The City of Liberty

Liberty Community Development Corporation

Meeting

~ Agenda ~

1829 Sam Houston
Liberty, TX 77575
www.cityofliberty.org

April Gilliland
City Secretary
936-336-3684

Tuesday, January 17, 2023	6:00 PM	City Council Chambers

The Liberty Community Development Corporation of Liberty, Texas reserves the right to meet in closed session on any agenda item should the need arise and if applicable pursuant to authorization by Title 5, Chapter 551 of the Texas Government Code.

I. CALL TO ORDER

A.

ATTENDEE NAME	PRESENT	ABSENT	LATE	ARRIVED
President Barbara Norwood				
Vice-President Michael Dorsett Jr.				
Secretary Kathrine McCarty				
Board Member Mark Campbell				
Board Member Dan VanDeventer				
Board Member Marsha LaFour				
Board Member Betty Runkle				

II. ACKNOWLEDGEMENT OF GUESTS AND VISITORS / CITIZENS FORUM

Citizen Forum is reserved for members of the public who would like to address the LCDC Board regarding agenda and non-agenda items. Please be aware that, under Texas Law, the Board may not deliberate or take any action during citizens' comments for items not on the agenda. In some situations, City Staff may be able to respond to the public comment with a factual statement or clarification. The LCDC Board of Directors may have the item placed on a future agenda for action or refer the item to Management and Staff for study or conclusion.

III. PRESENTATIONS / REPORTS

A. **General Manager's Report -Topics include the Economic Development Strategic Plan, Facade Grant Program, projects, golf course and airport.**

B. **Finance Report**

IV. CONSENT AGENDA

All consent items listed are considered to be routine by the City Council and will be enacted by one motion. There will be no separate discussion of these items unless a Council Member so requests, and if such a request is made, the item will be removed from the Consent Agenda and considered in a normal sequence on the agenda.

A. Minutes Approval

1. December 20, 2022

V. REGULAR AGENDA

A. Regular Session

1. LCDC Board of Directors conduct a public hearing regarding the possible expenditure of funds.
2. The LCDC Board consider and take action authorizing the General Manager to negotiate and execute an economic development agreement with KJ Chemical, LLC.

VI. ADJOURNMENT

A. Motion To: Adjourn

I certify that the attached Notice of Meeting was posted on the bulletin board and in the Message Centers located on the east and west sides of the City Hall Administration Building, located at 1829 Sam Houston on the 13th day of January, 2023 at 5:00 p.m. This notice will remain so posted continuously for at least 72 hours preceding the scheduled time of said meeting in accordance with Chapter 551 of the Texas Government Code.

April Gilliland

April Gilliland, City Secretary

NOTICE

In compliance with the Americans with Disabilities Act, the City of Liberty will provide reasonable accommodation for persons attending and/or participating in this Council Meeting. To better serve you, requests must be made at least 24 hours prior to the meeting. Contact the City at (936) 336-3684 or by Fax at (936) 336-9846. The building is wheelchair accessible, with parking available, on the west side of the building.

I certify that the attached Notice and Agenda of items to be considered by the City Council was removed by me from the bulletin board at the City Hall on the ________ day of ____________, _____.

CITY OF LIBERTY

Liberty Community Development Corporation
Agenda Item Form

Council Meeting Date: January 17, 2023

Agenda Wording: General Manager's Report -Topics include the Economic Development Strategic Plan, Facade Grant Program, projects, golf course and airport.

Department: Community Development

Subject: General Manager's Report

Background: This agenda item affords the General Manager the opportunity to update the Board members and public on current and future projects, activities and other items related to the Corporation's business.

- The Request for Proposal for the Economic Development Strategic Plan was issued on December 15, 2022. The request for proposals will be opened on January 17, 2023. An update of the number of proposals received will be provided during the meeting.

- In the FY23 budget, the LCDC Board of Directors approved $90,000 for the business facade grant program. No grant applications have been submitted to date.

- LCDC has two outstanding economic development agreements:
  - SwampSmoke, LLC ($25,000) – Approved on 12/21/21
  - RKR Restaurants, LLC ($65,000) – Approved on 2/15/22

- Projects Under Construction – New Construction and Additions
  - Sleep Inn Hotel – New Build (1023 N. Main)
  - Food Truck Park – New Build (1019 N Main)
  - Office Building – New Build (1811 Grand)
  - KJ Chemical – Installation of detention pond, concrete pavement and industrial equipment (4003 Beaumont)
  - Bill's American Bail Bonds – New Office (2317 Beaumont)
  - By Faith Deliverance – New Build / Fellowship Hall (105 Virginia)

- Projects Under Construction – Renovations and Remodels
  - Maxx Self-Storage - Buildout (1021 N Main)
  - Pueblos – Interior Remodel (906 Main)
  - Liberty Municipal Library – Roof and Skylight Repair (1710 Sam Houston)
  - Aaron's - Interior Buildout (2323 N Main)

    - Lakeland Apartments – Convert commercial buildings into apartments (2704 N Main)

- Upcoming Projects
    - Lakeland Self-Storage (1609 Lakeland) – *Building Plans are currently under review.*
    - RV Park (700 Port Road) – *Plans are currently under review*
    - PLC Office Expansion (4997 Hwy 146 N) – *Plans are currently under review*
    - T-Mobile Store (2139 Highway 146 N, Suite 700) - *Plans are currently under review*

- The Popeyes debris has been cleaned up. The owners have indicated that they plan to rebuild the store.

- The anticipated reopening of the golf course is Spring 2023.

- On Tuesday, November 8, City Council awarded a bid to Myron McDowell Construction for the T-Hangar Roof Replacement Project at the Liberty Municipal Airport. All contract documents related to the project were signed on January 11, 2023.

- TxDOT has issued a notice to proceed to the contractor (Gulf Coast) for the airport runway/taxiway pavement rehabilitation project. The project is allocated a total of 150 calendar days, with the runway estimated to be closed for 45 calendar days. A pre-construction meeting with the contractor, TxDOT, Airport Advisory Board Members and City Staff was held on January 11, 2023. The contract start date is Monday, February 20. This project is being managed by TxDOT Aviation.

Funding Source: N/A

Staff Recommendation: N/A

CITY OF LIBERTY

Liberty Community Development Corporation
Agenda Item Form

Council Meeting Date: January 17, 2023

Agenda Wording: Finance Report

Department: Finance

Subject: Finance Report

Background: This agenda item affords the Assistant City Manager / CFO an opportunity to report on the financial activities and position of the Liberty Community Development Corporation, to include revenues, liabilities, assets, and other financial information.

Funding Source: n/a

Staff Recommendation: n/a

The City of Liberty

Liberty Community Development Corporation

Meeting

~ Minutes ~

1829 Sam Houston
Liberty, TX 77575
www.cityofliberty.org

April Gilliland
City Secretary
936-336-3684

Tuesday, December 20, 2022 | **6:00 PM** | **City Council Chambers**

I. CALL TO ORDER

This meeting was called to order on December 20, 2022 in the City Council Chambers, 1829 Sam Houston Street, Liberty, Texas at 6:00 p.m. by President Barbara Norwood.

A.

ATTENDEE NAME	PRESENT	ABSENT	LATE	ARRIVED
President Barbara Norwood	X			
Vice-President Michael Dorsett Jr.	X			
Secretary Kathrine McCarty	X			
Board Member Mark Campbell		X		
Board Member Dan VanDeventer		X		
Board Member Marsha LaFour	X			
Board Member Betty Runkle	X			

II. ACKNOWLEDGEMENT OF GUESTS AND VISITORS / CITIZENS FORUM

Citizen Forum is reserved for members of the public who would like to address the LCDC Board regarding agenda and non-agenda items. Please be aware that, under Texas Law, the Board may not deliberate or take any action during citizens' comments for items not on the agenda. In some situations, City Staff may be able to respond to the public comment with a factual statement or clarification. The LCDC Board of Directors may have the item placed on a future agenda for action or refer the item to Management and Staff for study or conclusion.

President Norwood welcomed guests and visitors in attendance, opening the floor for public comment to those individuals wishing to address the board. There were no comments.

III. PRESENTATIONS / REPORTS

A. **General Manager's Report -Topics include the Economic Development Strategic Plan, Facade Grant Program, projects, permits issued, golf course and airport.**

City Manager Tom Warner reported on the following updates:

- Request for Proposal for the Economic Strategic Plan
- Business facade grant program
- Outstanding Economic Development Agreements
- Completed Commercial Projects
- Project under construction

- Upcoming Projects
- Permits
- Golf Course
- Airport

B. Finance Report

The discussion on this item was skipped.

IV. CONSENT AGENDA

All consent items listed are considered to be routine by the Liberty Community Development Corporation and will be enacted by one motion. There will be no separate discussion of these items unless a Board Member so requests, and if such a request is made, the item will be removed from the Consent Agenda and considered in a normal sequence on the agenda.

A motion was made by Board Secretary McCarty to approve all items on the consent agenda. The motion was seconded by Vice President Dorsett. The motion passed 5 to 0 with all present members voting yes.

A. Minutes Approval

1. October 18, 2022

V. REGULAR AGENDA

A. Executive Session

At 6:07 p.m., President Norwood closed the open meeting and opened the Executive Session as authorized by Title 5, Chapter 551 of the Texas Government Code.

1. Texas Government Code §551.087 - Deliberation Regarding Economic Development Negotiations

B. Reconvene into Regular Session

At 6:28 p.m., President Norwood closed the Executive Session and reconvened the open meeting.

1. Consider and take action, if any, on the item(s) as discussed in the Executive Session

No Action was taken.

VI. ADJOURNMENT

A. Motion To: Adjourn

With no further business to discuss, President Norwood adjourned the meeting at 6:29 p.m.

____
Barbara Norwood, President

ATTEST:

____
Kathrine McCarty, Board Secretary

CITY OF LIBERTY

Liberty Community Development Corporation
Agenda Item Form

Council Meeting Date: January 17, 2023

Agenda Wording: LCDC Board of Directors conduct a public hearing regarding the possible expenditure of funds.

Department: Community Development

Subject: Economic Development

Background: Section 505.159 of the Local Government Code requires Type B Corporations to hold at least one public hearing prior to the expenditure of funds for projects.

The administration recommends holding a public hearing regarding the possible expenditure of funds for the following projects:

1. Economic development agreement with KJ Chemical
2. Creation of an economic development strategic plan

Funding Source: n/a

Staff Recommendation: Staff recommends the LCDC Board conduct the public hearing

CITY OF LIBERTY

Liberty Community Development Corporation
Agenda Item Form

Council Meeting Date: January 17, 2023

Agenda Wording: The LCDC Board consider and take action authorizing the General Manager to negotiate and execute an economic development agreement with KJ Chemical, LLC.

Department: Community Development

Subject: Economic Development Agreement

Background: KJ Chemical plans to operate a chemical formulations facility at 4003 Beaumont. This is a new business in the City of Liberty. KJ Chemicals plans to hire twelve (12) employees and, according to the owner, these jobs will pay $20 to $50 per hour.

KJ Chemical also plans to invest at least $3,000,000 in land, new furniture, fixtures, equipment and utility upgrades. In return, LCDC will provide reimbursements for fire hydrant installations and utility upgrades in an amount not to exceed $30,000. The work must be completed and invoices provided before any reimbursement is made.

This project was previously discussed with LCDC on December 22, 2022 in executive session.

Funding Source: LCDC Fund Balance

Staff Recommendation: Staff recommends the LCDC Board approve the agreement.

PERFORMANCE INCENTIVE AGREEMENT FOR BUSINESS AND COMMERCIAL DEVELOPMENT

This Agreement is made by and between the Liberty Community Development Corporation (sometimes hereinafter referred to as "LCDC"), a nonprofit corporation organized under the authority of the Development Corporation Act and the Texas Constitution, Article III, Section 51-a, acting by and through its duly constituted board of directors, and KJ CHEMICAL, LLC (sometimes hereafter referred to as "KJ CHEMICAL"), a corporation qualified to do business in Texas.

LCDC has as its primary purpose the creation of programs and the making of performance incentives, consisting of loans and grants of public money for development and diversification of the economy of the City of Liberty, Texas (sometimes hereinafter referred to as the "City"). Among its specific purposes are to undertake projects for developing facilities to promote new business development and commercial and business-related improvements.

KJ CHEMICAL represents that it contemplates opening a chemical formulations business (sometimes hereinafter referred to as the "Project"), that will be of significant economic consequence to the City, with the expectation of its being an event of causative effect with regard to other expansion and new establishments and a generator of additional job opportunities within the City.

KJ CHEMICAL estimates that it will invest a minimum of $3,000,000 in land, new furniture, fixtures, equipment, utility upgrades, utility extensions and facility improvements.

KJ CHEMICAL plans to hire no less than twelve (12) employees to work at the Liberty facility within the first year of operation.

However, KJ CHEMICAL, in order to be able to continue to undertake the development of the Project and finance the costs thereof, must have a contribution from some outside source for the specific purpose of helping to finance fire hydrant installations, utility extensions, utility upgrades and improvements to the facility located at 4003 Beaumont Ave., Liberty, Texas 77575 (sometimes hereinafter referred to as the "Property") for an amount not to exceed $30,000. LCDC, pursuant to its authority and in pursuit of its goals, is desirous of making an incentive in the form of a monetary grant for these purposes, the result of which will be the creation of a facility that will promote new business development and job opportunities.

Therefore, subject to the conditions set forth hereinafter, the LCDC and KJ CHEMICAL agree as follows:

KJ CHEMICAL has indicated that it has acquired ownership to the real estate on which the business will operate. It shall present a copy of its deed to LCDC as demonstration thereof no later than June 30, 2023.

LCDC shall have the option to declare this Performance Incentive Agreement for Business and Commercial Development terminated in the event the above conditions required for the performance incentive have not been met. Conditioned on the successful performance of the above-described requirement, and subject to the same rights and responsibilities as set forth hereinafter, LCDC and KJ CHEMICAL make the following agreements.

Upon completion of the improvements, and upon presentation by KJ CHEMICAL to LCDC of its Certificate of Occupancy, which presentation must be on or before March 1, 2024, LCDC will grant to KJ CHEMICAL as an incentive the following sums, not to exceed a total of $30,000:

Item	Rebate
Fire hydrant installation, utility extensions and upgrades to utility infrastructure at the facility for water utilities and fire safety utilities	LCDC will rebate to KJ CHEMICAL an amount equal to 75% of KJ CHEMICAL's actual costs spent on the fire hydrant installation and water utility infrastructure upgrades to an amount not to exceed $30,000

Prior to reimbursement KJ CHEMICAL must present the LCDC with invoices and proof of payment of said invoices for the fire hydrant installation and utility infrastructure upgrades.

KJ CHEMICAL understands that creation of and maintaining of jobs is central to the goals of the development of the LCDC. Therefore, after facility construction and the starting of operations, but no later than August 1, 2024, KJ CHEMICAL shall create and fill, as verified to the sole satisfaction of the LCDC, no less than twelve (12) jobs (inclusive of full-time and part-time employees). KJ CHEMICAL shall maintain said employment level for at least two (2) years following the opening of the business.

The LCDC will verify the adherence by KJ CHEMICAL to the above requirements. The verification process will be commenced at any time during the aforesaid two (2) year period (or extension thereof) within fourteen (14) days of written notice by LCDC to KJ CHEMICAL and will conclude at a time solely within the discretion of LCDC. As a further condition of receiving the incentive grant funds, KJ CHEMICAL will cooperate with LCDC in the verification process and will comply with all requests for information by LCDC in its verification process. The failure or inability of KJ CHEMICAL to prove to the sole satisfaction of LCDC at any time during the aforesaid two (2) year period that it has met its employment requirement, the following provisions shall apply.

As a condition of this grant, KJ CHEMICAL agrees to open a chemical formulations business on the Property in Liberty, Texas within the time period specified herein. KJ CHEMICAL's investment in the Land and Facility shall be no less than $3,000,000. All construction documents must be approved by the City of Liberty. KJ CHEMICAL must construct the facility in accordance with all local, state, and federal laws. Furthermore, KJ CHEMICAL must abide by all local, state, and federal laws regulating chemical formulations, scavenger production and sulfonate production.

However, the funding of the grant shall be further conditioned on the occurrences of the following matters.

1. This Performance Incentive Grant Agreement shall be fully executed on or before June 30, 2023.
2. The City Council of the City of Liberty shall have timely approved the project, including the grant.
3. LCDC shall have successfully completed all procedural legal requirements to be authorized to make the grant, at least one of which being not in the control of LCDC, i.e.: the possibility of an election in which an objection to the grant is approved by the public; however, the LCDC does not guarantee and shall not be liable for damages in the event the legal procedural requirements are not successfully completed for whatever reason.
4. Subject to the above conditions, funding shall in no event be prior to the conclusion of the sixty-day waiting period as provided by law.
5. In order to receive said Grant funds KJ CHEMICAL must provide receipts and proof of payment for the fire hydrant installation and utility infrastructure upgrades.

6. All City of Liberty services and taxes must be paid in full, must be current, and KJ CHEMICAL must be in good standing with the City of Liberty prior to the receipt of the grant proceeds and continuing through the life of this agreement.

7. The funds must be used directly on the development of the KJ CHEMICAL establishment.

8. KJ CHEMICAL further agrees that after receipt of the incentive funds any one of the following events shall be a breach of this Agreement and shall obligate it to immediately repay all incentive funds to LCDC, together with interest at the rate of ten percent (10%) per annum from date of receipt. KJ CHEMICAL further authorizes LCDC to place a lien on the Property upon breach of this Agreement if KJ CHEMICAL fails to reimburse the city the full amount of said grant plus interest and fees within thirty (30) days of receiving written notice of said breach. The following events shall be considered a breach of this Agreement:

(A) Failure to expend project incentive funds for the development and improvement of the Liberty facility for the purpose of creating jobs or failure to use such grant funds for repayment of indebtedness, the original proceeds of which were used for the development and improvement of the Liberty facility.

(B) The incentive is found to be void or voidable for whatever reason, either by court decree or order or settlement of a claim related thereto which LCDC in its sole discretion or judgment, chooses to enter.

(C) KJ CHEMICAL's allowing any of its sales tax or ad valorem tax obligations related to the project to become delinquent, regardless of subsequent payments.

(D) KJ CHEMICAL's closure of its operation within five (5) years of date of first opening to the public.

(E) Failure to maintain the employee levels set forth in this agreement.

(F) Breach of any term of this Grant Agreement.

The sale or transfer of ownership of all or substantially all of the assets or ownership interest of KJ CHEMICAL to any other entity or person shall include provisions requiring the new person, group or entity to assume all obligations and requirements under this agreement. Furthermore, any assignment of this agreement must be approved by the LCDC, with said assignment not being unreasonably withheld.

Other than attorney's fees, costs, and interest, no damages beyond the amount of the Incentive funds are contemplated to be owed by either party hereto to the other for a breach of this Agreement.

Any prospective obligation of LCDC shall be void and of no further force and effect in the event of KJ CHEMICAL's insolvency, assignment for benefit of creditors, bankruptcy, or any circumstance that would reasonably cause serious doubt about the continued viability of KJ CHEMICAL or its Liberty KJ CHEMICAL enterprise.

Time is of the essence in the Performance Incentive Agreement.

LCDC is a corporation created by a political subdivision of the State of Texas and as such is subject to laws unique to such entities. In the event at any time any such law prohibits LCDC from performing an act required in this agreement, the law shall prevail and LCDC shall not be in default as a result thereof.

This Agreement shall be construed and governed by the laws of the State of Texas, and shall be performable in Liberty County, Texas.

This Agreement may be amended only in writing by the mutual consent of all of the parties, evidenced by all necessary and proper corporate and governing authority. No waiver of any provision of this Agreement shall arise from any action or inaction of LCDC, except an instrument in writing expressly waiving the provision executed by LCDC, the party entitled to the benefit of the provision.

This agreement, together with any documents and exhibits given or delivered pursuant to this agreement, constitutes the entire agreement between the parties to this agreement. No party shall be bound by any communications between them on the subject matter of this agreement unless the communication is (a) in writing, (b) bears a date contemporaneous with or subsequent to the date of this agreement, and (c) is agreed to by all parties to this agreement and as to LCDC, acting by and through its Board of Directors. On execution of this agreement, all prior agreements or understandings between parties concerning the matters contained herein shall be null and void.

This agreement may be executed in multiple counterparts.

Signed this _________ day of ________________, 20________.

KJ CHEMICAL, LLC		LIBERTY COMMUNITY DEVELOPMENT CORPORATION	
By:	____________________	By:	____________________
Name:	____________________	Name:	Tom Warner
Title:	____________________	Title:	General Manager
Address:	____________________	Address:	1829 Sam Houston
	____________________		Liberty, Texas 77575

THE STATE OF TEXAS §

COUNTY OF ____________ §

This instrument was acknowledged before me on this ________ day of ________________, 202___, by ____, on behalf of KJ CHEMICAL, LLC.

____
Notary Public, State of Texas

THE STATE OF TEXAS §

COUNTY OF LIBERTY §

This instrument was acknowledged before me on this ________ day of ________________, 202___, by Tom Warner, General Manager, of the LIBERTY COMMUNITY DEVELOPMENT CORPORATION, on behalf of said entity.

____
Notary Public, State of Texas