THE SEABROOK ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF SEABROOK MET ON THURSDAY, NOVEMBER 16, 2017 AT 7:00 P.M. IN THE SEABROOK CITY HALL COUNCIL CHAMBERS, 1700 FIRST STREET, SEABROOK, TEXAS TO CONSIDER, AND IF APPROPRIATE, TAKE ACTION WITH RESPECT TO THE AGENDA ITEMS LISTED BELOW.

BOARD MEMBERS PRESENT:

PAUL R. DUNPHEY	PRESIDENT
TERRY CHAPMAN	VICE-PRESIDENT
GARY BELL	TREASURER
ERNIE DAVIS	SECRETARY
GLENNA ADOVASIO	COUNCIL REPRESENTATIVE
THOMAS KOLUPSKI (exc. absence)	MAYOR
KEVIN FERGUSON	MEMBER

ALSO PRESENT WERE:

GAYLE COOK	CITY MANAGER
STEVE WEATHERED	CITY/EDC ATTORNEY
PAUL CHAVEZ	DIRECTOR OF ECONOMIC DEVELOPMENT
PAT PATEL	EDC ADMINISTRATIVE ASSISTANT

EDC President Paul Dunphey called the meeting to order at 7:00 p.m. and declared that a quorum was present.

1.0 PUBLIC COMMENTS AND ANNOUNCEMENTS

There were none.

2. SPECIFIC PUBLIC HEARING

2.1 Conduct public hearing on notice of State Highway 146 Project, from the boundary limits, north to south, of the City of Seabrook. SEDC is proposing to expend SEDC sales tax funds for roads, utilities, drainage, site improvements, telecommunication and related improvements, including land, building, equipment, facilities, expenditures, and targeted infrastructure found by the Board of Directors of the SEDC to be necessary to promote or develop new or expanded business development and/or create or retain primary jobs.

EDC President Paul Dunphey opened the Public Hearing at 7:01p.m.

EDC Director Paul Chavez stated that next month there will be a Resolution presented to the EDC Board for this project. No other comments were made.

President Dunphey closed the Public Hearing at 7:02p.m.

3. PRESENTATIONS

3.1 EDC Director's report on economic development activities for October 2017. (Chavez)

EDC Director, Paul Chavez, gave his report on economic development activities for the month of October:

- Attending the ICSC Dallas tradeshow
  - Focused on developers and retailers in the Texas market
  - Meeting with JLL development firm
  - JT Evans restaurant concepts looking at Clear Lake market
  - NewQuest interested in Repsdorph Circle site
  - Coffee shop interested in Repsdorph Circle site
  - Prestige development strong interest in Seabrook area
- Seabrook economic summit to host towards the end of January/beginning February
- Meeting with Pacific Ridge developers - ideas/prospects for Repsdorph circle
- Attending the Texas Municipal League Houston conference
- Attending the Houston Commercial Real Estate Brokerage conference
- Business relocation – prospects from out of town – Japanese restaurant looking to put in couple of new concepts within our community
- Attending the Texas Economic Development Council
- Old Seabrook parking lot project – Merlion happy with progress – hoping to open in January 2018
- Other Seabrook businesses expanding
- Suggestion for renderings made POST 146 construction to show developers and prospects what the City may look like after the highway expansion
- Monthly budget – end of year reconciliation from Finance still ongoing

3.2 Economic Alliance annual report. (Chavez)

Fred Welch, Vice President of Economic Alliance Port Region, presented the following:

- Mission for over 30 years has been to grow and market a vibrant regional economy through economic development, public policy, workforce development, and quality of life initiatives
- Economic Alliance represents 25 miles of the 52 mile Houston Ship Channel – world's second largest petrochemical complex, 12 cities Harris County and Port Houston, and 250 Private Sector members
- Provide a professional relationship to navigate the multiple facets of the site selection/expansion process, including the facilitation to our economic development support network – conduct real estate searches, facilitate access to data, and provide guidance in evaluating State and Local incentive & workforce programs

- Impact on the Houston Port Region – Historical 56 "wins" over an 8 year period - $6.4billion capital investment – 3,608 jobs created
- Project pipeline breakdown – 28 total projects, 1,824 potential direct job creation, $5billion potential capital investment
- Supports an environment that bolsters job creation and initiatives that encourage investment in our people, infrastructure and businesses through member input
- 32 Economic Alliance members participated in 35 meetings in Washington DC
- 24 Economic Alliance members participated in 31 meetings in Austin TX
- Addressing critical issues associated with the movement of Freight and Workers
- Houston Ship Channel activity accounts for 16% of states GDP
- Workforce Development – providing career paths and job opportunities to our community to address attrition, skill enhancement and hiring
- Leveraging partnerships with the East Harris County Manufacturers Association and 9 community colleges to recruit a qualified workforce
- Filling in the pipeline of potential workers in the petrochemical, manufacturing, maritime, and logistics industries
- Members are invited to attend a Taskforce meeting, luncheon, or other events so that you can maximize your networking opportunities
- 8 Task Forces – member education/growth, along with setting a public policy agenda, event planning, workforce enhancement and marketing the region through Q and L and economic development initiatives
- Gulf Coast Industry Forum – 2 day conference brings together industry leaders focused in petrochemicals, energy and logistics

4. NEW BUSINESS

4.1 Consider and take all appropriate action on a Business Development Incentive Application filed by Seabrook Marina owned by Fay & Fay Properties at 1900 Seabrook Shipyard (TR11 Jennings Island Rummels TR Abstract 52 Ritson Morris) seeking an incentive to assist in the new construction/improvements of a new restaurant (formerly Regatta Inn and Sundance Grill). Request is for new parking facilities ($62,000), new floating dock ($84,244), and landscaping improvements ($50,000) for total asking price of at least $196,244. The projected cost of the total project is estimated to be about $2.2 million dollars. (Chavez)

EDC Director Paul Chavez stated that Staff has been meeting with Seabrook Marina since November/December 2016 about the redevelopment of The Regatta Inn.

Linda Dimitropoulos of the Seabrook Marina, presented the following incentive request:

- History of the Seabrook Marina – earlier restaurant was erected in 1957 and was operated successfully for over 30 years under the name of "Regatta Inn" and "Sundance Grill".
- Demolition Grant incentive request was granted and completed in April 2017
- Project scope – new restaurant will be a major upgrade over its predecessor. The dining area of the new facility will be over 3.5 times larger and will accommodate over 200

customers for indoor and outdoor dining on its main floor. An outdoor expansion at the ground level is also possible.

- Overall area occupied by the restaurant facility, including parking will be approximately 1.4 acres
- Total dining area is 5,280 square feet and includes 900 square feet of outdoor covered dining space. Total seating capacity is 206 with 156 indoor and 50 outdoor diners.
- Parking lot which will provide parking for 39 vehicles is planned. Funding has been budgeted for the first lot of 27 spaces, with 12 spaces already in place. Additional funding will be required for the second lot of 31 spaces.
- Construction of the restaurant building is under way and is approximately 60% complete.
- The investment of a new restaurant at Seabrook Marina may employ 40 people and at other times during the year due to high volume of boaters and dinners the employment figure will increase
- Fay & Fay LLP has invested in the project $1,627,137. In addition the restaurant operator will invest approximately $600,000 for kitchen equipment and build out
- Estimated completion date is Spring 2018
- Incentive Requests – extra parking spaces, new floating dock, and landscaping
- Parking for 31 more vehicles will be required at the quoted cost of $62,000.00
- Remote waterside gazebo which will be utilized for parties and other private events and ground floor of the main dining room will have additional seating; these two projects will accommodate 50-60 additional customers and will make a significant contribution to the revenue of the business.
- Water side docking is responsible for estimated 25% of total revenue – it appeals to the boating public and also appeals to the customers coming in by land to see the boating activity – dock is visible and very close proximity to the Restaurant customers
- Cost estimate for the floating dock is $84,244. Steel pilings have already been purchased
- Landscaping is very important to provide a favorable initial impression to our restaurant and will complement and enhance the exceptional location and view of Clear Creek & Clear Lake
- Landscaping total budget estimated about $50,000
- Total incentive request: Parking $62,000, Dock $84,244 and Landscaping $50,000 for total request of $196,244.00

Following the presentation, the EDC board members asked some of the following questions to Linda:

- You own the building, not intending to run the restaurant? Is there a lease in place?
  Correct we own the building. Currently we are speaking to someone and negotiations are going on, but because of the area underneath and FEMA and flooding issues underneath and everybody wants to develop that area underneath, there is not a lease in place yet.
- Will the extra parking and boat dock and landscaping help to get a leasee in place or necessary to attract someone?
  Yes everyone has been excited for the boat dock and definitely the lower level.
- Do you know your timeline on getting an answer on the lower level and FEMA's concern on putting a bathroom down there? This would increase the flood insurance price

considerably.
There is not a way around this, but we have put in a quote to our insurance broker and he's checking into that for us.

- Do you plan on taking off the pilings off the existing dock and have a timeline for your approval from GLO?
  Yes we are taking off the pilings and they told us 60 to 90 days and we sent the application in the beginning of October, and we have a lot of interested parties that want to sign a lease, but are waiting for confirmation of the lower level.
- What is the difference between the current dock and the proposed dock? Will there be a right of way issue for the new dock?
  The current dock is 284 feet fixed but is unusable now due to Hurricane Harvey. The new dock is 320 feet floating. There are no right of way issues and we just need a letter of permission to extend it now. And we do need to place a public notice once they give us the okay.
- Are there banks involved in the financing or is there no financing? *No*

EDC Director Paul Chavez stated that his concern was not having a tenant already in place. Previously the EDC had gone thru this before where another business owner asked for a façade improvement grant to their building without their tenant's approval. This is a two-sided thought process where on the one side it would be great to be a part of the redevelopment of The Regatta Inn but on the other side there is concern of not having a tenant in place. Mr. Chavez suggested to the board if they wanted to move forward with this incentive then he would ask the board to consider contingent upon a tenant in place.

Council Member Glenna Adovasio asked if this is something the EDC can approve portions on based on performance which could help them get a tenant knowing that EDC will help fund portions of the redevelopment.
Linda Dimitropoulos stated that this would help considerably and that they are only waiting for FEMA and GLO and that having the EDC on board would help them a lot.

EDC Secretary Ernie Davis stated that EDC is hesitant to give out a 100% of funds, and it has to be based on reimbursement upon receipts of completion and contingent upon them getting a signed lease with a restaurant. This way even if they spend the money, EDC does not reimburse if there is no tenant in place. The EDC cannot take on a 100% of the risk on the taxpayer if nothing happens. In this sense it creates jobs and makes it performance based as well.

Motion made by EDC Secretary Ernie Davis and seconded by EDC Treasurer Gary Bell.

Motion to approve an incentive with Fay & Fay Properties LLP for 70% of the parking space improvements, 70% of the dock improvements and 50% of the landscaping improvements, reimbursable to the applicant after proof of receipts that the improvements have actually been made and contingent upon a signed lease with a restaurant tenant. With a signed and executed 7 year lease and physical completion of the incentives requested above: the parking, floating dock and landscaping improvements.

(To clarify with hard figures, $43,400 of parking, $58,970.80 of the floating dock, and $25,000 of the landscaping was approved with a total incentive approval of $127,370.80)

MOTION CARRIED BY UNANIMOUS CONSENT

4.2 Consider and take all appropriate action on a Business Development Incentive Application filed by Mario's Pizza & Pasta at new location 2100 NASA Parkway, Seabrook, Texas seeking an incentive to assist in the improvements of façade signage, new grease traps, sales tax reimbursement and dumpster housing for a total asking price of at least $80,000 dollars. (Chavez)

EDC Director Paul Chavez stated that Staff has been working with Mario's for several months on this particular project. He stated that Mario's is being displaced by the State Highway 146 expansion and is the first business to approach the EDC for relocation assistance.

Andrew Pakkala with Mario's Pizza and Pasta presented the following incentive request:

- Mario's History – Previously Mario's Flying Pizza has been in Seabrook since the 1970's. Shortly after the mid 1980's delivery service was added and the business continued to grow. In 2001 a new owner acquired Mario's and added catering services. In 2015 new ownership continues to grow and learn from the previous owners while also keeping the Flying Pizza Pie of Mario's alive and well.
- Existing Mario's Employees – 13 Full time employees and 34 part time employees with a total of 47 employees
- Moving Plans – 2100 E. NASA Parkway location – term of lease is 10 years with (2) 5 year options. Started demolition on September 27 and hoping to finish by December 31 to mid January. Estimated improvement value once it's completed will be $450,000. The lease includes a build out allowance of $52,500 and an architect allowance of $4,500. This will be funded 30 days once Mario's has opened for business and landlord approves funds.
- Business Development Incentive – request for reimbursement for building permit $4,605, grease trap $32,450 and dumpster housing $37,778.41.
- Sales Tax Rebate – asking for 100% of EDC sales tax rebate for 10 years = $74,813.20
- Storefront Façade Improvement – lowest bid from SignQuick was for $6,002.48
- Total incentive request for $155,649.09

Following the presentation, the EDC Board asked some of the following questions to Andrew:

- What is the total cost of the project as you view it? How is that to be funded?
  $450,000. Received a loan thru a financial company for a portion and the rest is thru Mario's
- How are you addressing the parking with the landlord since there will be multiple businesses at some point at this location?
  It will be a first come first serve basis. There is no reserve.

- How does the size of this location compare to the size of your existing location and what are your expectations on number of employees that you have today versus how many you anticipate to have in the future at this new location?
  Our current location is 2,900 square feet and our new location is going to be about 3,250 square feet and most of that will be going to the restrooms. Everything is mostly the same size and same amount of tabletops including the patio at the new location. The back of the room will be a little bigger at the new location.

EDC Secretary Ernie Davis stated that Mario's has been a part of the Seabrook community for over 40 years and the EDC Board has been very interested in helping our existing businesses stay inside the City of Seabrook. He added that this was a unique opportunity to help an existing business that's been here a long time despite the fact that they're being forced to relocate.

Motion made by EDC Secretary Ernie Davis and seconded by EDC Treasurer Gary Bell.

To approve incentive for Mario's Pizza and Pasta for 100% reimbursement of the building permit fee, 70% for grease trap, 70% for dumpster housing, 100% of storefront façade, and a 5 year sales tax rebate of EDC sales tax not to exceed $50,000 contingent upon issuance of a Certificate of Occupancy for the completed work.

(To clarify with hard figures, $4,605 building permit fee, $22,715 for grease trap, $26,445 for dumpster housing, $6,002.48 for storefront façade and possibly $50,000 sales tax rebate or 5 years whichever comes first, for a total incentive approval of $59,767.48 cash investment with potential sales tax rebate which makes total of $109,767.48)

The City Attorney asked Mario's to submit final plans

MOTION CARRIED BY UNANIMOUS CONSENT

5. ROUTINE BUSINESS

5.1 Approve the minutes of the October 12, 2017 regular EDC meeting. (Patel)

Motion made by EDC Member Kevin Ferguson and seconded by Council Member Glenna Adovasio.

To approve the October 12, 2017 regular EDC meeting minutes as presented.

MOTION CARRIED BY UNANIMOUS CONSENT

5.2 Update on SH 146 expansion.

- TXDOT pipeline relocation to begin May 2018
- Bridge construction – will be 1st phase of SH146 construction

- TXDOT working from South to North now
- 3rd phase will be Kemah side down
- Demolition on KFC and Taco Bell will begin week after next week
- Walgreens and Sonic demolition pending environmental report
- TXDOT report - 14 buildings/17 businesses being demolished
- November 22, 2017 – Staff meeting with TXDOT regarding lighting
- Business relocation update

5.3 Establish future meeting dates and agenda items

- Regular EDC meeting date change from December 14, 2017 to new meeting date for December 21, 2017 at 7:00p.m.

Motion made by Council Member Glenna Adovasio and seconded by EDC Secretary Ernie Davis to approve new meeting date and time.

Upon motion duly made, the meeting was adjourned at 8:32p.m.

APPROVED ON THE 21TH DAY OF DECEMBER 2017.

Pat Patel,
EDC Administrative Assistant

Paul Dunphey, President