

NEDERLAND ECONOMIC DEVELOPMENT CORPORATION

Minutes October 20, 2021

MEETING

A meeting of the Nederland Economic Development Corporation was called to order at 4:30 p.m. at the Nederland Economic Development Corporation Office, 1519 Boston Avenue, by President Brian Swindel.

QUORUM

Board members present: Don Albanese, Bret Duplant, Mitch Macon, Billy Neal, Mike Roebuck, Sylvia Root and Brian Swindel.

Absent: None. Others present: Jim Wimberley, NEDC Attorney; Kay DeCuir, Executive Director and Christinia Herrmann, Executive Secretary. Guest: Henry LaBrie, Developer; Brandon Monk, LaBrie's Attorney, Floyd Batiste, LaBrie's Representative; Ana Lisa Trevino, Shayla Vincent and Leigh Root, LaBrie Employees; Stephen Hemelt, Port Arthur News & Rachel Kersey, Beaumont Enterprise.

INVOCATION AND PLEDGE

Kay DeCuir gave the Invocation and led the Pledge

MINUTES

A motion was made by Sylvia Root and seconded by Brett Duplant to approve the minutes of the of September 15, 2021.

Motion Carried.

Ayes: Albanese, Duplant, Macon, Neal, Roebuck, Root and Swindel

Noes: None. Absent: None.

PRESENTATION – AIRPORT DEVELOPMENT (Brandon Monk, Henry LaBrie, Floyd Batiste)

Henry LaBrie began the presentation by showing renderings of proposed buildings at Airport Development. Mr. LaBrie stated the first rendering was the "Train Station"; 2nd is the "Derrick" and he had to make some engineering changes to meet Windstorm Code. This building is white stone with black iron painted flat black powder coated with black blanks above each space for tenant's signage; 3rd is the General Store- metal exterior. Metal ordered from Arizona; 4th is the Hanger - This building will have eight spaces, each being fifteen hundred square feet. Building will have Trek Wood exterior which comes in various colors. Uses this material to minimize fading, tries to keep maintenance to a minimum. He orders from Trek Manufacturing. Mr. LaBrie turned presentation over to Floyd Batiste, who reviewed a PowerPoint Presentation (see copy attached) with the Board. Mr. Batiste stated he retired on September 30, 2021 and was contacted by Mr. LaBrie on October 1, 2021. He then met with Mr. LaBrie and his attorney, Mr. Brandon Monk. He was informed that Mr. LaBrie's office dropped off a Proposal for the airport retail development to NEDC Office (copy included in presentation); May 19, 2021 EDC Board discussed Airport development in Executive Session and on May 26, 2021 Mr. Monk sent an email to NEDC Director asking Boards action on Mr. LaBrie's Proposal. Director responded to email, stating this being the first mention of the project, the Board had a precedent that they do not fund projects already started and his (Mr. Floyd's) understanding was that this was the first Mr. LaBrie was made aware of this. After speaking with Mr. LaBrie and his attorney, Mr. Floyd called the County Judge, several Commissioners, City Manager, the Mayor, City Council, Legal Counsel, Director and other Board Members. All supported the development so he called the Director and was informed the project was dead and Mr. LaBrie knew this. On October 7, 2021 Mr. Monk sent request to be added to Nederland EDC Board Meeting Agenda and ask that Board waive precedent and make decision on this project. Mr. Batiste then went over projected financial impact of project (included in attached presentation). Mr. Batiste stated a detention pond and drainage ditch had been dug to help water drain off property for work to be done and that is all that at been done. EDC Board Director, Mike Roebuck, stated at one time he thought plan was to build warehouse back by terminal and retail space would be last. Mr. LaBrie stated plan was to begin with retail and he does have three Letters of Intent for Industrial Buildings and once contracts are signed, he would start on them and would begin retail at same time. EDC Board Director,

Don Albanese asked if retention pond was permanent as FAA doesn't allow retention ponds. LaBrie stated it was a detention pond and FAA will allow but can't hold water over 72 hours. NEDC Attorney, Jim Wimberley, asked Mr. Batiste if he had run the Economic Benefit Calculations and Mr. Batiste acknowledged he had. Mr. Wimberley then asked if the employee count referenced in analysis was for the construction process or the tenants' employees. Mr. Batiste stated he based on tenants' employees. Mr. Wimberley then asked how he came up with the average salary for tenant employees who are not there yet. Mr. Batiste stated he looked at the retail sales and average salaries of retail sales for over a year. Mr. Wimberley addressed Mr. Batiste stating "Floyd at one time we, we the EDC had an interlocal agreement with the County where the EDC would pay for substantial infrastructure including sewer, water enhancements and drainage enhancements, which now may not be needed since the airport is going to do it, where we (EDC) were going to pay for that and we had interlocal agreement and would get reimbursement from the County through rebate of either or both, Ad Valorem Tax and ground lease rents. Has anyone spoken to the County to see if they are willing to make the same type arrangement with Henry and his development, whether they are willing to consider that as part of their lease agreement? Because their whole pitch to us was that they loved it because we're paying you with money we're not going to get unless you do the development. If it applies to us it should apply to Henry. Has anyone spoken to them about that?" Mr. Batiste stated they had not and that he had spoken with the Judge and two other commissioners including Commissioner Bush. Mr. Wimberley stated the payback would be quick on a million-dollar investment.

Mr. LaBrie stated that only real issue will be working with Alex (Rupp) on the drainage. They will need to do a Master Plan and you're going to lose 25 – 30% of land for open ditches and detention, so the development actually is not the whole piece of property. It's going to be dwindled down to whatever the drainage calculations are going to be. Mr. Wimberley stated that most detention will be going towards the back as it's a lot easier to control and the whole thing is not just the development drainage but to keep it net neutral for the highway. Mr. LaBrie agreed

Mr. Roebuck asked about square footage of buildings and Mr. LaBrie replied twelve thousand per building and there's five buildings, sixty thousand total. Mr. Roebuck then asked if the thirty-six million was just the initial phase or the whole development. Mr. LaBrie advised it's pretty much for the retail up front. Mr. Wimberley addressed Mr. LaBrie and stated the NEDC historically provides funded retroactively, you do it, pay for it, prove you did it. And then asked what Mr. LaBrie's source of financing to do the construction. Was he self-financing or had he lined up financing? This is a normal question for clients. Mr. LaBrie stated what they have out there now is all paid for, no financing. May have some debt but very very little. Probably won't need financing but probably will finance some. They bank, hire, and buy local, try to keep money local. Doesn't want to send money out of state. Mr. Batiste stated he had informed Mr. LaBrie that if the Board made an award, it would be on a reimbursement bases on what was done. NEDC Board President, Brian Swindel stated he had a question which he had had for a longtime. "There is a path to success working with any EDC as everyone knows and typically the process starts with dialogue like kicked off in 2019 and continued dialogue. We're excited for someone to do a project out there and we've been working on this. There have been several obstacles out of control to get that land where there could be project. It was frustrating, there was TX DOT, mineral rights, lawyers, and it finally became a viable piece of land for a project. We have a vision for what should go out there and we're open to discussion on options. Guess I'm wondering where did we get to the point where we had one meeting with you, a designer or realtor and your attorney. Ok, so how did we go from that to kind of no more side-by-side communication or shoulder to shoulder working on project to a room with lawyers, Batiste is involved and I heard Klein is involved. How did we go from a good presentation to this?"

Mr. LaBrie stated "I think a lot of that is we got a lot of emails saying it's a dead deal or board took no action. I'm telling you but all the facts are on the report." Mr. Swindel, "Like I said there is a path to success when you are working with an EDC." Mr. Batiste interrupted and stated when he first met Mr. LaBrie, he informed Mr. LaBrie that he has worked in an organization like this for a longtime and just like you said, there is a path to success and that Mr. LaBrie needed to change his approach. Mr. Batiste stated he "asked Mr. LaBrie today only to say his name, that he lives here, went to school here and you're a business man here, that's all they need to know. You're (referring to Mr. LaBrie) are a little aggressive

and that's why I'm here. But I think he has a viable project and feel it's going to be a win win for the community..."

Mike Roebuck stated that when he came on this Board there was huge vision then and the group that was going to develop and we all got enamored, there was going to be a hotel, event center, and retail. It was going to be grand and it was going to be a super homerun for the city and whole community. That's what I say was the initial dream. They fought for years with the county and so many roadblocks, you can't even imagine the frustration they have been through. So, we went from that huge vision to when Henry came in. There's nothing wrong with what you presented, it's just two different things. When you're land locked in the city, you only have one shot to maximize your ROI for the city, county, schools and everything else. Your initial presentation was right on the heels of that and that was some of the concerns apprehension on what to do with that. Don Albanese stated when Mr. LaBrie went to City Council, the concern is that the city is landlocked and "if you think we are stepping lightly, we are". Mr. Roebuck informed Mr. LaBrie that it was nothing personal. Sylvia Root stated when you hear the front is retail and the rest is warehouses, it's hard to get excited about it. Mr. LaBrie stated he has two options and they are looking at maybe an office complex behind retail, attractive to different companies for five to seven years, maybe ten but he's not going to cut a deal for two or three years then their gone and he has to try to get space leased. They have variety they can do; they are not locked in and they can alter.

Mr. Roebuck asked if there was a criteria on what was acceptable for design, how it was built, type façade, etc. Kay DeCuir stated yes and that the first letter, which is in front of you, that was sent after Mr. LaBrie made his very first presentation when his Real Estate Agent, Tammy was here. The letter was sent to Brandon Monk (Mr. LaBrie's attorney), as he was handling the communication for Mr. LaBrie, included what the Architectural design was to be at that point in time as we were doing it (the development) and we wanted to make sure everything was cohesive with the other development and we actual sent at the same time, a proposed amount and lease, and we never heard back from them (LaBrie and team).

Mr. Batiste interjected that he had spoken with Mr. LaBrie about this and that he thought the Board wanted something that's real nice and that he thought anything facing the main right of way (Hwy 69) needed to be brick, stucco approved by this Board and he has agreed to that.

Mr. Monk stated that "One issue with that initial response that the offer to Mr. LaBrie that he would not be able to lease that property directly from the airport and there was an offer made for a lease from the EDC and at that time the EDC didn't have the property under lease with the county and when we discussed that issue with Mr. Rupp (Airport Manager), it was a problem as the EDC had stepped out of turn and put themselves in a position to offer Mr. LaBrie a lease when they didn't even have a lease with the county on it at that time." Mr. Wimberly interjected and stated, "Brandon that is not true. I was at that meeting with Alex, and Alex proposed at that time, as we had been dealing with before, where the county would go directly to the developer, which is what happened with GLOW and Alex offered to us, that why don't y'all (EDC) lease it and that way y'all take it and we (county) do one lease. One lease with the EDC and then you don't have to keep going back and forth to the board with every future developer. That is the way we presented it. We presented it and that is part of the problem because there is an error of communication issue. That was presented to Henry and y'all and that happened on May 15th and then we sent the letter after that, within three weeks of that, and not telling us what you were going to do, y'all went directly to the county and cut a deal with the county not telling us at all. At the same time, we're dealing with the county to negotiate a ground lease just like they told us to do. Alex told us to what to do and that's exactly what we did. We were doing based upon what Alex and the county told us to do including Judge Branick." Mr. Monk stated, "We had discussions with Alex that y'all had offered something y'all didn't have the right to offer." Mr. Wimberley informed Mr. Monk, "That's not correct." Mr. Monk proceeded to say, "That's what happened. Okay. Everyone should know why the communication broke down here okay. Ultimately the discussion was about what the land was worth. The county was not willing to go further. Mr. Weaver, Commissioner Weaver went public and explained we tried to do this with EDC." Mr. Wimberley stated, "No that's not what Mr. Weaver said. What Mr. Weaver said was that he was not happy going forward with GLOW. This is not about the EDC. That was not about the EDC!" Mr. Monk, "All contracts and commitments with the City was also ended at that time in a public meeting with Commissioner Weaver that was stated specifically with the City of Nederland."

like that cost us the Interlocal Agreement where we were going to pay for the infrastructure and then get it back." Mr. Monk then stated, "Ultimately, Glow was not real." Mr. Wimberley responded, "I disagree with that!"

At that point, Mr. Batiste interrupted and stated, "I think back then there was a lot of things that was not settled. I think you guys have kind of bent some conditions to the leases. Think what we need to focus on is how do we make it happen. All of us together to find ways to get rid of the obstacles and make this happen. Because where can you put a dollar and get thirty cents return on investment. Not too many places, not too many investments. I think this is a win for the community. I think with Mr. LaBrie, Brandon, EDC and this Board we can find a way to make this happen. Best for all people. I think a lot of this can be resolved. My question is how do we remove the obstacles to make this happen." Mr. LaBrie stated, "I just want to say I was approached out here, we did not approach them, but we're here and we need to put the past in the past. I don't live in the past, I live in the future. I think this is a win for everybody. I think we just need to move forward to make this work. I'm sorry I'm stuck in the middle, I'm that person, here I am. Dart me, shoot, whatever you have to do let's move this forward. You don't have to agree with everything I do to do business with me. I haven't found anybody that two DNAs match, it won't work. So, we're here let's see what we can do to make this work. My best interest is Nederland. I was raised here and went to school here. I want to give back what Nederland gave me and I really don't want to be punished for it but if I have to pay for it, but it still don't mean I won't do it." Mr. Batiste thanked the Board for listening and hope they would render a decision to make this work.

EXECUTIVE SESSION

The regular meeting was recessed at 5:20 p.m. by President Swindel for the purpose of conducting a Executive Session of the Nederland Economic Development Corporation, as authorized by the Texas Government Code Chapter 551.087, Deliberations regarding Economic Development Incentives; Texas Government Code Chapter 551.071 to discuss litigation and/or legal advice; or Texas Government Code Chapter 551.072, to discuss acquisition, exchange and/or release of property.

RECONVENE

The regular meeting was reconvened by President Swindel at 6:00 p.m. President Swindel stated, "Guys we had a good discussion. It'll be good for the county, good for the city and Nederland residents. But as I mentioned before, we need to go through our normal process, Path to Success, which will be our way. We're not trying to create paperwork but we need to do a CBA so we can figure out what funds. We agreed to provide something, we don't know what it is without going through our third party, it's a non-interested third party. We're going to require that you do a CBA, it's not a lot of paperwork. Okay and I've got it here. The sooner you get it to us, the sooner we can get it out and back and make a decision on what it is. We want to do something, okay. What that is, we can't say sitting right here. Does that make sense? I can't tell you what it'll be but you have our Minutes and can see what we've done in the past on significant projects so you guys can get an idea on what that represents. I hope that's palatable for you guys. Going forward I hope we can keep it positive, keep it light. I mean we've all been looking at that piece of property and wanting to do something on it. So, does that sound reasonable?" Mr. LaBrie thanked Mr. Swindel. Mr. Swindel gave Mr. LaBrie the CBA application.

EXECUTIVE SESSION

The meeting was then recessed at 6:02 pm by President Swindel for the purpose of conducting an Executive Session of the Nederland Economic Development Corporation as authorized by the Texas Government Code Chapter 551.087, Deliberations regarding Economic Development Incentives; Texas Government Code Chapter 551.071 to discuss litigation and/or legal advice; or Texas Government Code Chapter 551.072, to discuss acquisition, exchange and/or release of property.

RECONVENE

The regular meeting was reconvened by President Swindel at 6:20 p.m. President Swindel announced no action was needed on Texas Government Code, Chapter 551.071, Litigation and/or legal advice; Texas Government Code, nor Texas Government Code, Chapter 551.072, Acquisition, Exchange and/or release of property.

President Swindel announced action was needed on Chapter, 551.087, Economic Development Opportunities, Financial Alternatives;

A motion was made by Bret Duplant and seconded by Billy Neal to offer Checkerboard Restaurants III, LLC to be located at 1132 Nederland Avenue, Nederland, TX, an incentive not to exceed ninety-four thousand fifteen dollars and no/100 with a payback of 2 years.

Motion Carried

Ayes: Albanese, Duplant, Macon, Neal, Roebuck, Root and Swindel

Noes: None Absent: None

PRIDE:

An application was received from a business, Mary's Nail Spa, for a project consisting of signage at 3016 Nederland Avenue in Nederland, TX. They are requesting three thousand one hundred eleven dollars and .19/100 (\$3,111.19) on a project totaling six thousand two hundred twenty-two dollars and .38/100 (\$6,222.38).

A motion was made by Sylvia Root and seconded by Mitch Macon to approve the PRIDE Program application for Mary's Nail Spa in an amount not to exceed three thousand one hundred eleven dollars and .19/100 (\$3,111.19).

Motion carried.

Ayes: Albanese, Duplant, Macon, Neal, Roebuck, Root and Swindel.

Noes: None. Absent: None

An application was received from a business, Mikal Weaver Insurance (Farmers), for a project consisting of signage, window graphics and landscaping at 1904 Nederland Avenue in Nederland, TX. He is requesting two thousand two hundred ninety-six dollars and .09/100 (\$2,296.09) on a project totaling four thousand five hundred ninety-two dollars and .18/100 (4,592.18).

A motion was made by Don Albanese and seconded by Mitch Macon to approve the PRIDE Program application for Mikal Weaver Insurance (Farmers) in an amount not to exceed two thousand two hundred ninety-six dollars and .09/100 (\$2,296.09).

Motion carried.

Ayes: Albanese, Duplant, Macon, Neal, Roebuck, Root and Swindel.

Noes: None. Absent: None

FINANCIALS

Kay DeCuir shared

- Financials not available as annual Audit Process has begun.
- City Sales & Use Tax Comparison Summary – Nederland's City Sales & Use Tax for the month of August exceeds the August 2020 amount by 17.42%. August 2021 amount was \$446,040.01 compared to August 2020's amount of \$379,864.30.

RECOGNITION OF OUTGOING NEDC BOARD DIRECTORS

President, Brian Swindel and Director, Billy Neal

NEDC Executive Director, Kay DeCuir, stated it's always hard to see Board Members' terms end. She thanked Brian Swindel for his years of service on the NEDC Board, as well as his leadership as Board President and presented him with a Plaque and Certificate of Appreciation.

President Swindel, thanked Chief Neal for his years of dedication to the NEDC Board and stated he was like a legend in the room with the many different ways he has served Nederland over the years. Executive Director, DeCuir stated this was Chief's 2nd term served on the NEDC Board.

BOARD ELECTIONS 2021-2022 REORGANIZATION OF BOARD

President asked for nominations for the offices of President, Vice-President and Secretary/Treasurer for the 2021 – 2022 Fiscal Year. Executive Director, DeCuir advised new board members, Anthony Toups and Billy Doornbos will be present at the next meeting.

Don Albanese nominated Sylvia Root as President, Bret Duplant seconded the nomination
Mitch Macon nominated Bret Duplant as Vice-President, Don Albanese seconded the nomination
Sylvia Root nominated Mitch Macon as Secretary/Treasurer, Bret Duplant seconded the nomination

Nomination/Motion Carried

Ayes: Albanese, Duplant, Macon, Neal, Roebuck, Root and Swindel.

Noes: None. Absent: None


COMMUNICATION

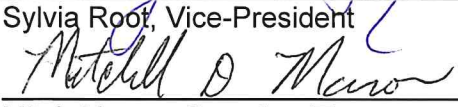
Kay DeCuir shared

- Business Retention Recognition for 25 – 50 year Businesses will be held on Tuesday, November 9, 2021, 6:00 pm at Judice's. Don Albanese commented that's opening day of Deer Season
Chief Neal and Bret Duplant both stated they would attend
- An update on the Fall Concert Series and advised Jerry Diaz had requested an additional two Thursday evening concerts (November 4th and 11th). Kay will work with the City for approval. We will also consider Spring and Fall Concert Series for 2022. Appreciative of our sponsors; ECHO Construction \$2,000.; Aqua One \$2,000.; Neches Credit Union \$1,000.; Sunset Travel \$500.; Zaza's \$500.; Judice's \$500.; and Twisted Gypsy \$250.
- Market Day was very successful. Merchants and Vendors did very well. NEDC deposited \$1,175.00 in booth fees which included \$100.00 in forfeited deposits for no shows. All expenses were offset by fees collected. We have been receiving great feedback from vendors and several have informed us they'll need additional booth spaces next year.

ADJOURN

There being no further business, President Swindel adjourned the meeting at 6:45 pm.


Sylvia Root, Vice-President


Mitch Macon, Secretary/Treasurer