

Montgomery Economic Development Corporation  
**AGENDA REPORT**

<b>Meeting Date:</b> April 19, 2021	<b>Budgeted Amount:</b> \$20,000 for all EconDev Grants for 2020-2021 Fiscal Year
<b>Prepared By:</b> Richard Tramm	<b>Exhibits:</b> Economic Development Grant Application #2021-01

**Subject**

Discuss and consider Economic Development Grant Application submitted by Troy Tep LLC.

**Discussion**

Economic Development Grants fall within the authority of the MEDC to grant where the Board of Directors feels they are appropriate. MEDC funds used in this manner are intended to promote new business development or enhance development of existing business. I have reviewed the application for several considerations prior to this coming to the Board of Directors:

1. Is this type of expenditure legal/appropriate for consideration? Signage of this type could enhance business activity at this location, which would make this a permissible expense. For the MEDC to approve this grant the MEDC Board of Directors must determine the signage will promote expanded business development.
2. What is the perceived economic benefit? The perceived economic benefit could be improved visibility to this location attracts additional business activity to in-City businesses. Whether there would be perceived economic benefit and if that level of economic benefit would be sufficient to award grant funds must be determined by the MEDC Board of Directors. The applicant is estimating \$24,000.00 in additional tax revenue generated to the City in annual sales for all units, which would represent a total of \$1,200,000.00 in taxable sales to be made. If the provided estimate of \$24,000.00 in annual tax generation to the City is accurate, \$6,000 of that would return to the MEDC over the same period. This appears to assume all businesses in this site are involved in taxable sales.
3. Is this location for the grant request in the City? Yes, this location noted in the application is in the City.
4. Does the proposed work to be done under the grant conform to City requirements? The proposed signage documents included were reviewed by the City's Director of Planning and Development, who concluded it should City sign requirements. Mr. Tep met with the City's Director of Planning and Development to discuss the requirements for submitting a sign permit application. As of this time, the City has not received an application for the appropriate permit for this sign from either Mr. Tep or his sign contractor.

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This item was tabled at the March 15, 2021 MEDC Board of Directors Meeting to allow Mr. Tep to present his information directly to the MEDC.

In the past, the MEDC has typically limited Economic Development Grants to 33.3% of the total cost up to a \$5,000 maximum. The applicant is requesting a total of \$20,000 and has included a basic statement of their projected economic impact in exhibit E, as required to request an exception to the funding limit. If a grant of \$10,000 or greater is approved, it must also be approved by City Council.

This item was first read at the MEDC Meeting of January 19, 2021, was read a second time at the MEDC Meeting on March 15, 2021 and was also the subject of a Public Hearing on March 15, 2021.

**Recommendation**

Review and consider the application and make a determination as the Board sees fit.

**Approved By**

City Administrator	Richard Tramm <i>RT</i>	Date: April 15, 2021
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2021-01

City of Montgomery, TX  
Economic Development Corporation  
Grant Application



Company Name: <b>Troy Tep LLC</b>	
Company Contact: <b>Troy Tep</b>	Title: <b>Owner</b>
Best Phone: <b>936-718-3822</b>	Alt. Phone:
Email Address: <b>troytep1@gmail.com</b>	
Physical Address: <b>22453 FM1097 Rd.</b>	City, State, Zip: <b>Montgomery, TX 7735</b>
Mailing Address (If different): <b>111 Anna Springs Ln</b>	City, State, Zip: <b>Montgomery, TX 77356</b>
Applicant's years of experience in this business: <b>2 years</b>	How long has his business been located in Montgomery? <b>9 months</b>
Do you own or lease this facility?  <input checked="" type="checkbox"/> OWN <input type="checkbox"/> LEASE	If leased, please provide owner information and a copy of lease agreement.  Owner Name: _____ Owner Phone: _____
Provide a detailed description of the proposed project as "Exhibit A" attached <b>Attached</b>	
What is the estimated total cost of the project? (Include supporting information, ie estimates/quotes as "Exhibit B" attached)	<b>\$24,650</b>
How much funding are you requesting from the MEDC for this project? (Typical grants are awarded at 1/3 the total project cost or up to \$5,000)	<b>\$5,000</b>
<input checked="" type="checkbox"/> Are you requesting an exception for additional funding on this project? (Please provide additional supporting evidence for this request as "Exhibit C")	<b>\$15,000</b>
When will this project begin? <b>12/15/2020 Tentive</b>	What is the estimated completion date? <b>1/15/2021</b>
Attach all drawings of planned improvements as "Exhibit D" <b>Attached</b>	
Include a description of expected commercial revitalization impact & sales tax revenue impact as "Exhibit E"	
If this project will employ Montgomery vendors, please supply details as "Exhibit F"	
Applicant's Signature: _____ Title: <b>Owner</b> Date: <b>12-01-2020</b>	
<b>OFFICE USE:</b>	
Date Application Received: <b>12-10-2020 (st)</b>	Date Presented to Board: <b>01-19-2021</b> <b>02-16-2021</b>
<input type="checkbox"/> APPROVED <input type="checkbox"/> DECLINED	
Performance Agreement Received:	Project Completion Date:
Funding Date:	Check Number:

**Montgomery Economic Development Corporation Grant  
PERFORMANCE AGREEMENT**

THIS PERFORMANCE AGREEMENT is made and entered into as of \_\_\_\_\_, (date) by and between THE MONTGOMERY ECONOMIC DEVELOPMENT CORPORATION (MEDC) and \_\_\_\_\_ (Grant Awardee), whose business address is \_\_\_\_\_.

In consideration of the mutual covenants herein contained and, intending to be legally bound hereby, the MEDC and Grant Awardee agree as follows:

1. Grant Awardee will complete the grant application.
2. MEDC will notify Grant Awardee by U.S. Mail.
3. In the event that the property covered by the grant is leased, the Grant Awardee must provide the city with a letter of approval from the property owner for said improvements to commence.
4. Grant Awardee must submit plans to city for proper approvals and proper city permits.
5. A proposed project must start after grant approval and be completed within six (6) months of the date of this agreement or according to the terms of this agreement.
6. When the project is complete, the Grant Awardee must request the MEDC to verify completion and costs.
7. Grant Awardee must agree to maintain said enhancements/improvements for a period of time not less than twelve (12) months.
8. Upon notification by staff that the project has been completed and a satisfactory Performance Agreement has been executed by both parties, the MEDC will transfer awarded funds to the Grant Awardee for reimbursement of costs up to the awarded amount at the specified matching ratio.
9. Only costs from a vendor for purchased labor or materials will be recognized for matching funds. Costs for the applicant's employee labor or in-stock materials are not eligible for reimbursement.
10. MEDC may, at its sole discretion, extend the period of performance.
11. The MEDC Representative will verify start of work and completion of work.
12. No grant reimbursement funds will be paid until the project is complete. Cost incurred prior to the date of the grant approval may not be recognized for matching funds.

**Date of Completion.** The date of completion of the project is established as \_\_\_\_\_.

**Payment.** At completion of project MEDC agrees to make the following payment in U.S. funds to Grant Awardee, provided Grant Awardee complies with all of the covenants and stipulations contained in this Agreement.

A set fee of up to \_\_\_\_\_.

\_\_\_\_\_  
Grant Awardee

\_\_\_\_\_  
MEDC President

## **“Exhibit A”**

I am applying for a grant from the Montgomery EDC to install a marquis plaza sign.

I have recently constructed a strip center in the city of Montgomery in the growing area off 1097 and Buffalo Springs Dr. This strip center consists of a total of 5 commercial retail spots available for lease.


The marquis plaza sign I am proposing to install will have 5 spots available to comprise each business that will be located within the strip center. It will be constructed of stone with interchangeable signs listing the business names. The overall height will be 8'0" by 6'0" in width.

# "Exhibit B"

#1



#2



#3



Price from J. & S. Signs ONLY	Price for the stone of the pylon											
1) 4'x3' Drive Thru menu.....\$3,633 <small>*Does not include sign</small>	• 4'x3' Drive Thru menu.....\$3,633											
2) Pylon sign 5'x16.....\$12,850	• Concrete pylon 16'x16'x10'.....\$1,425											
3) 15' Concrete letters TROY'S DONUTS.....\$1,250	• Stone for pylon.....\$3,950											
	<b>TOTAL WITH TAX.....\$12,108</b>											
<table style="width: 100%;"> <tr> <td>J&amp;S.....\$19,650</td> </tr> <tr> <td>TAX.....\$1,017</td> </tr> <tr> <td><b>TOTAL.....\$21,217</b></td> </tr> </table>	J&S.....\$19,650	TAX.....\$1,017	<b>TOTAL.....\$21,217</b>	<table style="width: 100%;"> <tr> <td>Job Name:</td> <td><b>TROY'S DONUTS</b></td> </tr> <tr> <td>File Name:</td> <td><b>TROY'S DONUTS PYLON &amp; DRIVE THRU</b></td> </tr> <tr> <td>Drawing By:</td> <td>_____</td> </tr> <tr> <td>Created: <b>Monday 10 23 2012</b></td> <td><b>TO FIT</b></td> </tr> </table>	Job Name:	<b>TROY'S DONUTS</b>	File Name:	<b>TROY'S DONUTS PYLON &amp; DRIVE THRU</b>	Drawing By:	_____	Created: <b>Monday 10 23 2012</b>	<b>TO FIT</b>
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Drawing By:	_____											
Created: <b>Monday 10 23 2012</b>	<b>TO FIT</b>											
<p><small>**J &amp; S Signs will only be responsible for work related above. NOT RESPONSIBLE FOR ASSOCIATED WITH OTHER CONTRACTORS**</small></p>	<p><b>J&amp;S Signs</b> Ph: 713-298-7629 jss@jssigns.com</p>											
Approved By: _____	Date: _____											

## **“Exhibit C”**

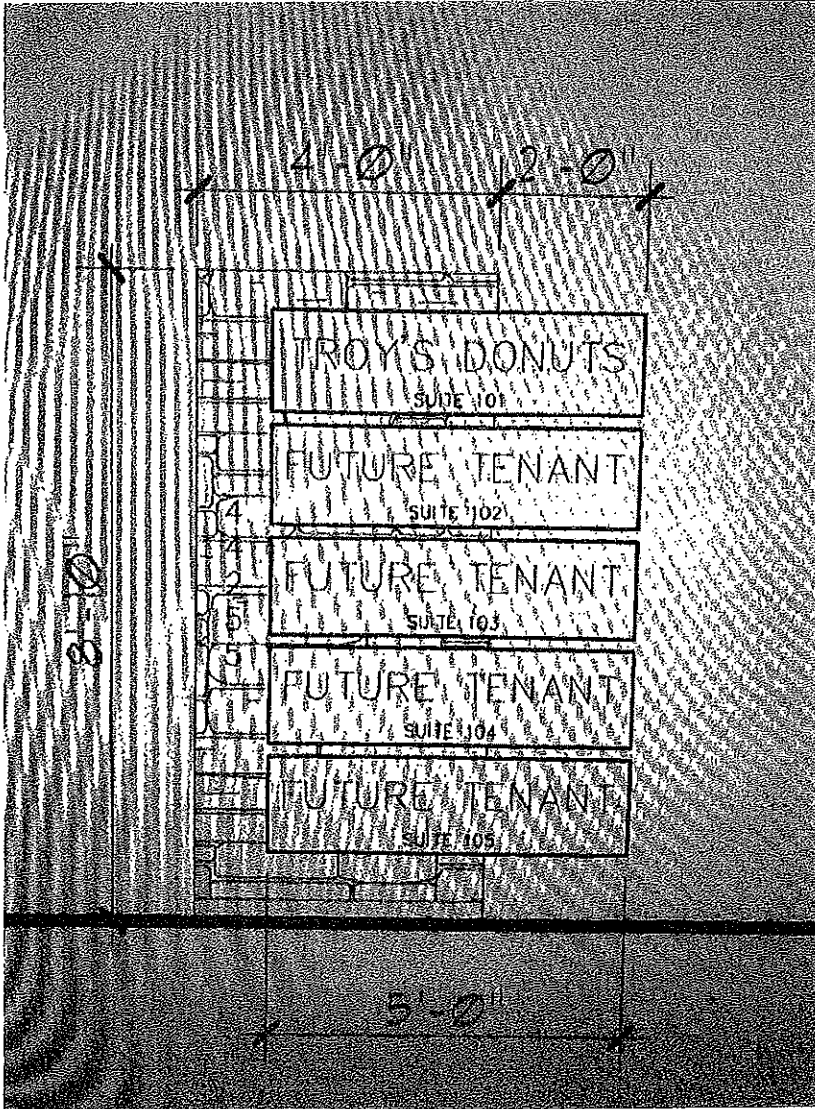
I am requesting additional funds above the maximum allowance of \$5,000. Due to the exponential cost of the building and other associated cost (ie. Utilities, landscape, sprinkler, etc.).

At this time, I would like to request an additional \$15,000 to help relieve some of the burden for installing the maquis plaza sign for the strip center.

As you will see in “Exhibit E” the city stands to profit greatly from the incoming businesses that open in the available retail spots.

I have attached some of the costs that I have incurred to date to help you all better understand the reasoning for the additional request of funds.

**“Exhibit D”**







## **“Exhibit E”**

I have enlisted the help of Montgomery County realtor Jim Clark to help lease out the remaining 4 spots of the recently built strip center. One of the retail spots is currently under lease with Troy Donuts.

These additional 4 spots will help bring businesses into the city of Montgomery. The current goal is to seek out franchises to lease to. This business model has proved to be efficient and help with less turnover.

Below you will find the estimated tax revenue of the leased spots.

### **Troy Donuts**

- Estimated Tax Revenue Impact based on 2%—
  - \$400/ month
  - \$4,800/ year

### **Lease Space 2 thru 5**

- Estimated Tax Revenue Impact based on 2%—
  - \$400/ month x 4
  - \$4,800/ year x 4

### **Total Impact - \$24,000**

In addition to the tax impact, city water will be utilized as well. With the overall positive impact to the city being greater than the total presented above.

## **“Exhibit F”**

The current tenant Troy Donuts is employing the following local vendors:

- Kroger Grocery Store
- JWAC Distributing (Otto's pub and brewery)

The remaining 4 spots to be leased could be of great help to the community by sourcing supplies from local vendors as well.