

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

TEXAS CITY ECONOMIC DEVELOPMENT CORPORATION
BOARD OF DIRECTORS MEETING

AGENDA
FEBRUARY 16, 2021 - 3:00 P.M.

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

PLEASE NOTE:

Due to the COVID-19 Disaster and the CDC's recommendation regarding social distancing measures the Texas Economical Board of Directors will meet telephonically and electronically, and the public will not be allowed to be physically present at this meeting. Texas Governor Greg Abbott waived on a temporary basis certain sections of the Texas Open Meetings Act. The meeting will be audible to members of the public and allow for two-way communications for those desiring to participate.

Any person interested in speaking on any item on the Agenda must call in the number below and sign in to the conference then wait for the Mayor to request any public comments. Public comments may not apply to all items on the agenda.

To join the telephone audio conference please use the following instructions.

Dial 1 (346) 248 7799 or (888) 475 4499 (Toll Free) or (877) 853 5257 (Toll Free)

Webinar ID: 896 2291 1789

You will automatically be muted when joining the conference. To raise your hand or notify the call manager for attention, please dial *9 on your phone during the call. When appropriate the call manger will unmute your line and the system will notify you that you can now speak. Public comments may not apply to all items on the agenda.

To view the web presentation or listen to audio without participating, please visit <http://edc.texascitytx.gov>

You will then be redirected to the conference and given instructions to enable viewing. We ask that if you will be joining the telephone conference to speak, please mute your computer audio. When using telephone audio with computer audio on, a feedback loop can be created causing disruptive echoing or a loud static. Disruptive audio will cause your line to be muted by the call manager.

After the meeting, a recording of this meeting's audio will be made available to the public.

1. ROLL CALL
2. CONFLICT OF INTEREST DECLARATION
3. PUBLIC COMMENTS
4. NEW BUSINESS
 - a. Consider approval of the December 16, 2020 Meeting Minutes.
 - b. Consider and take action on Resolution No. 21-01, approving the removal of asbestos and the demolition of property located at 1 6th Street North.

- c. Consider and take action on Resolution No. 21-02, approving the removal of asbestos and the demolition of property located at 423 3rd Avenue North.
 - d. Consider and take action on Resolution No. 21-03, approving an Economic Development Agreement with JMK5 for mixed-use commercial facility at Mainland City Centre.
 - e. Consider and take action on Resolution No. 21-04, approving the sale of TCEDC Property located at 2102 6th Avenue North, to Meraki Homes LLC.
 - f. Consider and take action on Resolution No. 21-05, approving the sale of TCEDC Property located at 6th Street North, Lot 225796, to Brazos Urethane Inc.
5. UPDATES
- a. Texas City- La Marque Chamber of Commerce Update
 - b. Texas City ISD Update
 - c. City of Texas City Staff Update
6. ADJOURNMENT

I, THE UNDERSIGNED AUTHORITY, DO HEREBY CERTIFY THAT THIS NOTICE OF MEETING WAS POSTED ON THE BULLETIN BOARDS AT CITY HALL, 1801 9TH AVENUE NORTH, TEXAS CITY, TEXAS, AT A PLACE CONVENIENT AND READILY ACCESSIBLE TO THE GENERAL PUBLIC AND ON THE CITY'S WEBSITE ON FEBRUARY 11, 2021, PRIOR TO 3:00 P.M., AND REMAINED SO POSTED CONTINUOUSLY FOR AT LEAST 72 HOURS PRECEDING THE SCHEDULED TIME OF SAID MEETING.

Texas City Economic Development Corporation

TCEDC Agenda

4. b.

Meeting Date: 02/16/2021

Submitted By: Rhomari Jackson, Management Services

Department: Management Services

ACTION REQUEST (Brief Summary)

Consider and take action on Resolution No. 21-01, approving the removal of asbestos and the demolition of property located at 1 6th Street North.

BACKGROUND

- a. The project was started 7/16/2020 as a substandard structure.
- b. Violations for this property included: substandard structure, high grass, junk and debris, unsecured, and unpermitted underground storage tanks.
- c. The Judge has signed a forced order to abate the property.

ANALYSIS

ALTERNATIVES CONSIDERED

- a. The Economic Development Corporation is requested to consider approval of a Resolution authorizing the abatement and demolition of #1 6th Street North.
 - b. The Resolution states that the Texas City Economic Development Corporation is approving an amount for this project not to exceed \$50,000, for the purposes of this project.
-

Attachments

Resolution

Staff Report

TEXAS CITY ECONOMIC DEVELOPMENT CORPORATION

RESOLUTION NO. 21-01

A RESOLUTION APPROVING THE REMOVAL OF ASBESTOS, DEMOLITION AND ABATEMENT OF PROPERTY LOCATED AT #1 6TH STREET NORTH, TEXAS CITY, GALVESTON COUNTY, TEXAS; AND PROVIDING THAT THIS RESOLUTION SHALL BECOME EFFECTIVE FROM AND AFTER ITS PASSAGE AND ADOPTION.

WHEREAS, at a meeting of the Board of Directors of the Texas City Economic Development Corporation (“TCEDC”), duly held on February 16, 2021, a general discussion was held concerning the demolition, abatement, and asbestos removal of property located at #1 6th Street North, Texas City, Galveston County, Texas; and

WHEREAS, it is proposed that the Texas City Economic Development Corporation approves an amount not to exceed \$50,000.00 to demolish the property located at #1 6th Street North, Texas City, Galveston County, Texas.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TEXAS CITY ECONOMIC DEVELOPMENT CORPORATION THAT:

SECTION 1: The Board of Directors of the Texas City Economic Development Corporation approves the demolition of property located at #1 6th Street North, Texas City, Galveston County, Texas for an amount not to exceed \$50,000.00.

SECTION 2: The Chairperson or Vice Chairperson is hereby authorized to execute any documents necessary for the demolition of the described property.

SECTION 3: This Resolution shall be in full force and effect from and after its passage and adoption.

PASSED AND ADOPTED this 16th day of February 2021.

CHAIRPERSON/VICE CHAIRPERSON
Texas City Economic Development Corporation

ATTEST:

BOARD SECRETARY

Texas City Economic Development Corporation



Staff Report

February 16, 2021

Texas City Economic Development Corporation

Subject: Consideration of a Resolution, Approving the Removal of Asbestos and Demolition of #1 6th Street North.

I. **Background**

- a. The project was started 7/16/2020 as a substandard structure.
- b. Violations for this property included: substandard structure, high grass, junk and debris, unsecured, and unpermitted underground storage tanks.
- c. The Judge has signed a forced order to abate the property.

II. **Current Situation**

- a. The Economic Development Corporation is requested to consider approval of a Resolution authorizing the abatement and demolition of #1 6th Street North.
- b. The Resolution states that the Texas City Economic Development Corporation is approving an amount for this project not to exceed \$50,000, for the purposes of this project.

III. **Recommendation**

- a. Approve the Resolution for the Removal of Asbestos and Demolition of #1 6th Street North.

IV. **Fiscal Impact Report**

- a. Staff: Garrett McLeod
- b. Funding Source: TCEDC
- c. Cost: Not to exceed \$50,000

V. **Economic Impact**

- a. Enhances property values, safety, and aesthetics on a significant community corridor along 6th Street.

Respectfully Submitted,

Garrett C. McLeod
Economic Development Director

TCEDC Agenda

4. c.

Meeting Date: 02/16/2021

Submitted By: Rhomari Jackson, Management Services

Department: Management Services

ACTION REQUEST (Brief Summary)

Consider and take action on Resolution No. 21-02, approving the removal of asbestos and the demolition of property located at 423 3rd Avenue North.

BACKGROUND

- a. The project was started 11/11/2020 as a substandard structure.
- b. Violations for this property included: a fatality occurred on the property due to a fire, improper electrical, improper plumbing, no source of heat, rotten wood throughout structure, mold, no smoke detectors, junk and debris around the property.
- c. An agreed order has been signed for the abatement and demolition of this property.

ANALYSIS

- a. The Economic Development Corporation is requested to consider approval of a Resolution authorizing the abatement and demolition of 423 3rd Avenue North.
- b. The Resolution states that the Texas City Economic Development Corporation is approving an amount for this project not to exceed \$75,000, for the purposes of this project.

ALTERNATIVES CONSIDERED

Attachments

Resolution
Staff Report

TEXAS CITY ECONOMIC DEVELOPMENT CORPORATION

RESOLUTION NO. 21-02

A RESOLUTION APPROVING THE REMOVAL OF ASBESTOS, DEMOLITION AND ABATEMENT OF PROPERTY LOCATED AT 423 3RD AVENUE NORTH, TEXAS CITY, GALVESTON COUNTY, TEXAS; AND PROVIDING THAT THIS RESOLUTION SHALL BECOME EFFECTIVE FROM AND AFTER ITS PASSAGE AND ADOPTION.

WHEREAS, at a meeting of the Board of Directors of the Texas City Economic Development Corporation (“TCEDC”), duly held on February 16, 2021, a general discussion was held concerning the demolition, abatement, and asbestos removal of property located at 423 3rd Avenue North, Texas City, Galveston County, Texas; and

WHEREAS, it is proposed that the Texas City Economic Development Corporation approves an amount not to exceed \$75,000.00 to demolish the property located at 423 3rd Avenue North, Texas City, Galveston County, Texas.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TEXAS CITY ECONOMIC DEVELOPMENT CORPORATION THAT:

SECTION 1: The Board of Directors of the Texas City Economic Development Corporation approves the demolition of property located at 423 3rd Avenue North, Texas City, Galveston County, Texas for an amount not to exceed \$75,000.00.

SECTION 2: The Chairperson or Vice Chairperson is hereby authorized to execute any documents necessary for the demolition of the described property.

SECTION 3: This Resolution shall be in full force and effect from and after its passage and adoption.

PASSED AND ADOPTED this 16th day of February 2021.

CHAIRPERSON/VICE CHAIRPERSON
Texas City Economic Development Corporation

ATTEST:

BOARD SECRETARY

Texas City Economic Development Corporation



Staff Report

February 16, 2021

Texas City Economic Development Corporation

Subject: Consideration of a Resolution, Approving the Removal of Asbestos and Demolition of 423 3rd Avenue North.

I. **Background**

- a. The project was started 11/11/2020 as a substandard structure.
- b. Violations for this property included: a fatality occurred on the property due to a fire, improper electrical, improper plumbing, no source of heat, rotten wood throughout structure, mold, no smoke detectors, junk and debris around the property.
- c. An agreed order has been signed for the abatement and demolition of this property.

II. **Current Situation**

- a. The Economic Development Corporation is requested to consider approval of a Resolution authorizing the abatement and demolition of 423 3rd Avenue North.
- b. The Resolution states that the Texas City Economic Development Corporation is approving an amount for this project not to exceed \$75,000, for the purposes of this project.

III. **Recommendation**

- a. Approve the Resolution for the Removal of Asbestos and Demolition of 423 3rd Avenue North.

IV. **Fiscal Impact Report**

- a. Staff: Garrett McLeod
- b. Funding Source: TCEDC
- c. Cost: Not to exceed \$75,000

V. **Economic Impact**

- a. Enhances property values, safety, and aesthetics in the core of Texas City, and across from the Sanders Community Center.

Respectfully Submitted,

Garrett C. McLeod
Economic Development Director

TCEDC Agenda

4. d.

Meeting Date: 02/16/2021

Submitted By: Rhomari Jackson, Management Services

Department: Management Services

ACTION REQUEST (Brief Summary)

Consider and take action on Resolution No. 21-03, approving an Economic Development Agreement with JMK5.

BACKGROUND

- a. In 2015, JMK5 purchased the former Mall of the Mainland, originally opening World Gym in the former Macy's space. Since 2015 the former mall has been undergoing redevelopment.
- b. In October 2020, JMK5 purchased the former Sears, and with this came the announcement of further redevelopment, and the addition of new restaurants, entertainment facilities, and the relocation and expansion of the World Gym.
- c. Jerome Karam has held discussions with city staff in regards to the redevelopment of the property, and the new tenants that will be arriving at Mainland City Centre.

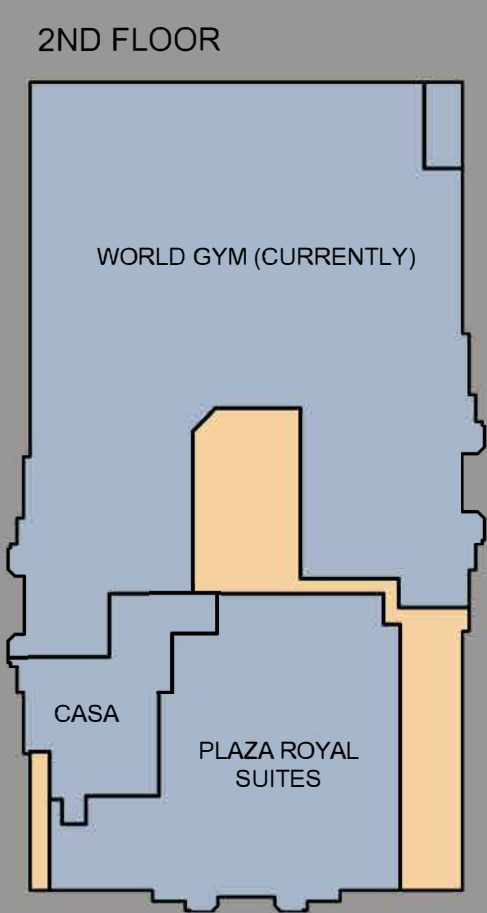
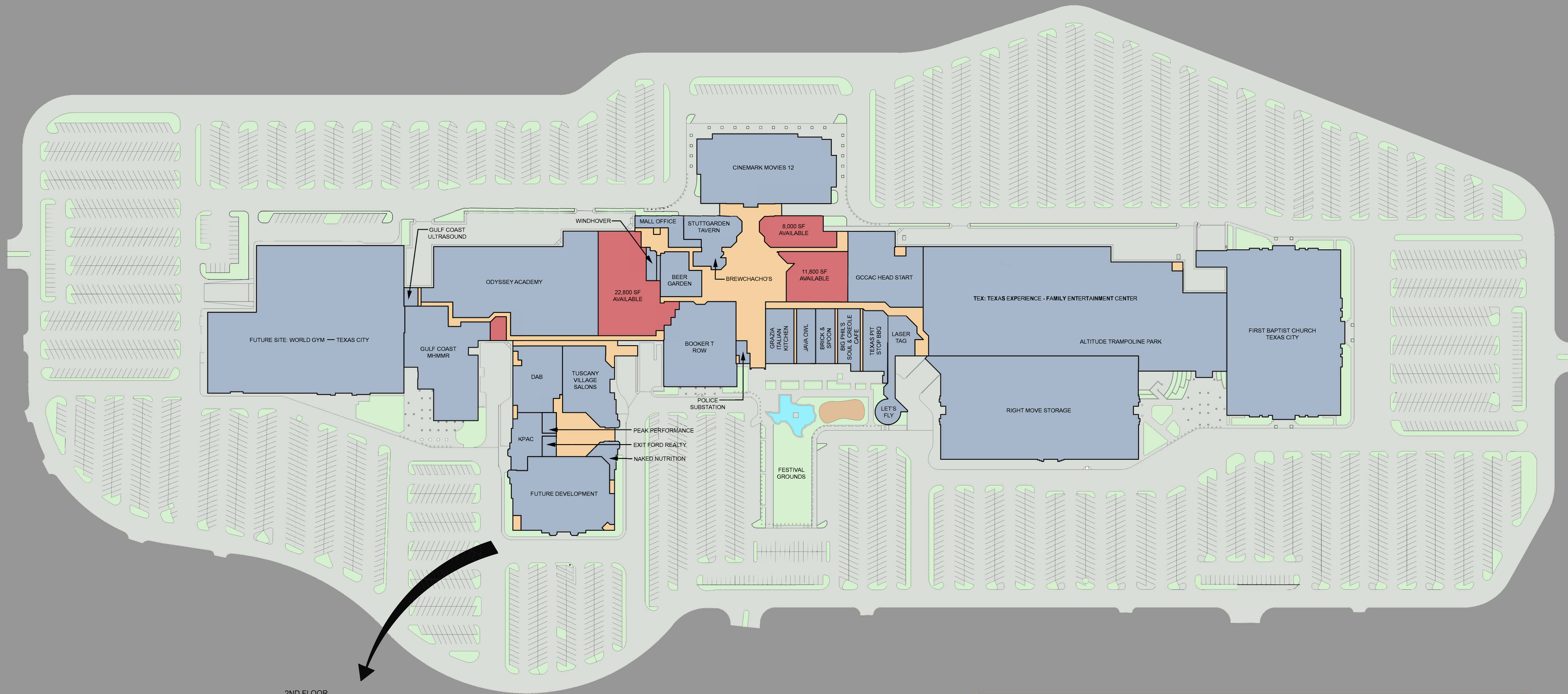
ANALYSIS

- a. The Economic Development Corporation is requested to consider approval of an Economic Development Agreement with JMK5 for the Mainland City Centre at 10000 Emmett F. Lowry Expressway.
- b. This agreement authorizes the TCEDC to provide an economic development grant in the form of a sales tax reimbursement.
- c. This agreement is in line with past agreements entered into with Brixmor, Edifis, HEB, and Buc-ees's.
- d. The agreement states that a maximum refund amount is set at \$1,500,000 and 10 years. The agreement will be complete whichever comes first.

ALTERNATIVES CONSIDERED

Attachments

master plan
rendering
Resolution
Staff Report
Agreement



M MAINLAND
CITY CENTRE
A NARAMI DEVELOPMENT



M MAINLAND
CITY CENTRE
A KARAM DEVELOPMENT

Alliance
DESIGN GROUP, LLC
Architects • Planners • Programmers

TEXAS CITY ECONOMIC DEVELOPMENT CORPORATION

RESOLUTION NO. 21-03

A RESOLUTION APPROVING AN ECONOMIC DEVELOPMENT AGREEMENT WITH JMK5 FOR MIXED-USE COMMERCIAL FACILITY AT MAINLAND CITY CENTRE; AND PROVIDING THAT THIS RESOLUTION SHALL BECOME EFFECTIVE FROM AND AFTER ITS PASSAGE AND ADOPTION.

WHEREAS, at a meeting of the Board of Directors of the Texas City Economic Development Corporation (“TCEDC”), duly held on February 16, 2021, a general discussion was held concerning an Economic Development Agreement with JMK5 for mixed-use commercial facility at mainland City Centre; and

WHEREAS, the Texas City Economic Development Corporation (TCEDC) can provide funds to assist various facilities if they are tied to workforce; and

WHEREAS, the agreement will authorize the TCEDC to provide an economic development grant in the form of a sales tax reimbursement; and

WHEREAS, it is proposed that the agreement sets a maximum refund amount of \$1,500,000.00 and ten (10) years, or whichever comes first.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TEXAS CITY ECONOMIC DEVELOPMENT CORPORATION THAT:

SECTION 1: The Board of Directors of the Texas City Economic Development Corporation hereby approves an Economic Development Agreement with JMK5 for mixed-use commercial facility at Mainland City Centre.

SECTION 2: The Chairperson, Vice Chairperson or Mayor, is hereby authorized to execute any documents necessary for the above mentioned agreement.

SECTION 3: This Resolution shall be in full force and effect from and after its passage and adoption.

PASSED AND ADOPTED this 16th day of February 2021.

CHAIRPERSON/VICE CHAIRPERSON
Texas City Economic Development Corporation

ATTEST:

BOARD SECRETARY
Texas City Economic Development Corporation



Staff Report

February 16, 2021

Texas City Economic Development Corporation

Subject: Consideration of an Economic Development Agreement with JMK5 for Mainland City Centre located at 10000 Emmett. F. Lowry Expressway.

I. **Background**

- a. In 2015, JMK5 purchased the former Mall of the Mainland, originally opening World Gym in the former Macy's space. Since 2015 the former mall has been undergoing redevelopment.
- b. In October 2020, JMK5 purchased the former Sears, and with this came the announcement of further redevelopment, and the addition of new restaurants, entertainment facilities, and the relocation and expansion of the World Gym.
- c. Jerome Karam has held discussions with city staff in regards to the redevelopment of the property, and the new tenants that will be arriving at Mainland City Centre.

II. **Current Situation**

- a. The Economic Development Corporation is requested to consider approval of an Economic Development Agreement with JMK5 for the Mainland City Centre at 10000 Emmett F. Lowry Expressway.
- b. This agreement authorizes the TCEDC to provide an economic development grant in the form of a sales tax reimbursement.
- c. This agreement is in line with past agreements entered into with Brixmor, Edifis, HEB, and Buc-ees's.
- d. The agreement states that a maximum refund amount is set at \$1,500,000 and 10 years. The agreement will be complete whichever comes first.

III. **Recommendation**

- a. Approve the Economic Development Agreement between the Texas City Economic Development Corporation and JMK5.

IV. **Fiscal Impact Report**

- a. Staff: Garrett McLeod
- b. Funding Source: TCEDC
- c. Maximum Rebate Amount: \$1,500,000

V. **Economic Impact**

- a. Enhances property values, safety, and aesthetics on a significant community corridor along 6th Street.

Respectfully Submitted,

Garrett C. McLeod
Economic Development Director

ECONOMIC DEVELOPMENT AGREEMENT

This Economic Development Agreement (the “Agreement”) is entered into by and between JMK5 Sears, LLC, a Texas limited liability company, JMK5 Mall of the Mainland, LLC, a Texas limited liability company, JMK5 Racing LLC, a Texas limited liability company, JMK5 Movies LLC, a Texas limited liability company (collectively “JMK5”) and the Texas City Economic Development Corporation, a Texas economic development corporation established pursuant to the Texas Local Government Code, § 504 (“EDC”). JMK5 and the EDC are sometimes referred to herein jointly as the “Parties” and each individually as a “Party.”

RECITALS

WHEREAS, the EDC is authorized under Chapters 380 and 504 of the Texas Local Government Code authorizes municipalities to offer incentives designed to promote economic development such as commercial and retail projects; and

WHEREAS, the EDC Board of Directors and the City of Texas City, Texas (“City”) City Commission has authorized certain economic development grants to JMK5 in recognition of the positive economic and community benefits that will accrue to the EDC through JMK5’s development of the Property (herein defined) for a mixed-used commercial and retail development; and

WHEREAS, the EDC believes that the redevelopment of the Property will contribute to the economic development of the City by increasing ad valorem taxes, increasing sales tax and increasing employment; and

WHEREAS, this Agreement is determined to be a program for providing an economic development incentive as contemplated by Chapters 380 and 504 of the Texas Local Government Code;

NOW, THEREFORE, in consideration of the mutual benefits described in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the EDC and JMK5 agree as follows:

ARTICLE I. Authority

1.1 The EDC’s execution of this Agreement is authorized by Chapters 380 and 504 of the Texas Local Government Code and constitutes a valid and binding obligation of the EDC subject to the condition precedent that JMK5 completes the Property Name (defined below), as specified herein.

1.2 JMK5’s execution and performance of this Agreement constitutes a valid and binding obligation of JMK subject to the terms, provisions and conditions herein.

1.3 The EDC acknowledges that JMK5 is acting in reliance upon the EDC's performance of their respective obligations under this Agreement in making its decision to commit substantial resources and money to develop the Property. Notwithstanding anything to the contrary herein, the EDC and JMK5 hereby acknowledge and agree that this Agreement is subject to the provisions of Subchapter I of Chapter 271, Texas Local Government Code, as amended. The EDC agrees that its immunity from suit is waived for the purpose of adjudicating a claim for breach of this Agreement, which is subject to the terms and conditions of Subchapter I of Chapter 271, Texas Local Government Code, as amended.

ARTICLE 2. Definitions

As used in this Agreement, the following words or phrases shall have the following meanings:

“Act of Default” or **“Default”** means failure by a Party to comply with the requirements of this Agreement, as more particularly provided in Article 8 and Article 9.

“Affiliate” means (1) any entity 50% or more owned or controlled by JMK5, or any of its principal shareholders or any trust created for their benefit, (2) any entity taking over JMK5 interest in this Agreement as a result of merger or consolidation, (3) any entity acquiring all or substantially all of the assets of JMK5, or (4) any entity which has acquired a majority of the outstanding stock of JMK5.

“Certificate of Occupancy” means the document or other notice issued by the EDC indicating a building or premises has been built or maintained in accordance with all applicable codes, regulations, and ordinances enforced by the EDC.

“Commencement Deadline” shall have the same meaning as the “Effective Date” as defined herein.

“Completion Deadline” means (completion date).

“JMK5” means JMK5 Sears, LLC, a Texas limited liability, JMK5 Racing LLC, a Texas limited liability company, JMK5 Movies LLC, a Texas limited liability company and JMK5 Mall of the Mainland, LLC, a Texas limited liability.

“EDC” means the Texas City Economic Development Corporation.

“Effective Date” means the date this Agreement has been signed by all Parties.

“Event of Bankruptcy or Insolvency” means the insolvency of a party, appointment of receiver for any part of a party's property when such appointment is not terminated within ninety (90) days after such appointment is initially made, any general assignment for the benefit of creditors, or the commencement of any proceeding under any

bankruptcy or insolvency laws by or against a party when such proceeding is not dismissed within ninety (90) days after the filing thereof.

“**Force Majeure**” is defined in Section 11.5 herein.

“**Maximum Refund Amount**” means ONE MILLION FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$1,500,000.00).

“**Notice**” shall have the meaning ascribed to it in Section 11.8 of this Agreement.

“**Ordinances**” means the City of Texas City, Texas’ Ordinances, whether codified or otherwise, in effect on the Effective Date.

“**Property**” shall mean the property presently owned by JMK5 or its affiliates and located generally location in Texas City, as depicted in “**Exhibit A.**”

“**Property Sales Taxes**” means, for any given calendar year under this Agreement, an amount of money collected by the City resulting from the imposition of a two-percent municipal sales tax (2.0%) (such as that presently in effect pursuant to Section 321.101(a), Texas Tax Code) on the sales of goods within the Property.

“**Rebate Commencement Date**” means JMK5 _____.

“**Retail Center**” means the approximately _____ square foot retail center located on the Property.

ARTICLE 3. Term

This Agreement will become enforceable upon the Effective Date and will terminate upon the earlier to occur of: (a) the 10th anniversary of the Rebate Commencement Date (and final payment of Sales Tax Rebate Payments pursuant to this Agreement); (b) EDC’s payment of the Maximum Refund Amount to JMK5 prior to the 10th anniversary of the Rebate Commencement Date; or (3) earlier termination as provided herein (the “**Term**”).

ARTICLE 4. JMK5 Performance Conditions

Notwithstanding any provision in this Agreement to the contrary, this Agreement imposes no obligation upon JMK5 to redevelop the Property, construct any infrastructure or any other improvements on the Property. The following are, however, conditions that must be satisfied in order for JMK5 to receive the Sales Tax Rebate Payments (defined below):

4.1 JMK5 shall redevelop the Property, operate a mixed use facility located at

10000 Emmett. F. Lowry Expressway, Texas City, Texas 77591.

4.2 JMK5 shall remain current and paid on all property taxes for portions of the Property owned by JMK5 or its affiliates, subject to rights of appeal in accordance with law and subject to a right to cure any tax payment delinquency.

4.3 JMK5 and its affiliates shall collect and maintain all relevant records of Mainland City Centre, its successors, assigns, and tenants, related to each of the economic development considerations and incentives and performance requirements, as stated in this Agreement. JMK5, during normal business hours, shall allow the City reasonable access to review these records, but the confidentiality of such records and information shall be maintained by the City unless disclosure of such records and information shall be required by a court order, a lawfully possessed subpoena, or at the direction of the Office of the Attorney General.

4.4 During the Term of this Agreement, JMK5 agrees to provide space within Mainland City Centre for the placement of an electronic kiosk or other stand near the front of the entrance for the purpose of providing information to visitors and citizens pertaining to local attractions and businesses within Texas City, should the City elect to install a Kiosk. JMK5 agrees to provide free and proximate internet connection and electricity for the Kiosk, should such service be required for the operation of the Kiosk. Should the City elect to install a Kiosk within Mainland City Centre, the Parties agree to negotiate and enter into a license agreement (the "Kiosk License") within 60 days following Notice of such election by the City. The design, placement, operation, maintenance and promotions of the Kiosk will be governed by the Kiosk License.

ARTICLE 5. EDC Performance Requirements

5.1 Sales Tax Refund. During the Term after the Rebate Commencement Date, the EDC shall pay on a semi-annual basis on or about September 1st and March 1st of each calendar year to JMK5 the Property Sales Taxes generated during the prior calendar year (each a "Sales Tax Rebate Payment").

5.1.1 Revenue Sharing Agreement. The EDC hereby designates this Agreement as a "Revenue Sharing Agreement" as that term is used in Texas Tax Code Section 321.3022 (the "Disclosure Statute"). EDC shall notify the Texas Comptroller of Public Accounts (the "Comptroller") of such designation as necessary in order to determine the Property Sales Taxes generated within the Property and due to JMK5 under this Agreement.

5.1.2 EDC Payment. The EDC agrees that it will rebate, on a semi-annual basis, and after receiving the Report, confirmation from the State and any State audit adjustments, one cent (\$.01) of the Property Sales Tax received by EDC for sales occurring within the Property in excess of [INSERT]for the

duration of the Term of this Agreement (the "Rebate").

5.1.3 Disclosure of Financial Report. JMK5 agrees that it will provide the EDC, on a monthly basis, a copy of any financial report that JMK5 or its tenants will submit to the Comptroller of the State of Texas (the "Comptroller") relating to JMK5 or its tenant's remission of sales taxes collected in the City for sales attributed to the Property as described in Section 1 above (the "Report"). Additionally, JMK5 hereby consents to the State of Texas releasing these monthly reported figures along with any State audit adjustments to the EDC, and the EDC hereby consents to keep this information "Confidential" in accordance with the Texas Tax Code, including, without limitation, Section 151.027 and to the extent allowed by law.

5.1.4 Disclosure of Sales Taxes. If there are fewer than three sales tax accounts located within the Property, the Comptroller may not disclose information regarding Property Sales Taxes without permission of those persons doing business within the Property. JMK5 hereby agrees that if EDC is unable to determine the Property Sales Taxes under the Disclosure Statute, JMK5 shall obtain and provide a release that will allow the Comptroller to disclose to the EDC and JMK5 aggregated sales tax information relating to any business generating sales and use taxes within the Property (an example release form is attached hereto as "Exhibit B"). JMK5 will provide a list of businesses operating on the property as they are identified by the Comptroller's office for identification.

5.2 Future Adjustments to Rebates. Should an excess Sales Tax Rebate Payment occur in the final tax year of this Agreement, JMK5 agrees to repay the EDC for any excess amount received within thirty (30) days following receipt of Notice from EDC providing documentation of said over payment.

5.3 Maximum Refund Amount. In no event shall the cumulative total payments of Sales Tax Rebate Payments to JMK5 exceed the Maximum Refund Amount ONE MILLION FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$1,500,000.00).

ARTICLE 6.

JMK5's Covenants, Warranties, Obligations and Duties

JMK5 makes the following covenants and representations to the EDC and agrees to timely and fully perform the following obligations and duties, subject to the terms, provisions and conditions hereof. Any false statement contained herein or failure to timely and fully perform as required in this Agreement shall be an Act of Default by JMK5, subject to the cure periods set forth in Article 8 below. Failure to comply with any one covenant or representation shall constitute an Act of Default by JMK5, subject to the cure

periods set forth in Article 8 below.

6.1 JMK5 is authorized to do business and is in good standing in the State of Texas and shall remain in good standing in the State of Texas during the Term of this Agreement.

6.2 The execution of this Agreement has been duly authorized by JMK5, the individual signing this Agreement is empowered to execute such Agreement and bind the company, and said authorization, signing and binding effect is not in contravention of the provisions of JMK5's partnership documents.

6.3 To the knowledge of JMK5, no litigation or governmental proceeding is pending or threatened against or affecting the Property.

6.4 There are no actions, suits or proceedings pending or, to JMK5's knowledge, threatened against JMK5 affecting any portion of the Property, at law or in equity, or before or by any federal, state, municipal or other governmental court, department, commission, board, bureau, agency or instrumentality, domestic or foreign.

6.5 Employment of Undocumented Workers. During the term of this Agreement, JMK5 agrees not to knowingly employ any undocumented workers at the Property and if convicted of a violation under 8 U.S.C. Section 1324a(f), JMK5 shall repay the amount of the reimbursements received by JMK5 as of the date of such violation within 120 business days after the date JMK5 is notified by the EDC of such violation, plus interest at the rate of five percent (5.0%) per annum, from the date of such notice until paid. JMK5 agrees to notify EDC within thirty (30) days of any charge filed against JMK5 alleging the employment of undocumented workers under 8 U.S.C. Section 1324a(f).

ARTICLE 7. Reporting and Monitoring

7.1 During the Term of this Agreement, JMK5 shall collect and maintain all records necessary for verifying compliance with the terms and conditions of this Agreement (the "Records"). JMK5, during normal business hours with ten (10) business days' prior notice, shall allow the EDC reasonable access to review the Records, but the confidentiality of such Records shall be maintained by the EDC unless disclosure of such records and information shall be required by a court order, a lawfully issued subpoena, or at the direction of the Office of the Texas Attorney General.

ARTICLE 8. JMK5 Default and Recapture

8.1 If ad valorem taxes for the portion of the Property on which the JMK5 Center is located become past due and delinquent, or the occurrence of any of the following events occur, or should JMK5 fail to substantially comply with any of the material requirements, obligations, duties, terms, conditions or warranties of this Agreement, such

failure shall be considered an “**Act of Default by JMK5**” and, if not cured within ninety (90) days after written notice from EDC to JMK5, EDC, as its sole remedy, may terminate this Agreement and shall have the right to recapture the Rebate for the entire calendar year in which the termination occurred, to wit:

- 8.1.1** The appointment of a receiver of JMK5, or of all or any substantial part of its property, and the failure of such receiver to be discharged within ninety (90) days thereafter;
 - 8.1.2** The adjudication of JMK5 as a bankrupt; or
 - 8.1.3** The filing by JMK5 of a petition or an answer seeking bankruptcy, receivership, reorganization, or admitting the material allegations of a petition files against it in any bankruptcy or reorganization proceeding.
- 8.2** Notwithstanding anything contained herein to the contrary, JMK5 shall not be liable to EDC for any consequential, punitive or exemplary damages.

8.3 Notwithstanding the above, if an Act of Default by JMK5 is such a matter that cannot be cured by reasonably diligent efforts within ninety (90) days, then such occurrence shall not be an Act of Default by JMK5 provided that JMK5 promptly initiates and diligently attempts to cure the same, even if the same is not cured within said ninety (90) day period.

8.4 Any waiver granted by EDC to JMK5 of an Act of Default by JMK5 shall not be deemed to be or constitute a waiver of any other existing or future Act of Default by JMK5 or of a subsequent Act of Default of the same act or event by JMK5.

8.5 If during the Term of this Agreement, JMK5 should discontinue substantially all of its business operations described in Article 4 hereinabove (other than as a result of fire or an act of nature) or closes, vacates or abandons more than thirty-three (33) percent (33%) of the Property, then the EDC shall have the right to recapture the Rebate for the entire calendar year in which such discontinuance occurs and terminate this Agreement; and, in the event of termination pursuant this Section 8.1, a bill for the total amount due, being the Rebate paid to JMK5 during the calendar year in which such discontinuance occurs, will be sent to JMK5 and if JMK5 agrees to pay the total amount due within ninety (90) days after receipt of the bill. Statutory penalty and interest will accrue if JMK5 fails to timely pay said bill as provided herein.

ARTICLE 9. Assignment

Under no circumstances may JMK5 assign this Agreement without the express written consent of the EDC. Notwithstanding anything to the contrary herein, JMK5 may assign all or part of its rights and obligations hereunder without the prior written consent of the EDC (i) to an affiliate, (ii) third-party lender advancing funds for the acquisition,

construction or operation of the Retail Center, and/or (iii) to a third-party purchaser of the Property.

ARTICLE 10.

Miscellaneous Provisions

10.1 Complete Agreement/Amendment. This Agreement represents a complete agreement of the Parties and supersedes all prior written and oral matters related to this Agreement. This Agreement may be canceled, changed, modified or amended, in whole or in part, only by the written agreement by the Parties.

10.2 Permitting. The EDC agrees to cooperate with JMK5 to facilitate the expeditious processing of permits, plat approvals, development application(s) and building permit applications required for the JMK5 and other development on the Property.

10.3 Representations and Warranties. The Parties represent and warrant to one another that this Agreement is within their authority, and that they are duly authorized and empowered to enter into this Agreement, unless otherwise ordered by a court of competent jurisdiction.

10.4 Force Majeure. All obligations of JMK5 and EDC (excluding monetary obligations) shall be subject to events of “force majeure” which shall mean any contingency or cause beyond the reasonable control of a party, as applicable, including, without limitations, acts of God or the public enemy, war, riot, civil commotion, insurrection, adverse weather, government or de facto governmental action or inaction (unless caused by negligence or omissions of such party), fires, explosions, floods, strikes, slowdowns or work stoppages, shortage of materials and labor.

10.5 Binding Effect. This Agreement will be binding on and inure to the benefit of the Parties and their respective successors and assigns.

10.6 Termination. If JMK5 elects not to proceed with the development of the JMK5 Store as contemplated by this Agreement, JMK5 may notify the EDC in writing, and this Agreement and the obligations of each party will be deemed terminated and of no further force or effect as of the date of such notice, except those that expressly survive the termination hereof, if any.

10.7 Notice. Any notice or other communication (“**Notice**”) given under this Agreement must be in writing, and may be given: (i) by depositing the Notice in the United States Mail, postage paid, certified, and addressed to the Party to be notified with return receipt requested; (ii) by personal delivery of the Notice to the Party, or an agent of the Party; or (iii) by confirmed facsimile, provided that a copy of the Notice is also given in one of the manners specified in (i) or (ii). Notice deposited in the mail in the manner specified will be effective two (2) business days after deposit. Notice given in any other manner will be effective only if and when received by the Party to be notified. For the purposes of Notice, the addresses of the Parties will, until changed as provided below, be

as follows:

JMK5: JMK5
308 W. Parkwood, Suite 104A
Friendswood, TX 77546
Attn: Jarome Karam

With a copy to:

EDC: Texas City Economic Development Corporation
1801 9th Avenue
Texas City, TX 77592
Attn: Economic Development Director

With a copy to: City Attorney
1801 9th Avenue
Texas City, TX 77592

Each Party may designate a different address at any time by giving Notice to the other Party.

10.8 Interpretation. In the event of any dispute regarding the interpretation of this Agreement, this Agreement will be interpreted fairly and reasonably and neither more strongly for nor against either Party based on draftsmanship.

10.9 Relationship of the Parties. This Agreement will not be construed as establishing a partnership or joint venture, joint enterprise, express or implied agency, or employer-employee relationship between the Parties. Neither the EDC, nor any of its respective past, present or future officers, elected officials, employees or agents assumes any responsibility or liability to any third party in connection with the development of the Property or the design, construction or operation of any portion of the Property.

10.10 Applicable Law. This Agreement is made, and will be construed and interpreted, under the laws of the State of Texas and venue will lie in Galveston County, Texas. No Party to this Agreement waives or relinquishes any immunity or defense on behalf of itself, its officers, employees, agents or representatives as a result of the approval or execution of this Agreement, except as otherwise expressly set forth herein.

10.11 Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws, it is the intention of the Parties that the remainder of this Agreement not be affected and it is also the intention of the Parties that, in lieu of each provision that is found to be illegal, invalid or unenforceable, a provision be added to this Agreement which is legal, valid or enforceable and is as similar in terms as possible to the provision found to be illegal, invalid or unenforceable.

10.12 Paragraph Headings. The paragraph headings contained in this Agreement are for convenience only and will in no way enlarge or limit the scope or meaning of the paragraphs.

10.13 No Third Party Beneficiaries. This Agreement is not intended to nor shall it be interpreted to confer any rights, privileges or causes of action upon any third party.

10.14 Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which will be deemed an original, but all of which will constitute one and the same instrument. A facsimile signature will be deemed to be an original signature for all purposes.

10.15 Legal Action. In the event that a Party initiates a cause of action in court, the prevailing party or parties shall be entitled to reasonable and necessary attorney's fees and costs of court.

10.16 Exhibits. The following exhibits are attached to and incorporated into this Agreement for all purposes.

- Exhibit "A": Legal Description of Real Property
- Exhibit "B": Form – Disclosure Agreement

EXECUTED to be effective as of the ____ day of _____, 2021.

JMK5 MALL OF THE MAINLAND, LLC

Jerome Karam
Managing Member

Date

JMK5 SEARS, LLC

Jerome Karam
Managing Member

Date

JMK5 RACING, LLC

Jerome Karam
Managing Member

Date

JMK5 MOVIES, LLC

Jerome Karam
Managing Member

Date

TEXAS CITY ECONOMIC DEVELOPMENT CORPORATION

Mark Ciavaglia
Chairman

Date

Exhibit A

Legal Description of Real Property

Exhibit B

EXAMPLE AGREEMENT FOR DISCLOSURE OF CONFIDENTIAL TAX INFORMATION

This agreement is entered into between the Texas City Economic Development Corporation (hereafter the "EDC") and _____[business name] (hereinafter the "taxpayer") for the purposes indicated herein.

I, _____, _____[title], the duly authorized agent of _____[business name], doing business at _____[Name and Address of Facility] do hereby stipulate and agree as follows:

I hereby authorize the Texas Comptroller's Office to release and disclose only that information regarding the amount of municipal sales and use tax accruing from the operation of the above referenced taxpayer's business location to the EDC. I understand and agree that this release will be made by the Comptroller's Office to the EDC on an ongoing monthly basis beginning on the date this Agreement is executed.

This Agreement waives any and all rights with respect to the parties regarding the confidentiality of tax information under Sections 111.006, 151.027, Tax Code, or other state law.

The EDC agrees that it will use the tax information disclosed by the Comptroller pursuant to this Agreement solely and exclusively for the purposes of calculating payments to be made pursuant to a Ch. 380 Economic Development Agreement between the EDC and JMK5 Sears, LLC, a Texas limited liability JMK5 and JMK5 Mall of the Mainland, LLC dated _____, 2021. The confidentiality of such records and information shall be maintained by EDC unless disclosure of such records and information shall be required by a court order, a lawfully issued subpoena, or at the direction of the Office of the Texas Attorney General.

This Agreement is entered into in or with regard to property located in Texas EDC, Galveston County, Texas and Texas law will apply to its interpretation and enforcement.

SIGNED AND AGREED TO on this the _____ day of _____, 2021.

Texas City Economic Development Corporation

[BUSINESS NAME]

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

TCEDC Agenda

4. e.

Meeting Date: 02/16/2021

Submitted By: Rhomari Jackson, Management Services

Department: Management Services

ACTION REQUEST (Brief Summary)

Consider and take action on Resolution No. 21-04, approving the sale of TCEDC Property located at 2102 6th Avenue North, to Meraki Homes LLC.

BACKGROUND

- a. Meraki Homes LLC is a single family residential builder, which has been executing redevelopment specifically in the Chelsea neighborhood.
- b. In November 2020, Meraki Homes staff reached out to city staff inquiring about TCEDC owned lots.
- c. After careful deliberation, it was determined that 2102 6th Avenue North was an optimal lot for Meraki's next project.

ANALYSIS

- a. The Economic Development Corporation is requested to consider approval of a sale of TCEDC owned property to Meraki Homes LLC. This will be executed through a Special Warranty Deed.
- b. This further states that Meraki Homes LLC will provide full payment of \$37,352 for the property.

ALTERNATIVES CONSIDERED

Attachments

Staff Report

Deed



Staff Report

February 16, 2021

Texas City Economic Development Corporation

Subject: Consideration of the Approval the Sale of TCEDC Owned Property at 2102 6th Avenue North to Meraki Homes LLC.

I. **Background**

- a. Meraki Homes LLC is a single family residential builder, which has been executing redevelopment specifically in the Chelsea neighborhood.
- b. In November 2020, Meraki Homes staff reached out to city staff inquiring about TCEDC owned lots.
- c. After careful deliberation, it was determined that 2102 6th Avenue North was an optimal lot for Meraki's next project.

II. **Current Situation**

- a. The Economic Development Corporation is requested to consider approval of a sale of TCEDC owned property to Meraki Homes LLC. This will be executed through a Special Warranty Deed.
- b. This further states that Meraki Homes LLC will provide full payment of \$37,352 for the property.

III. **Recommendation**

- a. Approve the Sale of TCEDC Owned Property at 2102 6th Avenue North to Meraki Homes LLC.

IV. **Fiscal Impact Report**

- a. Staff: Garrett McLeod
- b. Sale of Property: \$37,352

V. **Economic Impact**

- a. Enhances property values, provides necessary infill development along 21st Street.

Respectfully Submitted,

Garrett C. McLeod
Economic Development Director

TCEDC Agenda

4. f.

Meeting Date: 02/16/2021

Submitted By: Rhomari Jackson, Management Services

Department: Management Services

ACTION REQUEST (Brief Summary)

Consider and take action on Resolution No. 21-05, approving the sale of TCEDC Property located at 6th Street North, Lot 225796, to Brazos Urethane Inc.

BACKGROUND

- a. Brazos Urethane Inc. is a local roofing, waterproofing, and insulation contractor, currently located at 1031 6th Street North.
- b. In October 2020, Brazos Urethane’s staff reached out to Texas City staff inquiring about the vacant lot across 6th Street from their current building.
- c. After discussion with staff, it was agreed that it would be beneficial for both parties to sale the property to Brazos Urethane Inc. for the purposes of expanding their offices. It was further agreed that Brazos Urethane would improve the screening and overall appearance of their storage lot across 11th Avenue North.

ANALYSIS

- a. The Economic Development Corporation is requested to consider approval of a sale of TCEDC owned property to Brazos Urethane Inc. This will be executed through an Escrow Agreement.
- b. This further states that Brazos Urethane Inc. will provide full payment of \$24,500 for the property. As well as improve the screening and overall appearance of their storage lot along 11th Avenue North.

ALTERNATIVES CONSIDERED

Attachments

Staff Report



Staff Report

February 16, 2021

Texas City Economic Development Corporation

Subject: Consideration of the Approval the Sale of TCEDC Owned Property at 6th Street North – Lot 225796 to Brazos Urethane Inc.

I. **Background**

- a. Brazos Urethane Inc. is a local roofing, waterproofing, and insulation contractor, currently located at 1031 6th Street North.
- b. In October 2020, Brazos Urethane's staff reached out to Texas City staff inquiring about the vacant lot across 6th Street from their current building.
- c. After discussion with staff, it was agreed that it would be beneficial for both parties to sale the property to Brazos Urethane Inc. for the purposes of expanding their offices. It was further agreed that Brazos Urethane would improve the screening and overall appearance of their storage lot across 11th Avenue North.

II. **Current Situation**

- a. The Economic Development Corporation is requested to consider approval of a sale of TCEDC owned property to Brazos Urethane Inc. This will be executed through an Escrow Agreement.
- b. This further states that Brazos Urethane Inc. will provide full payment of \$24,500 for the property. As well as improve the screening and overall appearance of their storage lot along 11th Avenue North.

III. **Recommendation**

- a. Approve the Sale of TCEDC Owned Property at 6th Street North – Lot 225796.

IV. **Fiscal Impact Report**

- a. Staff: Garrett McLeod
- b. Sale of Property: \$24,500

V. **Economic Impact**

- a. Enhances property values, provides necessary infill development along 6th Street North.

Respectfully Submitted,

Garrett C. McLeod
Economic Development Director