,061	\$16,623	\$795,683
<i>Percent of Total Net Benefits</i>	<i>97.9%</i>	<i>2.1%</i>	

Non-Tax Incentives

The Tomball EDC is considering the following non-tax incentives for the Project.

Table 14. Incentives Under Consideration

Year	Enter Incentive Description
1	\$186,700
2	\$0
3	\$0
4	\$0
5	\$0
6	\$0
7	\$0
8	\$0
9	\$0
10	\$0
Total	\$186,700

These financial incentives may be considered an investment in the Project made by the EDC. Four calculations analyzing possible investments were made:

1. Net Benefits - detailed above
2. Present Value of Net Benefits - detailed above
3. Rate of Return on Investment - discussed and detailed below
4. Payback Period - discussed and detailed below

The rate of return on investment calculates the average annual rate of return to the city, treating the incentives as the initial investment and the net benefits to the city as the return on investment. The payback period is the number of years that it will take the city to recover the cost of incentives from the additional revenues that it will receive as a result of the Project.

The table below shows an analysis of these incentives, including a calculation of incentives per job, rate of return, and payback period.

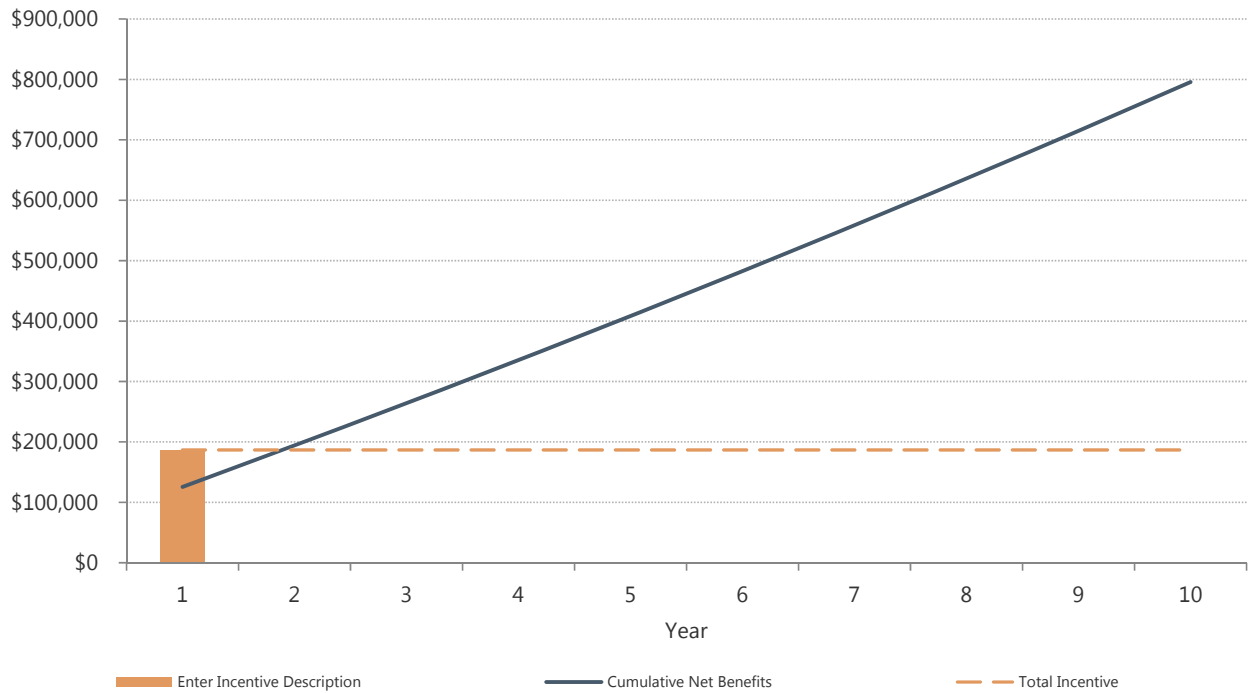
Table 15. Analysis of Incentives

Total Non-Tax Incentive	\$186,700
Rate of Return - 5 Years	43.7%
Payback period (years)	1.9

Note: The Rate of Return and Payback Period are calculated based on the sum of annual incentives, not the present value of the incentives.

The graph below depicts the total incentives currently under consideration versus the cumulative net benefits to the City. The intersection indicates the length of time until the incentives are paid back.

Figure 2. Incentives Under Consideration



Overview of Methodology

This report presents the results of an analysis undertaken by the Tomball Economic Development Corporation using Total Impact, an economic and fiscal impact analysis tool developed and supported by the Austin, TX based economic consulting firm, Impact DataSource.

The Total Impact model combines project-specific attributes with community data, tax rates, and assumptions to estimate the economic impact of the Project and the fiscal impact for local taxing districts over a 10-year period.

The economic impact as calculated in this report can be categorized into two main types of impacts. First, the direct economic impacts are the jobs and payroll directly created by the Project. Second, this economic impact analysis calculates the indirect and induced impacts that result from the Project. Indirect jobs and salaries are created in new or existing area firms, such as maintenance companies and service firms, that may supply goods and services for the Project. In addition, induced jobs and salaries are created in new or existing local businesses, such as retail stores, gas stations, banks, restaurants, and service companies that may supply goods and services to new workers and their families.

The economic impact estimates in this report are based on the Regional Input-Output Modeling System (RIMS II), a widely used regional input-output model developed by the U. S. Department of Commerce, Bureau of Economic Analysis. The RIMS II model is a standard tool used to estimate regional economic impacts. The economic impacts estimated using the RIMS II model are generally recognized as reasonable and plausible assuming the data input into the model is accurate or based on reasonable assumptions. Impact DataSource utilizes county-level multipliers to estimate the impact occurring at the sub-county level.

Two types of regional economic multipliers were used in this analysis: an employment multiplier and an earnings multiplier. An employment multiplier was used to estimate the number of indirect and induced jobs created or supported in the area. An earnings multiplier was used to estimate the amount of salaries to be paid to workers in these new indirect and induced jobs. The employment multiplier shows the estimated number of total jobs created for each direct job. The earnings multiplier shows the estimated amount of total salaries paid to these workers for every dollar paid to a direct worker. The multipliers used in this analysis are listed below:

420000 Wholesale trade		City	County
Employment Multiplier	(Type II Direct Effect)	1.6324	2.2573
Earnings Multiplier	(Type II Direct Effect)	1.3558	1.7073

The fiscal impacts calculated in this report are detailed in Appendix C. Most of the revenues estimated in this study result from calculations relying on (1) attributes of the Project, (2) assumptions to derive the value of associated taxable property or sales, and (3) local tax rates. In some cases, revenues are estimated on a per new household, per new worker, or per new school student basis.

The company or Project developer was not asked, nor could reasonably provide data for calculating some other revenues. For example, while the city will likely receive revenues from fines paid on speeding tickets given to new workers, the company does not know the propensity of its workers to speed. Therefore, some revenues are calculated using an average revenue approach. This approach uses relies on two assumptions:

1. The taxing entity has two general revenue sources: revenues from residents and revenues from businesses.
2. The taxing entity will collect (a) about the same amount of miscellaneous taxes and user fees from each new household that results from the Project as it currently collects from existing households on average, and (b) the same amount of miscellaneous taxes and user fees from the new business (on a per worker basis) will be collected as it collects from existing businesses.

In the case of the school district, some additional state and federal revenues are estimated on a per new school student basis consistent with historical funding levels.

Additionally, this analysis sought to estimate the additional expenditures faced by the city and county to provide services to new households and new businesses. A marginal cost approach was used to calculate these additional costs. This approach relies on two assumptions:

1. The taxing entity spends money on services for two general groups: revenues from residents and revenues from businesses.
2. The taxing entity will spend slightly less than its current average cost to provide local government services (police, fire, EMS, etc.) to (a) new residents and (b) businesses on a per worker basis.

In the case of the school district, the marginal cost to educate new students was estimated based on a portion of the school's current expenditures per student and applied to the headcount of new school students resulting from the Project.

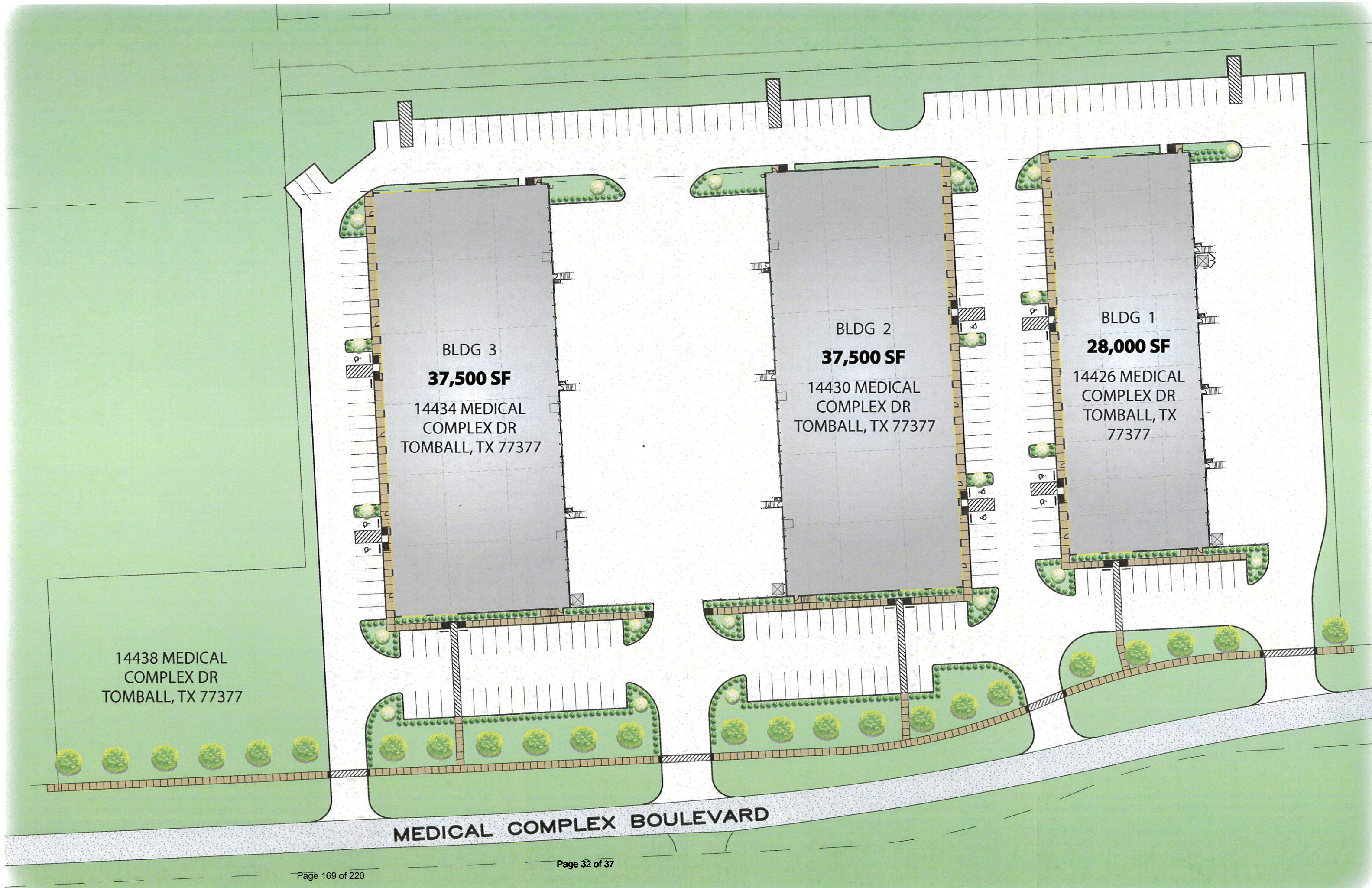
Additionally, this analysis seeks to calculate the impact on the school district's finances from the Project by generally, and at a summary level, mimicking the district's school funding formula.

According to the Texas Education Agency, any property added to local tax rolls, and the local taxes that this generates, reduces the amount of state funding equivalent to local taxes collected for maintenance and operations. The school district retains local taxes received for debt services and the corresponding state funding is not reduced.

However, according to the Texas Education Agency, the school district will receive state aid for each new child that moves to the District. The additional revenues for the school district are calculated in this analysis.

About Impact DataSource

Impact DataSource is an Austin economic consulting, research, and analysis firm founded in 1993. The firm has conducted over 2,500 economic impact analyses of firms, projects, and activities in most industry groups in Texas and more than 30 other states.













Regular City Council

Agenda Item

Data Sheet

Meeting Date: June 4, 2018

Topic:

Approve, on First Reading, Resolution No. 2018-16-TEDC, a Resolution of the City Council of the City of Tomball, Texas, authorizing and approving the Tomball Economic Development Corporation's Project to Expend Funds in accordance with an Economic Development Performance Agreement by and between the Corporation and The Neutral Nest, to make direct incentives to, or expenditures for, rental assistance for new or expanded business enterprise to be located at 104 Commerce, Tomball, TX 77375. The estimated amount of expenditures for such Project is \$6,300.00.

Background:

On May 15, 2018, the Tomball Economic Development Corporation (TEDC) Board of Directors unanimously approved, as a Project of the Corporation, an economic development performance agreement with The Neutral Nest for rental assistance for new or expanded business enterprise. The Tomball City Council has final approval authority over all programs and expenditures of the Corporation.

Origination:

Tomball Economic Development Corporation Board of Directors

Recommendation:

Approve Resolution No. 2018-16-TEDC on first reading.

Funding:

Yes

Account Number: Project Grants

Party(ies) responsible for placing this item on agenda:

Kelly Violette, Executive Director, Tomball Economic Development Corporation.

ACTION TAKEN		
Approval ☐ Yes ☐ No	Readings Passed ☐ 1 st ☐ 2 nd	Other

ATTACHMENTS:

Resolution No. 2018-16-TEDC

TEDC Memo

Request Letter

Draft TEDC Performance Agreement

Economic Impact Analysis

RESOLUTION NO. 2018-16-TEDC

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TOMBALL, TEXAS, AUTHORIZING AND APPROVING THE TOMBALL ECONOMIC DEVELOPMENT CORPORATION'S PROJECT TO EXPEND FUNDS IN ACCORDANCE WITH AN ECONOMIC DEVELOPMENT AGREEMENT BY AND BETWEEN THE CORPORATION AND THE NEUTRAL NEST TO PROMOTE AND DEVELOP A NEW OR EXPANDED BUSINESS ENTERPRISE; CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT; AND PROVIDING FOR SEVERABILITY.

* * * * *

WHEREAS, the Tomball Economic Development Corporation (the "TEDC"), created pursuant to the Development Corporation Act, now Chapter 501 of the Texas Local Government Code, as amended (the "Act"), desires to adopt projects and provide incentives for economic development within the City; and

WHEREAS, the Board of Directors of the TEDC had adopted as a specific project the expenditure of the estimated amount of Six Thousand Three Hundred Dollars (\$6,300.00), found by the Board to be required or suitable to promote a new business development by The Neutral Nest; and

WHEREAS, pursuant to the Act, the TEDC may not undertake such project without the approval of Tomball City Council; and

WHEREAS, City Council finds and determines that such project promotes new or expanded business development and is in the best interests of the citizenry; now, therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF TOMBALL, TEXAS:

Section 1. The facts and matters set forth in the preamble of this Resolution are hereby found to be true and correct.

Section 2. The City Council hereby authorizes and approves the adoption, by the Board of Directors of the Tomball Economic Development Corporation, as a specific project for the economic development of the City, an expenditure of the estimated amount of Six Thousand Three Hundred Dollars (\$6,300.00), to The Neutral Nest in accordance with an economic development agreement by and between the TEDC and The Neutral Nest to promote and develop a new or expanded business enterprise, to be located at 104 Commerce, Tomball, Texas 77375.

Section 3. In the event any clause, phrase, provision, sentence, or part of this Resolution or the application of the same to any person or circumstance shall for any reason be adjudged invalid or held unconstitutional by a court of competent jurisdiction, it shall not affect, impair, or invalidate this Resolution as a whole or any part or provision hereof other than the part

declared to be invalid or unconstitutional; and the City Council of the City of Tomball, Texas, declares that it would have passed each and every part of the same notwithstanding the omission of any such part thus declared to be invalid or unconstitutional, whether there be one or more parts.

PASSED AND APPROVED on first reading this ____ day of _____, 2018.

PASSED, APPROVED, AND RESOLVED on second and final reading this ____ day of _____, 2018.

Gretchen Fagan, Mayor

ATTEST:

Doris Speer, City Secretary



TO: Honorable Mayor and City Council

FROM: Kelly Violette, Executive Director

MEETING DATE: June 4, 2018

SUBJECT: The Neutral Nest Performance Agreement

The Tomball EDC has received a request from Emily Lyszaz, Owner of The Neutral Nest, for funding assistance through the TEDC's Rental Incentive Program for a new retail home décor and furnishings store to be located at 104 Commerce Street.

The Neutral Nest was established in 2015 and has grown through online sales and vendor shows. According to Ms. Lyszaz's request letter, client interest has prompted her to move forward with the establishment of a retail store in downtown Tomball. The proposed location is an 1,800 square foot lease space that has been vacant for approximately 6 months. The owner plans to invest \$10,000-\$15,000 to upgrade the interior and exterior of the building with new paint and fixtures to give it a new neutral finish.

The goal of the TEDC's Rental Incentive Program is to assist in the establishment of new businesses in existing vacant spaces and to stimulate commercial investment in the City of Tomball. In accordance with the Rental Incentive Program Policy, the proposed performance agreement is for 25% of the base monthly rent for the first year of operation only.

The lease agreement that was submitted in conjunction with the request letter shows a three-year lease commitment with a monthly rent amount of \$2,100 for the first year and a rent reduction in years two and three. The proposed grant amount is \$6,300, payable after the first year of operation based on landlord verification of rents paid and meeting the performance agreement criteria.

Although this project does not create primary jobs, it does promote the development and expansion of business enterprise, which is considered a permissible project as outlined in Texas Economic Development Legislation.

Kelly Violette, CEcD, PCED, AICP

Executive Director
Tomball Economic Development Corporation

May 10, 2018

The Neutral Nest is a wholesaler of home décor and furnishings. The business was established in 2015 by Emily Lyszaz.

For the past 4 years we have grown to service all 50 states and Canada through online sales and participation at vendor shows. With the growth we have experienced we feel it is time to establish a retail store.

We feel that downtown Tomball is a good location because many of clients are always asking if we have a retail location and that our store will be a great addition to downtown. We found an 1,800 square foot vacant space at 104 Commerce Street and have been in lease negotiations with the owner. The lease term is 3 years and the monthly rental rate is \$2,100.00 per month.

We plan to upgrade the exterior of the building by removing the existing fence paneling and painting the building white with gray trim to give the building a nice new neutral finish. We will also install new light fixtures and a new sign. Interior wise we will paint and upgrade the overall look, so that when you enter the doors you feel invited and at home. Our total investment in the improvements is 10-15k just to get the space ready for business with additional improvements along the way.

We are requesting assistance from the Tomball EDC in order to help offset our costs and assist us in establishing our new retail location. Your consideration is greatly appreciated.

Sincerely,

Emily Lyszaz
The Neutral Nest



NEW BUSINESS RENTAL INCENTIVE PROGRAM

PART A –BUSINESS OWNER APPLICATION

The New Business Rental Incentive Program seeks to reduce area vacancies and facilitate the establishment of new businesses in previously underutilized areas of the City. The intent of the program is to facilitate business growth and expansion by assisting businesses in leasing space. All grant award decisions of the Tomball Economic Development Corporation (TEDC) Board of Directors are discretionary and final. Through the Program, the TEDC will provide up to 25% of the base monthly rent for the first year of operation only, not to exceed \$10,000 per business.

Business Owner Applicant Information

Name of Business: THE NEUTRAL NEST

Current Business Physical Address: 340 30822 Nichols Sawmill Rd.

City, State & Zip MAGNOLIA TX 77355

Mailing Address: 37012 High Chaparral

City, State & Zip MAGNOLIA TX 77355

Business Phone: 832 746 1574

Business Website: THE NEUTRAL NEST . COM

Business Owner Name: EMILY LYSZAR

Applicant's Name (if different): _____

Position /Title: OWNER

Phone and Email: 832 746 1574 EMILY.LYSZAR @ GMAIL

Nature of Business: HOME DECOR & FURNISHINGS

Legal Form of Business

- ☐ Sole Proprietor
- ☐ Partnership Number of Partners _____
- ☐ Corporation
- ☒ Limited Liability Corp
- ☐ Other _____

Days and Hours of Operation

Days Open: 5

Hours Open: 8

Business Start/Opening Date July - 18

Certification

By signing below, the Business Owner of record (applicant) understands and agrees to the following:

1. All information contained in this application, the attached exhibits and other materials submitted in connection with this application are true and accurate to the best of the business owner's knowledge. Business owner understands and agrees that false or untruthful information may be grounds for the TEDC to stop processing this application or to withdraw any approval previously obtained based in whole or in part on such false or untruthful statements.
2. The TEDC is under no obligation to approve the request contained in the application. No promises of approval are conveyed with the acceptance of this application.
3. All tax obligations to the City of Tomball are current.
4. The business is currently in good standing with the City, and has no pending municipal code violations.
5. The business is not currently occupying the space with or without a lease in place.
6. The APPLICANT hereby certifies that the APPLICANT does not and will not knowingly employ an undocumented worker. An "undocumented worker" shall mean an individual who, at the time of employment, is not (a) lawfully admitted for permanent residence to the United States; or (b) authorized under the law to be employed in that manner in the United States. APPLICANT understands and agrees that if, after receiving a Grant, APPLICANT is convicted of a violation under 8 U.S.C. Section 1324a(f), the APPLICANT shall be required to reimburse to the TEDC the grant amount received. Payments must be paid in full within thirty (30) days after the date of written notification by the TEDC. The form of such payment shall be a cashier's check or money order, made payable to the Tomball Economic Development Corporation. The TEDC has the right to recover court costs and reasonable attorney's fees as a result of any civil action required to recover such repayment.

Emily Lyssa
Printed Name of Principal Owner

[Signature]
Signature

5/7/18
Date

Please submit the completed application along with a copy of the Proposed Lease Agreement to:

Kelly Violette
Tomball Economic Development Corporation
29201 Quinn Road, Suite B
Tomball, TX 77375

For further questions about the Program, please contact Kelly Violette, Executive Director, at 281.401.4086 or kviolette@tomballtxedc.org.

FINANCIAL NEED DEMONSTRATION: Acceptance into the Rental Incentive Program requires an acceptable explanation of financial need. Use the lines below to explain why and how the rent subsidy is an important factor in opening your business.

CASH FLOW OF COURSE IS KING, AS THE FUNDS
AVAILABLE ALLOW US TO STAY IN BUSINESS.

AS WELL AS THE OVERALL MONEY NEEDED TO
IMPROVE THE FACILITIES APPEARANCE

Explain how your business will benefit and enhance the area in which you are locating and how your business will complement other businesses within the area:

WE FIT THE STYLE OF MERCHANDISE THE
SHOPPERS WHO VISIT DOWNTOWN AREA EXPECT
TO FIND

Employees

Full Time Employees (40 hours per week): 2

Part Time Employees (less than 40 hours per week): _____

Does the Business Owner Have any Relationship to the Property Owner/Landlord?

No ☒ Yes ☐ (please explain)

Moving and Space Improvement Cost and Funding Information

Investment Data

Tenant Space Improvement (finish) \$ 5,000.

Landlord Space Improvement (finish) \$ 0

Equipment and Display \$ 2-4 K

Product Stock (for Opening) \$ 10,000.

Marketing (First Year) \$ 5,000.

Sources of Funding for Move/Expansion

Funds invested by owner \$ whatever it takes

Funds from other sources* \$ 0

Total estimated cost to move/expand \$ _____

* Source of Funding and Amounts Cash on Hand

New Lease Property Information

Address of space to be leased: 104 Commerce

Total amount of square feet to be leased and occupied: 1800. sq. ft

Term of lease (minimum 3 years): 3 years

Gross rental rate ~~\$ 1.00~~ per month \$ 1.10 per s.f.

Additional lease terms and other monthly charges: _____

Indicate any rate increases: _____



NEW BUSINESS RENTAL INCENTIVE PROGRAM

PART B – PROPERTY OWNER/LANDLORD APPLICATION

Complete all items carefully and accurately to the best of your knowledge and return with a copy of Proof of Ownership to:

Kelly Violette
Tomball Economic Development Corporation
29201 Quinn Road, Suite B
Tomball, TX 77375

Property Address: 104 Commerce

Property Owner of Record: David D Mann

Mailing Address: PO Box 1581

City, State & Zip Brackettville TX 78832-1581

Phone: 830 563 5658 Email: _____

Name(s) of Authorized Signatories: _____

Name of Management Company: N/A - Greystone Real Estate

Name of Representative/Contact Person: Dawn Strauss

Management Company Address: 318 Main Street Ste G

City, State & Zip Spring Tx 77373

Phone: 832 797 9275 Email: dawn@2greystonere.com

Name of proposed business at site:
THE NUTRAC NEST

Name of business owner:
EMILY LYSZAK

DOES THE BUSINESS OWNER OR THE BUSINESS HAVE ANY RELATIONSHIP TO THE
PROPERTY OWNER/LANDLORD? NO ☒ YES ☐ Please explain

SITE & LEASE INFORMATION

Total amount of square feet to be leased and occupied by business: 1864

Term of lease: 3 years

Gross rental rate \$ ~~1400~~²¹⁰⁰ per month \$ 1 per s.f.

Additional lease terms and other monthly charges: N/A

Indicate any rate increases: _____

Is the subject space currently vacant? Yes ☒ No ☐

If yes, how long has the space been vacant? 6 months

Name of previous tenant: T. Swift Co.

Previous Rental Rate: \$ — Per Month \$ — Per Square Foot

CERTIFICATIONS

Are all real estate and personal property taxes due the City of Tomball paid in full?

Subject Property: YES ☒ NO ☐ (Please explain on supplemental sheet)

Other Properties: YES ☐ NO ☐ N/A ☒

Are all City of Tomball water and sewer bills due paid in full?

Subject Property: YES ☒ NO ☐ (Please explain on supplemental sheet)

Other Properties: YES ☐ NO ☐ N/A ☒

Have you been cited for any existing zoning, building or property maintenance code violations that remain uncorrected?

Subject Property: YES ☐ NO ☒ (Please explain on supplemental sheet)

Other Properties: YES ☐ NO ☐ N/A ☒

Are you involved in any litigation with the City of Tomball?

☐ YES (Please explain on supplemental sheet)

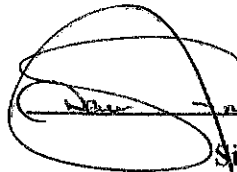
☒ NO

By signing below, the Landlord/Property Owner of record understands and agrees to the following:

1. All information contained in this application, the attached exhibits and other materials submitted in connection with this application are true and accurate to the best of the land owner's knowledge. Landowner understands and agrees that false or untruthful information may be grounds for the TEDC to stop processing this application or to withdraw any approval previously obtained based in whole or in part on such false or untruthful statements.
2. The TEDC is under no obligation to approve the request contained in the application. No promises of approval are conveyed with the acceptance of this application.
3. All tax obligations to the City of Tomball are current.
4. The property is currently in good standing with the City, and has no pending municipal code violations.
5. The business is not currently occupying the space with or without a lease in place.

David D Mann

Printed Name of Property Owner/Landlord


Signature

Representation for owner

7 May 2018

Date

AGREEMENT

THE STATE OF TEXAS §
 § KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF HARRIS §

This Agreement (the “Agreement”) is made and entered into by and between the **Tomball Economic Development Corporation**, an industrial development corporation created pursuant to Tex. Rev. Civ. Stat. Ann. Art. 5190.6, Section 4B, located in Harris County, Texas (the “TEDC”), and **The Neutral Nest** (the “Company”), 30822 Nichols Sawmill Road, Magnolia, TX 77355.

WITNESSETH:

WHEREAS, it is the established policy of the TEDC to adopt such reasonable measures from time-to-time as are permitted by law to promote local economic development and stimulate business and commercial activity within the City of Tomball (the “City”); and

WHEREAS, the Company proposes to lease an 1,800 square foot existing retail space located at 104 Commerce Street, Tomball, Texas 77375 (the “Property”), and more particularly described in Exhibit “A,” attached hereto and made a part hereof; and

WHEREAS, the Company, currently operates a wholesale and online business and proposes to expand its business operations by opening a home décor and furnishings store at the Property, and as part of the process, plans to expend funds to make improvements (the “Improvements”), generally described in Exhibit “B,” attached hereto and made a part hereof, as are necessary to an existing 1,800 square foot lease space; and

WHEREAS, the Company also proposes to create two (2) full-time jobs in Tomball in conjunction with the new location and improvements to the Property; and

WHEREAS, the TEDC agrees to provide to the Company an amount equal to twenty-five percent (25%) of the base monthly rent for the first 12 consecutive months of operation not to exceed Six Thousand Three Hundred Dollars (\$6,300.00), to assist in the construction of the Improvements and the addition of the two (2) new employees at the Property; and

WHEREAS, the Company has agreed, in exchange and as consideration for the funding, to satisfy and comply with certain terms and conditions; and

NOW, THEREFORE, in consideration of the premises and the mutual benefits and obligations set forth herein, including the recitals set forth above, the TEDC and the Company agree as follows:

1.

Except as provided by paragraph 3, the Company covenants and agrees that it will operate and maintain the proposed business for a term of at least three (3) years within the City of Tomball.

2.

The Company also covenants and agrees that construction of the Improvements, the addition of the two (2) new employees, and obtaining all necessary occupancy permits from the City shall occur within twelve (12) months from the Effective Date of this Agreement. Extensions of these deadlines, due to any extenuating circumstance or uncontrollable delay, may be granted at the sole discretion of the Board of Directors of the TEDC.

3.

The Company further covenants and agrees that it does not and will not knowingly employ an undocumented worker. An “undocumented worker” shall mean an individual who, at

the time of employment, is not (a) lawfully admitted for permanent residence to the United States, or (b) authorized by law to be employed in that manner in the United States.

4.

In consideration of the Company's representations, promises, and covenants, TEDC agrees to grant to the Company an amount equal to twenty-five percent (25%) of the base monthly rent for the first 12 consecutive months of operation not to exceed Six Thousand Three Hundred Dollars (\$6,300.00), to fund a portion of the cost of the Improvements and the addition of the two (2) new employees on the Property. The TEDC agrees to distribute such funds to the Company within thirty (30) days of receipt of a letter from the Company requesting such payment, which letter shall also include: (a) a copy of the City's occupancy permit for the Improvements to the Property; (b) proof that the Company has added the number of employees indicated above to its business operations on the Property, as evidenced by copies of Texas Workforce Commission form C-3 or Internal Revenue Service Form 941; (c) verification from the City acknowledging that all necessary plats, plans, and specifications have been received, reviewed, and approved; (d) verification that the Improvements have been constructed in accordance with the approved plans and specifications; (e) an affidavit stating that all contractors and subcontractors providing work and/or materials in the construction of the Improvements have been paid and any and all liens and claims regarding such work have been released; and, (f) an affidavit from the landlord of the Property stating that all rents have been paid in accordance with the terms of the lease agreement for the first twelve consecutive months of operation.

5.

It is understood and agreed by the parties that, in the event of a default by the Company on any of its obligations under this Agreement, the Company shall reimburse the TEDC the full

amount paid to the Company by the TEDC, with interest at the rate equal to the 90-day Treasury Bill plus ½% per annum, within thirty (30) days after the TEDC notifies the Company of the default. It is further understood and agreed by the parties that if the Company is convicted of a violation under 8 U.S.C. Section 1324a(f), the Company will reimburse the TEDC the full amount paid to the Company, with interest at the rate equal to the 90-day Treasury Bill plus ½% per annum, within thirty (30) days after the TEDC notifies the Company of the violation.

The Company shall also reimburse the TEDC for any and all reasonable attorney's fees and costs incurred by the TEDC as a result of any action required to obtain reimbursement of such funds.

6.

This Agreement shall inure to the benefit of and be binding upon the TEDC and the Company, and upon the Company's successors and assigns, affiliates, and subsidiaries, and shall remain in force whether the Company sells, assigns, or in any other manner disposes of, either voluntarily or by operation of law, all or any part of the Property and the agreements herein contained shall be held to be covenants running with the Property for so long as this Agreement, or any extension thereof, remains in effect.

7.

Any notice provided or permitted to be given under this Agreement must be in writing and may be served by (i) depositing the same in the United States mail, addressed to the party to be notified, postage prepaid, registered or certified mail, return receipt requested; or (ii) by delivering the same in person to such party; or (iii) by overnight or messenger delivery service that retains regular records of delivery and receipt; or (iv) by facsimile; provided a copy of such

notice is sent within one (1) day thereafter by another method provided above. The initial addresses of the parties for the purpose of notice under this Agreement shall be as follows:

If to City: Tomball Economic Development Corporation
401 W. Market Street
Tomball, Texas 77375
Attn: President, Board of Directors

If to Company: The Neutral Nest
37012 High Chaparral
Magnolia, TX 77355
Attn: Emily Lyszaz, Owner

8.

This Agreement shall be performable and enforceable in Harris County, Texas, and shall be construed in accordance with the laws of the State of Texas.

9.

Except as otherwise provided in this Agreement, this Agreement shall be subject to change, amendment or modification only in writing, and by the signatures and mutual consent of the parties hereto.

10.

The failure of any party to insist in any one or more instances on the performance of any of the terms, covenants or conditions of this Agreement, or to exercise any of its rights, shall not be construed as a waiver or relinquishment of such term, covenant, or condition, or right with respect to further performance. This Agreement shall bind and benefit the respective Parties and their legal successors and shall not be assignable, in whole or in part, by any party without first obtaining written consent of the other party.

11.

In the event any one or more words, phrases, clauses, sentences, paragraphs, sections, or other parts of this Agreement, or the application thereof to any person, firm, corporation, or circumstance, shall be held by any court of competent jurisdiction to be invalid or unconstitutional for any reason, then the application, invalidity or unconstitutionality of such words, phrases, clauses, sentences, paragraphs, sections, or other parts of this Agreement shall be deemed to be independent of and severable from the remainder of this Agreement, and the validity of the remaining parts of this Agreement shall not be affected thereby.

IN TESTIMONY OF WHICH, THIS AGREEMENT has been executed by the parties on this _____ day of _____ 2018 (the "Effective Date").

THE NEUTRAL NEST

By: _____

Name: Emily Lyszaz

Title: Owner

ATTEST:

By: _____

Name: _____

Title: _____

**TOMBALL ECONOMIC DEVELOPMENT
CORPORATION**

By: _____

Name: Gretchen Fagan

Title: President, Board of Directors

ATTEST:

By: _____

Name: _____

Title: Secretary, Board of Directors

DRAFT

ACKNOWLEDGMENT

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on the ____ day of _____
2018, by Emily Lyszaz, Owner of The Neutral Nest, for and on behalf of said company.

Notary Public in and for the State of Texas

My Commission Expires: _____

(SEAL)

ACKNOWLEDGMENT

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on the ____ day of _____
2018, by Gretchen Fagan, President of the Board of Directors of the Tomball Economic
Development Corporation, for and on behalf of said Corporation.

Notary Public in and for the State of Texas

My Commission Expires: _____

(SEAL)

Exhibit "A"
Legal Description of Property

Legal Description: TRS 15 & 16A BLK 1 TOMBALL
Property Address: 104 COMMERCE ST, TOMBALL, TX 77375



Exhibit “B”
Improvements

Upgrade the exterior of the building by removing the existing fence paneling and painting the building white with gray trim. Install new light fixtures and a new sign. Buildout the interior space.

DRAFT

EXECUTIVE SUMMARY

A REPORT OF THE ECONOMIC IMPACT OF THE NEUTRAL NEST IN TOMBALL, TX

May 9, 2018

Prepared by:
Tomball Economic Development Corporation
29201 Quinn Rd., Suite B
Tomball, Texas 77375



Prepared using Total Impact



PURPOSE & LIMITATIONS

This report presents the results of an analysis undertaken by the Tomball Economic Development Corporation using Total Impact, an economic and fiscal impact analysis tool developed and supported by the Austin, TX based economic consulting firm, Impact DataSource.

The Total Impact model is a customized software program licensed to the Tomball Economic Development Corporation. The model includes estimates, assumptions, and other information developed by Impact DataSource from its independent research effort detailed in Tomball Economic Development Corporation's Total Impact User Guide.

The analysis relies on prospective estimates of business activity that may not be realized. Tomball Economic Development Corporation made reasonable efforts to ensure that the project-specific data entered into the Total Impact model reflects realistic estimates of future activity.

No warranty or representation is made by Tomball Economic Development Corporation or Impact DataSource that any of the estimates or results contained in this study will actually be achieved.



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Introduction

This report presents the results of an economic impact analysis performed using Total Impact, a model developed by Impact DataSource. The report estimates the impact that a potential project in the City of Tomball will have on the local economy and estimates the costs and benefits for local taxing districts over a 10-year period.

Description of the Project

Proposed new home décor and furnishings retail location in an existing 1,800 sq.ft. lease space at 104 Commerce Street, Tomball, TX 77375.

Economic Impact Overview

The Project's operations will support employment and other economic impacts in the community. The 2.0 workers directly employed by the Project will earn approximately \$59,000 per year on average over the next 10 years. This direct activity will support 0.4 indirect and induced workers in the community earning \$111,000 on average over the next 10 years. The total additional payroll or workers' earnings associated with the Project is estimated to be approximately \$1.6 million over the next 10 years.

On average, the Project will generate \$0.2 million in direct economic output over the next 10 years. Spin-off businesses in the community will produce \$0.1 million in economic output per year as a result of the Project. In total, the Project will support \$0.3 million in economic output per year on average. Economic output is the value of goods and services produced in the economy and can be thought of as revenues for businesses. The economic output calculations in this report were estimated using the RIMS II economic impact model and the Project's employment estimates.

Accounting for various taxable sales and purchases, including activity associated with the Project, worker spending, and visitors' spending in the community, the Project is estimated to support approximately \$4.4 million in taxable sales over the next 10 years.

Table 1. Economic Impact Over the Next 10 Years

	Direct	Indirect & Induced	Total
Number of permanent direct, indirect, and induced jobs to be created	2.0	0.4	2.4
Salaries to be paid to direct, indirect, and induced workers	\$1,184,322	\$442,580	\$1,626,902
Economic output generated by direct, indirect, and induced activity	\$1,870,395	\$749,093	\$2,619,488
Taxable sales and purchases expected in the City	\$4,417,286	\$10,622	\$4,427,908

The Project may result in new residents moving to the community and potentially new residential properties being constructed as summarized below.

Table 2. Population Impacts Over the Next 10 Years

	Direct	Indirect & Induced	Total
Number of direct, indirect, and induced workers who will move to the City	0.1	0.0	0.1
Number of new residents in the City	0.3	0.0	0.3
Number of new residential properties to be built in the City	0.0	0.0	0.0
Number of new students expected to attend local school district	0.1	0.0	0.1

The Project is estimated to support an average of approximately \$0.1 million in new non-residential taxable property each year over the next 10 years. The taxable value of property supported by the Project over the 10-year period is shown in the following table.

Table 3. Value of Taxable Property Supported by the Project Over the Next 10 Years

Year	New Residential Property	The Project's Property					Total Residential & Nonresidential Property
		Land	Buildings & Other Real Prop. Improvements	Furniture, Fixtures, & Equipment	Inventories	Subtotal Nonresidential Property	
1	\$0	\$0	\$30,200	\$5,000	\$15,000	\$50,200	\$50,200
2	\$0	\$0	\$30,804	\$4,500	\$15,300	\$50,604	\$50,604
3	\$0	\$0	\$31,420	\$4,000	\$15,606	\$51,026	\$51,026
4	\$0	\$0	\$32,048	\$3,500	\$15,918	\$51,467	\$51,467
5	\$0	\$0	\$32,689	\$3,000	\$16,236	\$51,926	\$51,926
6	\$0	\$0	\$33,343	\$2,500	\$16,561	\$52,404	\$52,404
7	\$0	\$0	\$34,010	\$2,000	\$16,892	\$52,903	\$52,903
8	\$0	\$0	\$34,690	\$1,500	\$17,230	\$53,421	\$53,421
9	\$0	\$0	\$35,384	\$1,000	\$17,575	\$53,959	\$53,959
10	\$0	\$0	\$36,092	\$1,000	\$17,926	\$55,018	\$55,018

The taxable value of residential property represents the value of properties that may be constructed as a result of new workers moving to the community.

This analysis assumes the residential real property appreciation rate to be 2.0% per year. The Project's real property is assumed to appreciate at a rate of 2.0% per year. The analysis assumes the Project's furniture, fixtures, and equipment will depreciate over time according to the depreciation schedule shown in Appendix A.

Fiscal Impact Overview

The Project will generate additional benefits and costs for the City. Overall, the City will receive approximately \$128,200 in net benefits over the 10-year period. The table below displays the estimated additional benefits, costs, and net benefits to be received by the City over the next 10 years of the Project. Appendix C contains the year-by-year calculations.

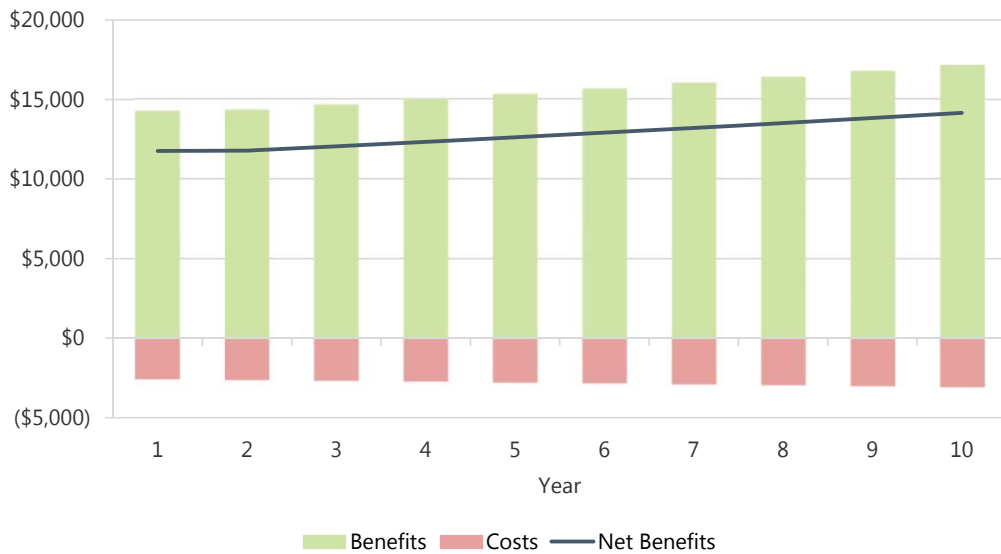
Table 4. City of Tomball: Benefits, Costs, and Net Benefits Over the Next 10 Years

	Amount
Sales Taxes	\$88,558
Property Taxes - Project	\$2,830
Property Taxes - New Residential	\$0
Utility Revenue	\$23,346
Utility Franchise Fees	\$1,157
Building Permits and Fees	\$242
Hotel Occupancy Taxes	\$38,117
Miscellaneous Taxes & User Fees	\$1,507
<u>Subtotal Benefits</u>	<u>\$155,757</u>
Cost of Providing Municipal Services	(\$3,046)
Cost of Providing Utility Services	(\$24,514)
<u>Subtotal Costs</u>	<u>(\$27,560)</u>
Net Benefits	\$128,197
<i>Present Value (5% discount rate)</i>	<i>\$98,131</i>

Table 5. Year-by-Year Benefits, Costs, and Net Benefits for the City of Tomball

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$14,287	(\$2,517)	\$11,770	\$11,770
2	\$14,351	(\$2,567)	\$11,784	\$23,554
3	\$14,674	(\$2,619)	\$12,056	\$35,609
4	\$15,005	(\$2,671)	\$12,334	\$47,944
5	\$15,344	(\$2,724)	\$12,620	\$60,563
6	\$15,691	(\$2,779)	\$12,912	\$73,475
7	\$16,046	(\$2,834)	\$13,212	\$86,687
8	\$16,410	(\$2,891)	\$13,519	\$100,206
9	\$16,782	(\$2,949)	\$13,833	\$114,039
10	\$17,166	(\$3,008)	\$14,158	\$128,197
Total	\$155,757	(\$27,560)	\$128,197	

Figure 1. Annual Fiscal Net Benefits for the City of Tomball



Impact from Project and Workers

The City will receive benefits from the activity, spending, and investments associated with (1) the Project and (2) the workers. These benefits, associated costs, and resulting net benefits for the next 10 years are shown below for these two categories.

Table 6: Net Benefits to the City from the Project and Workers

	The Project	Workers	Total
Sales Taxes	\$87,777	\$781	\$88,558
Real Property Taxes	\$1,790	\$0	\$1,790
FF&E Property Taxes	\$152	\$0	\$152
Inventory Property Taxes	\$889	\$0	\$889
New Residential Property Taxes	\$0	\$0	\$0
Utility Revenue	\$21,726	\$1,621	\$23,346
Utility Franchise Fees	\$1,051	\$106	\$1,157
Building Permits and Fees	\$242	\$0	\$242
Hotel Occupancy Taxes	\$38,117	\$0	\$38,117
Miscellaneous Taxes & User Fees	\$1,073	\$434	\$1,507
Subtotal Benefits	\$152,816	\$2,941	\$155,757
Cost of Providing Municipal Services	(\$2,168)	(\$878)	(\$3,046)
Cost of Providing Utility Services	(\$22,812)	(\$1,702)	(\$24,514)
Subtotal Costs	(\$24,980)	(\$2,580)	(\$27,560)
Net Benefits	\$127,836	\$362	\$128,197
<i>Percent of Total Net Benefits</i>	<i>99.7%</i>	<i>0.3%</i>	

Non-Tax Incentives

The Tomball EDC is considering the following non-tax incentives for the Project.

Table 11. Incentives Under Consideration

Year	Enter Incentive Description
1	\$6,300
2	\$0
3	\$0
4	\$0
5	\$0
6	\$0
7	\$0
8	\$0
9	\$0
10	\$0
Total	\$6,300

These financial incentives may be considered an investment in the Project made by the EDC. Four calculations analyzing possible investments were made:

1. Net Benefits - detailed above
2. Present Value of Net Benefits - detailed above
3. Rate of Return on Investment - discussed and detailed below
4. Payback Period - discussed and detailed below

The rate of return on investment calculates the average annual rate of return to the city, treating the incentives as the initial investment and the net benefits to the city as the return on investment. The payback period is the number of years that it will take the city to recover the cost of incentives from the additional revenues that it will receive as a result of the Project.

The table below shows an analysis of these incentives, including a calculation of incentives per job, rate of return, and payback period.

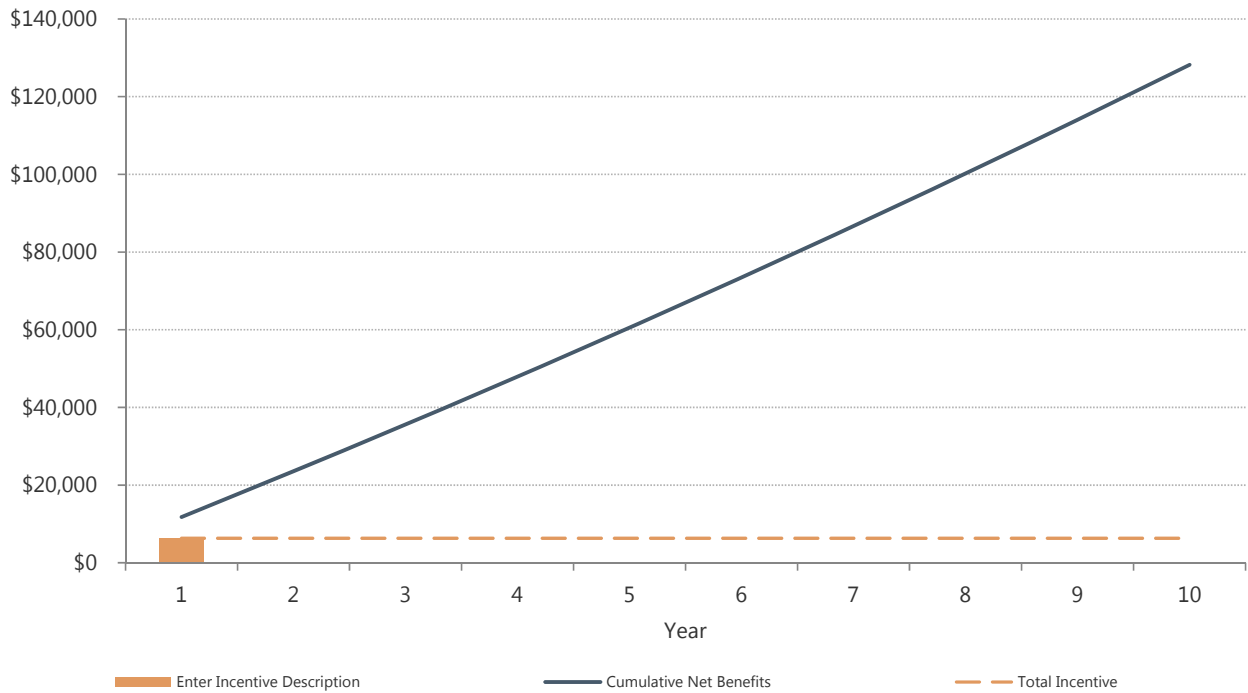
Table 12. Analysis of Incentives

Total Non-Tax Incentive	\$6,300
Rate of Return - 5 Years	192.3%
Payback period (years)	0.5

Note: The Rate of Return and Payback Period are calculated based on the sum of annual incentives, not the present value of the incentives.

The graph below depicts the total incentives currently under consideration versus the cumulative net benefits to the City. The intersection indicates the length of time until the incentives are paid back.

Figure 2. Incentives Under Consideration



Overview of Methodology

This report presents the results of an analysis undertaken by the Tomball Economic Development Corporation using Total Impact, an economic and fiscal impact analysis tool developed and supported by the Austin, TX based economic consulting firm, Impact DataSource.

The Total Impact model combines project-specific attributes with community data, tax rates, and assumptions to estimate the economic impact of the Project and the fiscal impact for local taxing districts over a 10-year period.

The economic impact as calculated in this report can be categorized into two main types of impacts. First, the direct economic impacts are the jobs and payroll directly created by the Project. Second, this economic impact analysis calculates the indirect and induced impacts that result from the Project. Indirect jobs and salaries are created in new or existing area firms, such as maintenance companies and service firms, that may supply goods and services for the Project. In addition, induced jobs and salaries are created in new or existing local businesses, such as retail stores, gas stations, banks, restaurants, and service companies that may supply goods and services to new workers and their families.

The economic impact estimates in this report are based on the Regional Input-Output Modeling System (RIMS II), a widely used regional input-output model developed by the U. S. Department of Commerce, Bureau of Economic Analysis. The RIMS II model is a standard tool used to estimate regional economic impacts. The economic impacts estimated using the RIMS II model are generally recognized as reasonable and plausible assuming the data input into the model is accurate or based on reasonable assumptions. Impact DataSource utilizes county-level multipliers to estimate the impact occurring at the sub-county level.

Two types of regional economic multipliers were used in this analysis: an employment multiplier and an earnings multiplier. An employment multiplier was used to estimate the number of indirect and induced jobs created or supported in the area. An earnings multiplier was used to estimate the amount of salaries to be paid to workers in these new indirect and induced jobs. The employment multiplier shows the estimated number of total jobs created for each direct job. The earnings multiplier shows the estimated amount of total salaries paid to these workers for every dollar paid to a direct worker. The multipliers used in this analysis are listed below:

452000 General merchandise stores		City	County
Employment Multiplier	(Type II Direct Effect)	1.1984	1.3944
Earnings Multiplier	(Type II Direct Effect)	1.3737	1.7429

The fiscal impacts calculated in this report are detailed in Appendix C. Most of the revenues estimated in this study result from calculations relying on (1) attributes of the Project, (2) assumptions to derive the value of associated taxable property or sales, and (3) local tax rates. In some cases, revenues are estimated on a per new household, per new worker, or per new school student basis.

The company or Project developer was not asked, nor could reasonably provide data for calculating some other revenues. For example, while the city will likely receive revenues from fines paid on speeding tickets given to new workers, the company does not know the propensity of its workers to speed. Therefore, some revenues are calculated using an average revenue approach. This approach uses relies on two assumptions:

1. The taxing entity has two general revenue sources: revenues from residents and revenues from businesses.
2. The taxing entity will collect (a) about the same amount of miscellaneous taxes and user fees from each new household that results from the Project as it currently collects from existing households on average, and (b) the same amount of miscellaneous taxes and user fees from the new business (on a per worker basis) will be collected as it collects from existing businesses.

In the case of the school district, some additional state and federal revenues are estimated on a per new school student basis consistent with historical funding levels.

Additionally, this analysis sought to estimate the additional expenditures faced by the city and county to provide services to new households and new businesses. A marginal cost approach was used to calculate these additional costs. This approach relies on two assumptions:

1. The taxing entity spends money on services for two general groups: revenues from residents and revenues from businesses.
2. The taxing entity will spend slightly less than its current average cost to provide local government services (police, fire, EMS, etc.) to (a) new residents and (b) businesses on a per worker basis.

In the case of the school district, the marginal cost to educate new students was estimated based on a portion of the school's current expenditures per student and applied to the headcount of new school students resulting from the Project.

Additionally, this analysis seeks to calculate the impact on the school district's finances from the Project by generally, and at a summary level, mimicking the district's school funding formula.

According to the Texas Education Agency, any property added to local tax rolls, and the local taxes that this generates, reduces the amount of state funding equivalent to local taxes collected for maintenance and operations. The school district retains local taxes received for debt services and the corresponding state funding is not reduced.

However, according to the Texas Education Agency, the school district will receive state aid for each new child that moves to the District. The additional revenues for the school district are calculated in this analysis.

About Impact DataSource

Impact DataSource is an Austin economic consulting, research, and analysis firm founded in 1993. The firm has conducted over 2,500 economic impact analyses of firms, projects, and activities in most industry groups in Texas and more than 30 other states.

Regular City Council

Agenda Item

Data Sheet

Meeting Date: June 4, 2018

Topic:

Adopt, on First Reading, Ordinance No. 2018-21, an Ordinance of the City of Tomball, Texas, Amending the Code of Ordinances to Add a New Section 18-287, Detention Pond Operation and Maintenance, to Article VII, Drainage Design, of Chapter 18, Environment; Providing for Severability; Providing for a Penalty of an Amount Not To Exceed \$2,000 for Each Day of Violation of any Provision Hereof; Making Findings of Fact; and Providing for Other Related Matters

Background:

The City of Tomball currently has adopted design standards for detention ponds. Detention ponds are engineered to contain a calculated capture volume and release rate in an effort to protect downstream properties from flooding effects caused by increased runoff from development.

In order for detention ponds to perform as designed, routine maintenance by the property owner is essential. Detention ponds with an overgrowth of vegetation or siltation diminishes the ponds' volume to store storm water runoff. Also, silt tends to clog outlet structures which reduces the ability for the detention ponds to drain as designed. For pumped release detention ponds, restricting the release to the amount specified in the engineering design is another common issue with detention ponds throughout the City.

Over the past several months, City staff has reached out to numerous property owners whose ponds are not being maintained and managed to control storm water runoff as designed. Ordinance 2018-21 establishes detention pond operation and maintenance standards to ensure that detention ponds operate as intended.

Origination:

Community Development Department

Recommendation:

Adopt Ordinance No. 2018-21 on First Reading

Party(ies) responsible for placing this item on agenda:

Craig T. Meyers, P.E., Community Development Director

ACTION TAKEN

Approval ☐ Yes ☐ No	Readings Passed ☐ 1 st ☐ 2 nd	Other
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ATTACHMENTS:

Ordinance No. 2018-21

ORDINANCE NO. 2018-21

AN ORDINANCE OF THE CITY OF TOMBALL, TEXAS, AMENDING THE CODE OF ORDINANCES TO ADD A NEW SECTION 18-287, DETENTION POND OPERATION AND MAINTENANCE, TO ARTICLE VII, DRAINAGE DESIGN, OF CHAPTER 18, ENVIRONMENT; PROVIDING FOR SEVERABILITY; PROVIDING FOR A PENALTY OF AN AMOUNT NOT TO EXCEED \$2,000 FOR EACH DAY OF VIOLATION OF ANY PROVISION HEREOF; MAKING FINDINGS OF FACT; AND PROVIDING FOR OTHER RELATED MATTERS.

* * * * *

WHEREAS, the City of Tomball has adopted standards for the design of storm water drainage systems; and

WHEREAS, the City Council hereby finds it to be in the best interest of the health, safety and welfare of its citizens to adopt the regulations related to detention pond operation and maintenance contained in this ordinance;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF TOMBALL, TEXAS:

Section 1. The facts and matters set forth in the preamble of this Ordinance are hereby found to be true and correct.

Section 2. The Code of Ordinances of the City of Tomball, Texas are hereby amended to add a new Section 18-287, Detention Pond Operation and Maintenance, to Article VII, Drainage Design, of Chapter 18, Environment, with the new Section 18-287 to read as follows:

“Section 18-287. – Detention pond operation and maintenance.

- (a) The Engineer of Record shall provide as-built drawings certifying that the pond was constructed in accordance with the approved engineering plans.
- (b) The property owner or their designative representative shall be responsible for routinely inspecting ponds to ensure that all components of the pond are maintained and are in good working condition.

- i. Routine inspections and maintenance shall include:
 - a. Repair or replace all damaged fencing and locks, if applicable.
 - b. The accumulation of litter, obstructions, sediment and excessive vegetation, including weeds, shall be removed.
 - c. Eroded areas shall be reestablished and bare ground shall be reseeded.
 - d. For dry bottom ponds, areas of ponding shall be eliminated.
 - e. Replace damaged or defective drainage structures; including pumps, inlets, grates, pipes, overflow weirs and sediment controls.
 - f. Outlet structures, including pumped discharges, shall release at rates as specified on the approved engineering plans.”

Section 3. In the event any section, paragraph, subdivision, clause, phrase, provision, sentence, or part of this Ordinance or the application of the same to any person or circumstance shall for any reason be adjudged invalid or held unconstitutional by a court of competent jurisdiction, it shall not affect, impair, or invalidate this Ordinance as a whole or any part or provision hereof other than the part declared to be invalid or unconstitutional; and the City Council of Tomball, Texas, declares that it would have passed each and every part of the same notwithstanding the omission of any and every part of the same notwithstanding the omission of any such part thus declared to be invalid or unconstitutional, or whether there be one or more parts.

Section 4. Any person who shall intentionally, knowingly, recklessly or with criminal negligence violate any provision of this Ordinance shall be deemed guilty of a misdemeanor and upon conviction, shall be fined in an amount not to exceed \$2,000. Each day of violation shall constitute a separate offense.

FIRST READING:

READ, PASSED, AND APPROVED AS SET OUT BELOW AT THE MEETING OF THE
CITY COUNCIL OF THE CITY OF TOMBALL HELD ON THE 4th DAY OF JUNE 2018.

COUNCILMAN FORD	_____
COUNCILMAN STOLL	_____
COUNCILMAN DEGGES	_____
COUNCILMAN TOWNSEND	_____
COUNCILMAN QUINN	_____

SECOND READING:

READ, PASSED, AND APPROVED AS SET OUT BELOW AT THE MEETING OF THE
CITY COUNCIL OF THE CITY OF TOMBALL HELD ON THE 18th DAY OF JUNE 2018.

COUNCILMAN FORD	_____
COUNCILMAN STOLL	_____
COUNCILMAN DEGGES	_____
COUNCILMAN TOWNSEND	_____
COUNCILMAN QUINN	_____

Gretchen Fagan, Mayor

ATTEST:

Doris Speer, City Secretary

Regular City Council

Agenda Item

Data Sheet

Meeting Date: June 4, 2018

Topic:

Award Contract for Project No. 2018-13, Diesel Fuel and Gasoline, to Sole Bidder, Sun Coast Resources, Inc.

Background:

In an effort to obtain commodities and services used on a continuous basis, the City routinely solicits bids to secure the most favorable pricing and service. The current City of Tomball contract (with Sun Coast Resources, Inc.) for the purchase of gasoline and diesel fuel was originally approved at the June 16, 2014 Council meeting. A two-year extension was approved at the August 15, 2016 meeting with this extension expiring on June 30, 2018.

We have advertised the fuel bids and received one response from our current supplier, Sun Coast Resources. A copy of their bid is attached.

The differential rate is the contractual calculation to arrive at the price the City will pay per gallon on the day of delivery. For example, our last invoice included a price per gallon of \$ 2.391900 for Midgrade 89 Octane Gasoline. Our price differential is + .0099 above the OPIS (Oil Price Information Service) rate for that day. The OPIS rate that day was \$ 2.382000. Our other existing price differentials are + .0124 for High Sulphur Diesel and also + .0124 for Low Sulphur Diesel.

In their bid, Sun Coast proposed the following differentials:

Reformulated Midgrade 89 Octane Gasoline:	+ .0087 per gallon
High Sulphur Diesel Fuel	+ .0171 per gallon
Low Sulphur Diesel Fuel	+ .0162 per gallon

Origination:

Finance

Recommendation:

Staff recommends award of contract for Bid Number 2018-13, Gasoline and Diesel Fuel, to Sun Coast Resources, Inc.

Funding:

Yes

Account Number: Various Departmental Fuel Supply Accounts

Party(ies) responsible for placing this item on agenda:

Glenn Windsor, CPA Finance Director

ACTION TAKEN

Approval	Readings Passed	Other
☐ Yes ☐ No		

	☐ 1 st ☐ 2 nd	
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ATTACHMENTS:

Sun Coast Fuel Bid

CITY OF TOMBALL

BID DUE DATE:
MAY 24, 2018 2 PM

BID FOR:
DIESEL FUEL AND GASOLINE

BID NUMBER
BID # 2018-13

**CITY OF TOMBALL
ATTN: RYAN PARKER
501 JAMES STREET
TOMBALL, TEXAS 77375**

**BY:
SUN COAST RESOURCES, INC.
C/O NATIONAL SALES AND SUPPLY
6405 CAVALCADE, BUILDING 1
HOUSTON, TX 77026
NATIONAL@SUNCOASTRESOURCES.COM
713-429-6702 DIRECT**

BID FORM

Bid Number: **2018-13**

Opening Date: **May 24, 2018**

Opening Time: **2:00 PM CT**

THIS BID IS SUBMITTED TO:

City of Tomball
Attn: Ryan Parker
501 James Street
Tomball, Texas 77375

BID FORM

Please state your bid prices for #2, TXLED high sulphur diesel fuel, #2, TXLED low sulphur diesel fuel, and 89 Octane (Midgrade) Reformulated gasoline for the contract period of one year from contract award.

REFORMULATED MIDGRADE 89 OCTANE GASOLINE

Differential (Indicate + or -) \$_.0087____/gal.

#2, TXLED, HIGH SULPHUR DIESEL FUEL 40 CETANE MINIMUM

Differential (Indicate + or -) \$_.0171____/gal.

#2, TXLED, LOW SULPHUR DIESEL FUEL

Differential (Indicate + or -) \$_.0162____/gal.

DIFFERENTIAL TO REMAIN FIRM FOR A PERIOD OF TWO YEARS FROM CONTRACT AWARD WITH AN OPTION TO RENEW DIFFERENTIAL RATE FOR AN ADDITIONAL TWO YEARS.

Regular City Council

Agenda Item

Data Sheet

Meeting Date: June 4, 2018

Topic:

Executive Session: The City Council will meet in Executive Session as Authorized by Title 5, Chapter 551, Government Code, the Texas Open Meetings Act, for the Following Purpose(s):

- Sec. 551.074 - Personnel Matters: Deliberation of the Appointment, Employment, and Duties of a Public Officer or Employee – Director of Public Works

Background:**Origination:**

City Manager

Recommendation:

N/A

Party(ies) responsible for placing this item on agenda:

City Secretary

ACTION TAKEN

Approval ☐ Yes ☐ No	Readings Passed ☐ 1 st ☐ 2 nd	Other
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Regular City Council

Agenda Item

Data Sheet

Meeting Date: June 4, 2018

Topic:

Approve Appointment of Beth Jones as Director of Public Works, Pursuant to Section 7.10 of the City Charter

Background:

The City Charter requires that the position of Director of Public Works be approved by City Council.

I recommend Beth Jones for the position of Director of Public Works.

The selection process was very similar to that used by City Council during their recent selection of City Manager and Assistant City Manager. It consisted of posting the job opportunity advertisement with the Texas Municipal League, and the Texas City Manager's Association. The postings drew 18 applicants with varied experience levels.

Resume reviews were completed and three finalists were selected. Each of the finalists were required to complete a written questionnaire prior to participating in an interview process that included community members, city staff, and city management. All agree that Beth Jones is the best candidate to assume the position of Director of Public Works.

Origination:

Robert S. Hauck

Recommendation:

Approve the appointment of Beth Jones as Director of Public Works

Party(ies) responsible for placing this item on agenda:

Robert S. Hauck

ACTION TAKEN		
Approval ☐ Yes ☐ No	Readings Passed ☐ 1 st ☐ 2 nd	Other

ATTACHMENTS:

Jones Resume and Cover Letter

April 30, 2018

Mr. Robert Hauck, City Manager
City of Tomball
401 Market Street
Tomball, Texas 77375

Dear Rob,

I am excited to submit my application for the Director of Public Works position. I look forward to the possibility of the next chapter with the City and I am confident that I am ready for this opportunity both personally and professionally. I have worn many engineering hats in my career, but the one that I have found to be the most fulfilling is municipal government. When I took time off while living overseas and starting a family, I always knew that I would end up back in municipal government. It is where I have felt the most at home.

This is the first time in my career that I have been able to partially test drive an opportunity prior to being in the position. As City Engineer, I have worked hand in hand with city management, the Public Works Director and public works staff. I have seen this department during the challenging times of a hurricane and how well they rise-up and represent the City with pride. I would truly be humbled and honored to call myself one.

I believe that I am at the stage in my career where it is no longer just about checking boxes and being "technically" qualified. You can look at my resume and see that I am a strong candidate, technically. However, the role of Public Works Director is much more than just a technical role. I am a numbers person, this is why I love engineering, but at the end of day it is still people working with people. It is the service to the community and the service to the staff that takes this position to the next level. This is part of the allure of this position for me.

I look forward to working through some of the challenges in the department; organically growing the talent in public works to maintain the current trajectory. David has set a great example for the organization and it is up to the future Public Works Director to meet and exceed expectations; to keep the department moving forward with respect and reverence for the past and the community's culture.

Tomball is where I want to be, regardless of job title. I do believe that I can better serve the community as the Director of Public Works than as City Engineer. Yet, regardless of what role I am in down the road, I am here to serve the staff and community as city management sees best.

I look forward to continuing the path of success the organization has had under previous leadership. The challenges of today will not be the challenges of tomorrow and I look forward to the opportunity to prepare the department for those future challenges.

Sincerely,



B. Elizabeth Jones, PE



Experience

2016- current

CITY OF TOMBALL

TOMBALL, TX

City Engineer/ Assistant City Engineer

- Provide guidance to property owners, developers, real estate agents and brokers on private development requirements in the City. Review site plans for technical conformance to City requirements. Develop and execute developer agreements.
- Manage the City's platting process with frequent presentations to the Planning and Zoning Commission.
- Coordinate with private and governmental agencies on various projects by serving as the City's representative. Assist concerned citizens with a wide range of engineering questions/ issues and facilitate resolutions either directly or through cooperative efforts of multiple City departments.
- Serve as the Public Works Director's backup during Hurricane Harvey in Tomball's Emergency Operations Center.
- Provide technical support for the Public Works Department including updates of the water and wastewater master plans, future land use projections, Capital Improvement Projects, and field operations.
- Work closely with Public Works staff to facilitate the flow of information from the office to the field.
- Lead a team of 2 direct reports.

2006- 2008

TARLETON STATE UNIVERSITY

STEPHENVILLE, TX

Instructor

- Taught core courses in Environmental Engineering, Hydrology and foundation engineering curriculum.
- Program Coordinator for Environmental Engineering & Hydrology with responsibilities including: industrial liaison; student advising, tracking and monitoring; collaborative development and implementation of student assessments; professional preparedness and curricular alignment; documentation of student achievement; and program/curricular modifications.
- Spearhead the ABET accreditation process for the new Environmental Engineering program, which ended up being the second accredited engineering program at the university.

2004-2006

CITY OF NEW IBERIA

NEW IBERIA, LA

2005-2006

Director of Wastewater

- Responsible for all operations, finances, construction, and personnel for the Wastewater Department of the City of New Iberia (population 35,000). Managed approximately \$4.7 million operating budget and \$10 million capital budget. Decreased 2005 operating expenses by \$1.1 million compared to budget.
- Led team of 6 direct reports and 40 indirect reports. Managed the human resource function including hiring/firing, salary and job change action, counseling, coaching and performance management.
- Assisted Mayor and City Attorney in negotiations during litigations filed by EPA and LDEQ against the City for violations of the Clean Water Act. Negotiations resulted in a Consent Decree. Interpreted and communicated technical aspects to Mayor, City Attorney, and City Council. Accountable for City's adherence to Consent Decree (approximately 10 years and \$15-20 million).
- Managed the City's interests in construction phase of a new 6 MGD (\$21 Million) Wastewater Treatment Plant including budgeting and contractor interface.
- Coordinated sludge management program and planning of a new pretreatment program for the City.
- Directed department's hurricane response efforts.
- Reported directly to the Mayor of New Iberia. Frequent presentations/opinions given to City Council.

B. Elizabeth Jones, PE



2004-2005	Environmental Compliance Officer • Managed all wastewater construction (CIP) and rehabilitation projects. Provided guidance on revisions and updates of the City's sewer ordinances. Responsible for preparing, performing calculations and submitting all EPA and LDEQ compliance reports for the Wastewater Department. • Implemented and directed operation and maintenance efforts for the Wastewater Department. • Direct report and technical advisor to Director of Public Works.	
2001-2004	ENVIRONMENTAL RESOURCES MANAGEMENT (ERM) Graduate Engineer • Managed Texas permitting projects including completion of individual industrial wastewater, stormwater and multi-sector general permit applications. Specific experience with Texas, Harris County and City of Houston industrial stormwater and wastewater regulations. • Preliminary design of stormwater treatment systems and ground water recovery systems. Responsibilities included cost analysis, system design, engineering drawings and specifications, construction oversight, coordination of subcontractors, and daily client interaction.	HOUSTON, TX
Education		
2007-2008	UNIVERSITY OF TEXAS AT ARLINGTON Course work towards Doctor of Philosophy in Civil Engineering	ARLINGTON, TX
2001-2003	UNIVERSITY OF HOUSTON Master of Science in Environmental Engineering	HOUSTON, TX
1997-2001	RICE UNIVERSITY Bachelor of Science in Civil Engineering Bachelor of Arts in Environmental Engineering	HOUSTON, TX
Professional	Registered Professional Engineer in Texas and Louisiana Certified Floodplain Manager in Texas Louisiana Engineering Society Board Member and Young Engineer Representative (2005-2006)	
Personal	Board President of Auburn Lakes Rapids Swim Team (2018 - current) Chair of Tomball ISD's Project Lead the Way Advisory Board (2016 - current) Leadership North Houston Class 22 (2016-2017) STEAM panelist for Tomball ISD and Klein ISD (2016, 2017)	