



**City Council
Regular Meeting Minutes
June 10, 2025**

OPENING AGENDA

1. Call Meeting to Order.

The City Council Regular Meeting of the City of Montgomery was called to order by Mayor Countryman at 6:00 p.m. on June 10, 2025, at City Hall 101 Old Plantersville Rd., Montgomery, TX and live video streaming.

With Council Members present a full quorum was established.

Present:	Mayor	Sara Countryman
	Council Member Place 1	Carol Langley
	Council Member Place 2	Casey Olson
	Council Member Place 3	Tom Czulewicz
	Mayor Pro-Tem	Cheryl Fox
	Council Member Place 5	Stan Donaldson

2. Invocation.

Council Member Donaldson gave the invocation.

3. Pledges of Allegiance.

Mayor Countryman led the pledges of allegiance.

PUBLIC FORUM

No inquiries received.

CONSENT AGENDA

- 4. Consideration and possible action on the City Council Workshop Meeting Minutes of April 21, 2025.**
- 5. Consideration and possible action on the City Council Regular Meeting Minutes of April 22, 2025.**
- 6. Consideration and possible action on the City Council Special Meeting Minutes of April 28, 2025.**

7. **Update on request for special use permit for a temporary construction/sales trailer at The Hills of Town Creek, 235 South Rose Marie Lane.**
8. **Consideration and possible action authorizing the Mayor to sign the Escrow Agreement by and between the City of Montgomery and the Developer (“Texas First Bank”).**

Council Member Langley asked where is this property located for item number eight? City Engineer Chris Roznovsky, WGA said it is in the vacant tract next to Christian Brothers Automotive between Christian Brothers and Wendy's.

Motion: Council Member Langley made a motion to accept consent agenda items #4-8 as presented. Council Member Czulewicz seconded the motion. Motion carried with all present voting in favor.

REGULAR AGENDA

9. **Discussion and possible action to approve the Financial Audit for fiscal year ending September 30, 2024.**

Finance Director Carl introduced Mr. Robert Belt with Crowe to present the Financial Audit for fiscal year ending September 30, 2024.

Mr. Belt thanked everyone for the opportunity to present the results of the audit today, but first wanted to recognize all the hard work by management that goes on behind the scenes to allow us to get to this point. You all did a lot of work with the budget at the very beginning of the process and I appreciate everybody's hard work along the way.

Our independent auditors report is presented on page one. This is a draft report, but we do anticipate issuing this in this final form just like it is here today, but our opinion letter is an unmodified letter as well as assurance that we can provide to City Council that all disclosures required by general accepted accounting principles have been included in the financial statements are material correct, so that is exactly the type of opinion letter you would be wanting to get today and that is also called universally a clean opinion. That is good news.

There is a lot of financial information within the report. I am just going to go over a few highlights with you. On page 16 is a statement of revenues, expenditures, and changes in fund balance. Your general fund is presented in the far left hand column. Total revenues for the year came in at \$7.3 million. Total expenses for the year came in at \$5.7 million, giving you revenues over expenses of approximately \$1.6 million. You began the year with a fund balance of \$3,018,000. You ended the year with a fund balance of \$4,613,000. As you know, with any governmental entity, the primary indicator of financial health is

your fund balance number. You can pretty much scale any governmental entity by looking at your total operating expenses, comparing it to your total fund balance to determine how many days of operation you have on hand if no additional revenues came in. Thirty (30) days might be considered on the low side, 60 days might be considered about normal or adequate, 90 days would be good. The City is right at about 10 months, so your fund balance is in an excellent financial position and you should be commended for that.

On page 20 for your water and sewer fund, operating revenues came in at \$3.6 million, operating expenses at \$3,050,000, giving you an operating income of \$610,000 which included depreciation of expense of approximately \$480,000. I mention that because depreciation expense is a non-cash outlay, so if you back that back out, you would have been to the good on the revenue side of approximately \$1 million which means your water and sewer fund is covering all your operating expenses, plus enough to cover your depreciation on your assets as well. Everything looks good in the water and sewer fund. That concludes my comments. I am more than happy to entertain any questions the City Council may have. Mayor Countryman stated you delivered great news. Mr. Belt said you did a great job and makes our work easy. Mayor Countryman thanked Mr. Belt for his work. Council Member Olson said accommodation should go out to our financial director as well for helping us clean up our messes that we had in records and we really appreciate you Maryann. Mayor Countryman thanked Maryann as well and said you earned a flight around the world. Council Member Langley asked Maryann if they will get a copy that does not have the draft put on it and when would I be able to see that copy? Finance Director Carl said once we get the final non-draft version, as Mr. Belt indicated, it should be identical to what we have seen this evening. It goes through a series of review within their firm and so it just needs to get through all of those steps. My understanding is that we are right at the brink of being there, so we do not anticipate any changes. Once that is done, we will get the bound copy and we will get a copy for each one of you. If there are any changes, obviously we will come back to you to let you know that there is a change and we have to come back to you.

Motion: Council Member Donaldson made a motion to approve the Financial Audit for fiscal year ending September 30, 2024. Council Member Czulewicz seconded the motion. Motion carried with all present voting in favor.

10. Discussion on the draft Development Agreement with H-E-B (Dev. No. 2402).

City Engineer Chris Roznovsky, WGA, said in your packets you will see a handful of items related to this. The purpose of this item is to bring you up to speed and talk about some of the differences in the draft agreement and commentary received from HEB. HEB's representatives are here tonight to also address their concerns and questions, but the main goal of this is not an action item or approval of the agreement, but to give us direction because there are a couple items that are some major points of contention or

difference, so the agreement can be finalized and then put into place. Starting on page 143 of your packets, you will see a copy of the letter from us going over the general requirements and the general points of this agreement. Starting at the second paragraph, there is no reimbursement that is being requested as part of this agreement, say memorializing what is being done, but there is no impact fee credit or reimbursement as part of this. HEB is requesting approval of inspection fees related to public utility extensions that they would perform which is normal. It would go into the escrow if we have to give a written summary of the fees to go to them, so that is not that big of a deal. Required timeline for acceptance of the public infrastructure. Again, normal. We have done that before. It is already laying down the timeline from this date to this date. Putting that into an agreement does not cause a lot of harm. The next items is where we do have a little bit between the city attorney and ourselves to discuss with you all and get some feedback. One is regarding the dedicatory language for the historical landmark on the site. If you remember, one of the items from the get-go is the CB Stewart memorial or some type of monumentation on the site. The language that was in the draft agreement that was sent essentially said the City had the right to be able to control scope, size, etc. of that monument and location. HEB has requested to remove that completely. They have agreed to provide some type of memorialization of it, but not the details of what that is. A couple of the legal items which I will not try to get into, but regarding pursuit of remedies and governmental immunity in those terms and so your attorney can jump in on that part. A couple other things to note just to bring you up to speed, last week's Planning and Zoning Commission meeting was cancelled due to lack of quorum, but they meet tomorrow night. There is an agenda item for variances that are being requested for this property. Again, this is not part of the development agreement, just bringing everyone up to speed on where this stands. There are two variances. One is just more of a note. The first variance is a request to not put the public water line within a 16-foot easement adjacent to SH-105 right-of-way, but instead put that within the public right-of-way at SH-105. The second one is on the landscape setback requesting a 20-foot versus a 25-foot where it is abutting single family property. This single family property is outside the City. It is being used as a single family, so this is that setback that they are requesting. The third item on here which again, it is not an official rule based on your current ordinances, but they are wanting to move the parking lot trees to be 150 feet from the door for sanitation reasons. They are not requesting a variance for the amount of parking lot trees, just more of a note is they are going to shove everything away from the front door for sanitation reasons just from operating stores having trees, and therefore birds that go through the front and cause problems. Again, it is not a specific variance that it has to be a distance, and they are not requesting to reduce the amount of trees. In your packet, you will see a copy of the draft development agreement that goes through these items and then followed by that, you will see a copy of the Planning and Zoning memo that is going to give more detail on the variances and the why for this. So we do not get too lost in the weeds on this item, going

back to the three main points of the agreement, which is the historical landmark, the pursuit of remedies, and the governmental immunity. I want to open up the floor. We can have HEB present their reasoning first to hear that or have a discussion and jump in. Mayor Countryman said I think that would be great for them to present their position.

Mr. Sean Smith with the real estate team here in Houston for HEB stated first off, HEB is super excited to finally bring in an HEB to the City of Montgomery. I know we have owned this property for some time and people have been very excited about it. Like City Engineer Roznovsky alluded to, what our nature development agreement primarily is for us is that we receive water and sewer services at the site. There is some extension of utilities that need to bring those facilities on site so that we can pull our permits and finish this construction here pretty soon. The nature of the comments regarding the historical nature, obviously HEB understands there is a significant history and legacy to the property that we purchased, it being the homestead of Charles B. Stewart. Being a Texas brand, and a legacy of its own, that is very significant and something we are very sensitive to in the design approach on this particular site. What I think the primary push back of the agreement is the primary language around that. They gave a pretty broad, right and sole discretion to the City to designate that. I will point out the fact the historical marker on the site actually went within the right-of-way, but inside the right-of-way is already a historical marker. It is part of the Texas Historical Commission. That is not being moved as part of the project. Whether that can be relocated inside the site is still something we are exploring. It is not something we have been able to determine definitively whether we can address it as part of the project, but we are working through some measure of ability to address the legacy of Charles B. Stewart within the property and within the development and inside the store itself. Those details have not been finalized of the design process. We are still working on an ability to prepare a proposal or prepare a presentation for the city leadership to take a look at. We absolutely want that feedback. We want the city constituents and the city leaders to be able to put that in that and put into the process because we want this to be Montgomery's HEB. We take my HEB very seriously. The spirit of that is that participation and cooperation is there and it is primarily around legal language giving broad rights over private property.

Mayor Countryman said what I am hearing you say Mr. Smith is I guess our portion, would be to have feedback or control or say over the scope and size and that is what you are asking to be remedied and taken out of the agreement. Mr. Smith said yes, I think it would be appropriate from our standpoint to acknowledge the historical significance and make an affirmation of each intent to continue to partner with the City. Perhaps we can use that more in concrete terms of how the tempo of the next meetings and the next discussions will take place. We certainly can make those commitments regarding the forfeiture and certain rights we would have as private business and private property owners to have control over what is developed onsite. City Engineer Roznovsky said on

page 148 of your packets at the very bottom, you will see that language that is being referred to. Mayor Countryman asked what would be better language so that we can still have input because we still have somewhat architectural control over, and so with this, I think that we would like to have a say, and so what would the language look like that says okay you can have a say, and you can have a head nod or agreement without saying that we have to pick your colors for you and we have to tell you how to look. Mr. Smith said first off, HEB does want there to be participation. We want that input and feedback. I know we met to discuss this previously. I think the language around that I will probably have to divert to some back and forth between Alan and our attorney just to make sure we get the language right, but I believe some really effective consultation with the City in partnership in acknowledging the fact that there is historical significance of the site and we are very adamant about addressing that in a meaningful way. I think it all has to be able to marry with the overall scope and project of the grocery store and how we continue to serve the community overall from the site.

Council Member Czulewicz asked is your problem mostly with the City having sole choice on the location? Mr. Smith said correct. Mayor Pro-Tem Fox said I certainly have no problem with taking that out because I think that might be a hindrance to the overall project. Mayor Countryman asked was it my request for fireworks every Friday night to be in the shape of the Texas flag the problem? Mr. Smith said there is an inducement package that supports the funding of fireworks.

Council Member Olson said here is my thought about removing the language. I think I am with Mayor Pro-Tem Fox, but also my thought process is bring us something because right now if we just take it out too long, you can do whatever you want, so bring us something so we have something we can agree to. Mr. Smith said I think that we probably have enough to start high level conversations around them, so a lot of that comes after most of our structural and civil engineering. We are in the state where we need to be able to pull permits here pretty soon. This is a requirement for us to be able to pull that permit. Not having this development agreement would cause delays in opening the store at this stage if we do not proceed this evening without consent to allow for the city manager and city attorney to execute an agreement with us. We would be having project delays on our side. What I think would be appropriate would be to include language that acknowledges that both HEB and the City will continue to work together. We can even set a firm date where all these parties come, we bring our current project, scope in what we have in mind from our design team and be able to have a meaningful discussion. That can be this body, it could be other professional leaders in the city. Mayor Countryman said we just need to soften the language a little bit. Mr. Smith said you and I have talked about this. The spirit is absolutely right. It is a matter of giving specific rights that are not already there that will cause an issue. Time is of the essence. Council Member Czulewicz said how about something along the lines that says a location acceptable to both the City and HEB. Mr.

Smith said I think having a mutual acceptance of it is probably again, it is kind of going to what our rights are today, what our ability to private property is today. Our first and foremost concern is operating a grocery store and in doing so, it continues to honor the legacy of Charles B. Stewart. We obviously know our grocery business very well and it could be a situation which the city mayor thinks that it has to be here and that could be in direct conflict with operating a grocery store. We want to be sensitive to there being potential conflicts or disagreements where we know that we have to operate. Council Member Olson said what he did was a wonderful compromise. We both agree. You are saying you will put it where you want to, you will build it how you want to, and we will like it. That is what you are telling us. Mr. Smith said it is more about preserving the ability for us to design the store. Council Member Olson said I absolutely understand that, but you cannot gut us and then expect us to smile about it. Mr. Smith said I understand your comment. I think the nature of this agreement really solely rests on our request with utility to be served. I think we can continue to talk and have conversations, but it is HEB's opinion that inclusion of additional rights of the agreement, especially in the context where we are not asking for incentives and we are paying out of pocket for utilities for that site, but that is where our position was. We definitely want to continue being a partner with the City and continue having conversations. Council Member Olson said absolutely. Mayor Countryman asked City Attorney Alan Petrov, Johnson Petrov, if he was okay with softening the language or removing the language. City Attorney Petrov said I am certainly okay with softening the language. Mayor Pro-Tem Fox said what if we just took out the last part that says the City has sole discretion to determine the location, but let the development agree to dedicate a site to Charles B Stewart. Would that be acceptable to you Mr. Smith and HEB? That way we are just not saying that we are sole discretion. Mr. Smith said there are two parts to it. It is the sole discretion, but it is also the dedication of additional property where it is not defined. That dedication of some portion of property for a landmark of space is not an issue. It is just we do not know what the scope is. City Attorney Petrov said is it perhaps the word dedication which perhaps maybe the developer agrees to utilize a site on the tract. Mayor Countryman said so we do not dictate the place, but we agree that there will be something. Mr. Smith said I think where we are at right now is that we do not know the scope, the cost of that particular project. That is something that may be hard for us to be able to affirm and execute an agreement as of today. It is not something we are opposed to continuing the conversation and figuring out what is the best bet. I think this is the primary intersection for the City of Montgomery. Very proud of the Texas legacy from our company, but also what Charles B. Stewart had. I think there is a lot of overlap in alignment in terms of what we want to do here. It is the scope and the ability for us to continue to build a store on schedule and continue to work with the City. Council Member Olson said we are 100 percent. If we take it out and we agree to your demand at this point, we cannot negotiate after the fact. That is not how law works and that is not how contracts work. This is an agreement we sign it and we agree to it. There

is no negotiation for the City after the fact. You can do whatever you want, so that is where we need some kind of provision in there that says yes, we will have a little bit of say. You cannot just put a plaque on the back of the building and say we did what we said we were going to do. Mayor Countryman said I think that is what we are saying with softening the language. It is still along the side, but not omitting it. We communicate together about it. At the end of the day, it is your wish, however, communicate with us what it is as well. I have to say, do I believe that you are going to live up to what you said? Absolutely. I want to as well, but we have believed others and gotten bitten, so I hate to say it, but one man pays for another man's sins. If we can soften it and at least have that coordination together, I think that is a good compromise. Council Member Olson said I do too. Just removing it 100 percent and saying we will take your word for it is bad business. Mayor Countryman said yes, I agree. Mayor Pro-Tem Fox asked City Attorney Petrov if he could create something that is agreeable to both of us? City Attorney Petrov said yes. Define what HEB will agree upon. Mayor Countryman said I think you agreed to soften the language and not remove the language. Mr. Smith said addressing it is something we can continue to do, but it is a matter of the how the language is written. Council Member Olson said I am not looking for a statue in the middle of the parking lot, but like I said, I do not want a plaque moved to the back of the building. City Engineer Roznovsky asked would it be possible to have language that puts that stipulation in there? It has to be in a public space that is visible from SH-105. When you think of other agreements the City had like this, it was not across the street, it was not specific. It is generally it is in this location, it will have these elements, and it is not to exceed, or the contribution is to be x amount. We are not going to that stage of it, but putting some bounds around it. This is internal monumentation or external monumentation in a public space to give some bounds around it that is in here, but not so hamstrung that we cannot work around it which I think is the whole point. Mayor Countryman said I think we are all in agreement. I think that would be the directive. Council Member Olson said I do have one more question for City Attorney Petrov about the government immunity. That is the first time I have ever seen that done in one of our development agreements. What is that addressing? City Attorney Petrov said there are two provisions here legal in nature they have struck. I would not agree to those being struck without at least your consent, and so I wanted to make sure those were brought to your attention. The first one being related to is in section 3.2, page 150 of your packet, 3.2D where they adjust the remedies of the parties. Generally, if you have mutual remedies in the contract, either party violates the contract, the other party has the right to pursue their legal remedies. In this case, they modified the language such that the City's only legal remedy is deny utility service, so we have no right to sue to enforce other provisions of the contract. They can simply withdraw the utility capacity, although interestingly, they keep the same right to themselves in section 3.3D where they have the right to pursue it. To me, that is a bit unfair and I would definitely want you to keep your remedies. The immunity issue I am actually not so concerned with because again, it is sort

of a fairness thing, while on the one hand I like the fact that I represent governmental entities and they have certain governmental immunity which is helpful if they get into trouble. On the other hand, when you are entering into an agreement where both sides are obligating themselves to do something, it does seem fair that if the City is not holding up its part of the bargain, that the other side ought to be able to enforce the contract, so on that one I am not so hard standing on. Council Member Olson said I am in total agreement with that. Mr. Smith said I can address the remedies really quick. The intent there, I cannot speak to this with explicit intent from the attorney's perspective, but the spirit that we entered into the development agreement with the understanding this is primarily utility capacity effort, and so it is restricting the remedies to be of the essence of the contract. Mayor Countryman asked so it is purely about suing over utilities? Council Member Olson said no. That is all they want to be able to hold us to is to just cut the utilities, but if they come back and they do not put all the trees in the parking lot that is required and they just do whatever they want, we have one option and that is to say sorry, we are not going to budge water and at that point, they can turn to the county and say turn our water on, they will not give it to us. Mr. Smith said this is totally within any default scenario within the agreement not pertaining to code enforcement requirements or things of that nature or enforcement rights, but with regards to what we are requesting in the development agreement, that the City provide us the ability to tap into the facilities, that is why the remedies were reduced to that scope specifically. Council Member Czulewicz asked is this standard in other contracts that you enter into with other cities throughout Texas? Mr. Smith said typically the city where we ask for utility services where we are at, we get a utility capacity letter. It is atypical for us to enter into a development agreement without there being additions of other items such as incentives for reimbursements since we are not asking for reimbursement. We are paying for everything out of pocket. In most jurisdictions, we do not enter into a development agreement at all. It is usually serviced directly. Again, the essence of our request is we need capacity for constructing and extending public facilities to serve our tract and it is necessary for us as time is of the essence for us to continue.

Mayor Countryman asked City Attorney Petrov if he has seen this before, this type of request of any cities that you represented? Council Member Olson said the 3.2D request. City Attorney Petrov said no. Council Member Langley said our development agreement is for more than the water and sewer, yes, and what he is saying is they are looking at it only for water and sewer. Council Member Olson said right. Council Member Olson said basically the way that this reads, if code enforcement goes out there and says this is not at all what was agreed upon, the only thing that we can do is turn the water off. Council Member Langley said I understand that. Our other development agreements had it all in there in the past? Council Member Olson said yes because this is a template of ours. Council Member Czulewicz asked will there be a bond provided? Mr. Smith said the work will be bonded, but we will not be posting a bond since the City is not constructing

facilities. City Engineer Roznovsky said when they complete the extensions, they would put up a maintenance bond for the one-year period if something comes up. Mr. Smith said a standard maintenance bond. City Engineer Roznovsky said if they decide to do the final plat prior to the utilities being all the way in, we would request the bond to cover whatever remaining costs are on that contract. It is unlikely, but if HEB is in the middle of the project and leaves, and then they sell the site to someone else and they amend this line, there would be a bond there to cover that cost. That standard indoor ordinance language is only used in the event that they platted before utilities are complete. Council Member Czulewicz said they have to go to the Planning and Zoning Commission yet, but for the 16-foot setback for the water line, if it goes into a TxDot right-of-way, it could wind up getting paved over, and if we ever have to repair it, the City is going to have that excess cost to dig up the road to repair it. City Engineer Roznovsky said if it gets under pavement, yes. You are correct. It goes to the Planning and Zoning Commission tomorrow night and it will go back to Council based on their recommendation. There is a lot of grass between the pavement edge and it would be a lot of expansion to get there, but theoretically, yes. If TxDot made an improvement like they are doing right out here that would impact the location of this water line, it would be on the utility owner to pay for that cost relocation. Mr. Smith said our property line is pretty far set back like City Engineer Roznovsky alluded to. City Attorney Petrov said I will add that this is a bit different than our other development agreements in that we are not doing a lot of construction. They are doing the construction. Mayor Countryman said we are not taking action on this tonight. We are just simply talking about it and getting ideas right? City Engineer Roznovsky said right. I think what would be helpful for me and probably City Attorney Petrov and HEB as well, is of those three points, give us a quick, general consensus of how we should go about drafting it to go back and forth so we come back with a presentable format that you all are okay with and hopefully between now and that time, HEB is also fully okay with it as well. Council Member Donaldson said I am going to need more understanding on the engineering part of removing that easement for a retaining wall when the retaining wall can be moved in my mind. I just want you to be more clear about why we do not need this 16-foot easement and why you have to put the retaining wall there instead of moving it back. I know it has to do with the property sloping. City Engineer Roznovsky said correct, but just so we are trying to keep the two items separate, the variances are not part of this development. The variances will go through the separate variance process and we will have to come back to you all for approval of those variances. That is a separate action. This development agreement is what is in it today, which is who constructs the water and sewer, at whose cost and time design, etc., and what capacities are there, and then the sign. It talks about drainage and driveways and that is standard for development. Those are really the main points this is laying out. Whose responsibility is it, and then the items regarding the signage. Council Member Czulewicz said the 20-foot variance, that affects the ETJ does it not? The property right adjacent is ETJ. City Engineer Roznovsky said

correct. It is not a property of the city limits. Council Member Czulewicz said right, but they come under the same ordinances. Properties within the ETJ have to comply with the City's ordinances. City Engineer Roznovsky said some ordinances yes. Chapter 78 complies with the ETJ zoning, Chapter 98 does not. This is really not about the variances for P&Z. These variances for Planning and Zoning are not about the use of it. It is not about that property. The spirit of the ordinance is when you have a commercial property abutting a single family. How this is interpreted is the spirit of the ordinance as single family next to commercial. Here are the setback requirements and it is laid out in the zoning and they requested that. Council Member Czulewicz asked if we approve that, are we bad neighbors? Mayor Countryman said yes we are because they come up here screaming and yelling, and they are not happy. Council Member Langley asked is there a house on that property? City Engineer Roznovsky said yes there is. Mr. Smith said we have a great separation of a significant retaining wall and in addition, will be building screening fences. It is a matter of co-oping some of the retaining wall space so that we can have the space needed for trucks in the back of the store. City Engineer Roznovsky said to answer Council Member Donaldson's original question, when it comes back, there will be a whole lot more detail in front of you, as well as Planning and Zoning's recommendation on those variances.

City Engineer Roznovsky said on the Charles B. Stewart historical landmark, keep the language in there and put some soft bounds around it, but not sole discretion in the City. City Attorney Petrov is going to work with that and work with HEB's attorney to get there. The remedy portion, the piece sounds like preferences, that stays as is. There are mutual remedies on each side, not just water capacity. Based on what I heard your attorney say, the governmental immunity is to him not as big a deal because again, it is a contract agreement between two parties, and so waving that is a fair fight. The only clarification because to me it is a relatively big one, I think it affects HEB as well, on the historical landmark, does the City have a strong preference of that it is external or internal to the building? Mayor Countryman and Council Member Olson said external.

Mayor Pro-Tem Fox asked Mr. Smith how can you actually move the signage from the state there? That cannot be moved. Mr. Smith said we are not able to move it currently. Mayor Pro-Tem Fox said that falls under the Historic Commission. Mr. Smith said there is still some due diligence around that and we have had some thoughts on how to address it, but we do not have a clear plan.

Mr. Rick Hanna, Building Official, CBO Partners said just to make sure we are on the same page, somebody delivered building plans. We do not typically accept plans until the city engineers complete their review. I do not know what the rules are, but could we give them these plans and get them out? Kristen would like to get them out of her way, but the reason we do that is often in the civil process, there are some changes and there is no need for me to do a plan review of the building until everything is solidified. I just want to make

sure when you said start pulling permits and construction I freak out because first the engineers have to finish their part, and then we do a building scan review. We have had occasions where folks walk out of a council meeting and they start construction.

No action taken.

11. Consideration and Possible action on the acceptance of the Engineer's Recommendation of Baxter & Woodman to complete the Design Services related to the Water Plant No. 4 project.

City Engineer Roznovsky said we have been talking about Water Plant No. 4 for quite a long time. If you remember, we solicited RFQ's late last year. We went through the review process that was awarded earlier this year, and then we went back and forth getting the scope nailed down and getting a proposal in the right format in front of you. What you have in front of you today summarizes that proposal followed by the proposal itself. Your attorney has reviewed for the legal requirements if he is comfortable with what is in here. The total contract amount is \$491,240. That is for design, bidding, and construction services. The actual design portion was \$440,000. This was a project that the design was in your CO there was \$440,000 for the design services and that additional amount for construction services and administration was not included in the CO, but that included the conversation that we were talking about for the funding of all these projects. We are good with the proposal and we are good with the scope that is in here. Our recommendation is we go ahead and proceed with the design phase of this project. Council Member Olson asked so you have the budget for the 90 over? City Engineer Roznovsky said the design amount is \$440,000. We have impact fees that we can do if needed to cover that additional \$40,000. The \$50,000 would be included delta to get to the \$490,000 in the bond that we talked about to fund the construction on these projects because those are bidding construction services.

Council Member Donaldson said let me first of all thank you for stepping up and helping the City out during our transition period. I do appreciate that. I still have some questions about these proposals where in section six on page 171 or page four where the city engineer will provide the majority of construction, administrative, and inspection services. I am still trying to wrap my head around who you are getting paid? Is that part of the \$440,000 or is the City going to have to pay for that? I need to have a more clear understanding about what are they going to give us and what are you going to give us. Do we have to pay you or is Baxter including your services in their quote? Is that something totally different? City Engineer Roznovsky said they are not. What their proposal is for is full design, permitting, and approvals. They are also to help with the bidding and construction. It is typical that the design engineers involved in the construction and administration phase answer RFI's, things on the drawings, submittals, etc. When this was put out for RFQ, and is still the case today, we felt it was more advantageous since we

already have inspectors in the City on a daily basis between all the developments to just utilize that staff that is doing the inspection, pay estimates, and things like that, versus having another party come in to do that and then we are still making that coordination in between. That is the reason for it. Their \$440,000 does not include the actual inspection of the work. That is not in this proposal. We would bring you all a proposal for that work as we get closer to actually getting that project out.

Mayor Countryman said last night we had a budget workshop and your water sewer services went up from \$50,000 and you are requesting \$200,000. Would it come out of that bucket of money? City Engineer Roznovsky said yes.

Council Member Donaldson said also there is a provision in here for funding assistance. City Engineer Roznovsky said correct. Council Member Donaldson said I guess the owner is us and who is going to help us with that funding? You or Baxter? City Engineer Roznovsky said it is a coordination. It is a multi-approach. We, as city engineer submitted for water development funds for your wastewater transplant contract. Halff has submitted us earlier today a summary of other funding options to try to go after for that project and it is the same thing here. If the City decides that we are going to go after XYZ grant for this project, this is in their contract. They will help assist that effort in terms of providing reports, memos, cost assessments, what is needed to support that effort of obtaining the funding. Council Member Donaldson said also I want to thank you for putting bleach in there. I appreciate that.

Mayor Countryman asked this project was in mind with the increase in that portion of the budget line item? City Engineer Roznovsky said yes, between the coordination time and the follow-ups and reviews.

Motion: Council Member Donaldson made a motion to accept the Engineer's Recommendation of Baxter & Woodman to complete the Design Services related to the Water Plant No. 4 project. Mayor Pro-Tem Fox seconded the motion. Motion carried with all present voting in favor.

12. Consideration and Possible Action on the Acceptance of the Public Infrastructure on MISD CTE & Ag Barn project.

City Engineer Roznovsky said as you all know, the CT building is wrapping up. Part of that project if you remember, they installed a 12-inch water line that closes the loop around Lone Star Parkway on the east side of town. Back in August of 2024, it was agreed by the City to pay a share of up to \$75,000 for that line and then MEDC subsequently approved to take that from there. I do not remember the exact line item, but they would cover that cost. The line is now complete and it is in service. They have addressed the punch list items which are relatively minor. They have provided a maintenance bond which is required of all developments. We do have the bond, although it is not in your packet, so

if anything comes up and the contractor does not address it, call that bond to address the remaining items for it. Everything is in order and our recommendation is to accept this into the one-year warranty period which will begin on June 2, 2025 and end on June 2, 2026. Mayor Countryman asked have we paid everything we are supposed to pay and they paid everything they had to pay? Is everything good to go? City Engineer Roznovsky said I need to follow back up if the City has released that \$75,000 payment part they have officially requested. I know there were some terms that obviously did not get the waterline done. I do not recall seeing an official request from MISD requesting the City share, but we will follow-up on that, so I do not know for sure. As far as the payment of the contractors and everything else, that is my understanding. Stewart Builders is the one who provided this conversation. Mayor Countryman said Finance Director Carl, you are the holder of the bank account. Finance Director Carl said we have not received a request for the \$75,000 at this point. Council Member Olson asked who do we receive that from exactly? Finance Director said I imagine it would be coming from MISD. They were aware of what they requested and that it was granted and then MEDC did agree to do that, but we have not received a request for it. Council Member Donaldson asked are we going to pay that or is that coming through MEDC? Finance Director Carl said it is coming from MEDC.

Motion: Council Member Olson made a motion to accept the Public Infrastructure on MISD CTE & Ag Barn project. Council Member Czulewicz seconded the motion. Motion carried with all present voting in favor.

13. Consideration and possible action on a City of Montgomery Alcohol Beverage License Application filed by Two Lips to Tulips.

Mr. Tim Giraud Jr., CEO/President of 6 Arms Strong Import & Export, LLC dba Two Lips to Tulips stated we are actually where the old heritage house used to be. We are on the back left corner of the property. We have completely remodeled and redone that building. It was in a major disarray. About three or four different people went in there to remodel and did a little bit here and a little bit there. It was a lot of fun. We have been working really hard with the City and late last week, we received our federal and state permits all approved through TTB and TABC. The community has just rallied around us. They are very excited about us opening up. I think there is only one other winery in the city limits which is Steve at H-Wines and I am really good friends with him. We are really excited about becoming a part of the Montgomery community. I grew up right down the street in The Woodlands and my wife lived here for six years before we got together. We moved to Memorial when we got together and then she pulled me back out here, so we do live in Montgomery. We are very proud of where we live and we are really excited about having the business in the community. Mayor Pro-Tem Fox asked what is your name? Mr. Giraud said I go by Tim, but my name is John Timothy, so Tim Giraud. Mayor Countryman asked are you actually manufacturing the wine? Mr. Giraud said we

are blending. I actually own a small percentage in 13 different wineries over in Italy, so these are all Italian wines. We are actually going to buy bulk Italian wines, bring them here, and we are going to do specialty blends and also going to be working with Paul and Meryl, so we are going to do like a Texas/Italy blend. We are really excited about stuff that we have coming down the pipeline over the next few years. Mayor Countryman said so H-Wines is French and you are Italian. Montgomery is growing. We are excited. It is funny because Fort Worth and Reggio Emilia in Italy are actually partner cities across the water. I did not even know that until I was actually over there. I saw Texas signs everywhere. People would ask where are you from? Texas of course. The funny thing is over in Italy and Europe, when people ask where you are from, only people from Texas say Texas. Everyone else says Americans. Texas is Texas pride everywhere. Mayor Countryman said we are very excited. You are correct. You have a ground swell of support. Mr. Giraud said if everything goes well, we can possibly open up next week if we get approval tonight. I have already received the fire marshal inspection and the health inspector is supposed to come this week. After that, I just need to get the occupancy permit which I was going to do on Monday or Tuesday. Mayor Countryman asked you are a winery, but where does the tulip come from? Mr. Giraud said my wife is a wedding florist, so I decided because she is the boss, to put our businesses together because we do not see each other enough as it is. My main warehouse is right there by McCaleb and that is where we store a lot of the wines. We came over here which is nine miles down the road and we just joined forces. We are doing Italian wines and then we are also doing florals where we can have workshops. We also have custom charcuterie boards, so it is Italian wine, florals, and custom charcuterie boards. We also give discounts to city officials, city employees, police departments, first responders, and teachers. We give a five percent discount for anybody and everybody in those realms. I think everybody that works for us is either a teacher or a retired veteran. Mayor Countryman said that is awesome. Great addition to that property too with the Meating Place. Mr. Giraud said Buddy and Rachel are awesome. They speak very highly of you. It has been fun working and getting that property up because that building, I think if I am correct, was built in the early 1900's. I have never seen construction quite like it. It is the tongue and groove. The floor is all wood, the walls are all wood, the ceiling is all wood. I have never seen so much wood in my entire life. The paint they put on the floor must have been from a battleship because it took us two and a half weeks to get it off, and that is with a floor sand. Mayor Countryman said it is not a huge place, but it becomes a very huge place when you have to sand it. Mr. Giraud said it should have been done in about four hours, but for some reason that paint was sand resistant.

Council Member Czulewicz said on your application you selected category E which is on premises consumption sale of beer, wine, and mixed beverages. Are you not selling wine to go? Mayor Countryman said you can consume it online. There are two different licenses. One is you cannot consume. You have to buy and leave. The other one is you

can consume and then once it is open, they can take it with them as well, so that is the on premise. You can consume on premise. Mr. Giraud said we actually have to reseal it before they can take it home. If they buy a bottle and they only drink half of it, right now we can recork it, wrap it in foil, and they can take it home. We have to get the approval, but what we would like to do is put a container on the back side of our property and actually make it like a cold container and put in wine coolers so we can have a wine club membership where people can actually put in their own wine so they can buy them from us, put them in there, and knock it out. Mayor Countryman said at one point we had one of those in here and it went really well. Mr. Giraud said we are very excited about our future in Montgomery. I have lots of family here, my wife has lots of family here, and we have more friends than we can count. If and when we open up next week, we already have 300 or 400 people that have said yes, we are coming. We are just trying to get it all finalized and off the ground.

Motion: Council Member Donaldson made a motion to accept the Alcohol Beverage License Application filed by Two Lips to Tulips. Mayor Pro-Tem Fox seconded the motion. Motion carried with all present voting in favor.

COUNCIL INQUIRY

Mayor Countryman said there is a resident here that has a 200 year old tree that fell. I believe the inside of the tree is hollow, reason why it fell, and wanted to know if we had any use or need for it, or if somebody wants to do any woodworking projects with it. I said I would ask.

Mayor Countryman said Lone Star Shuffle Card is still going on at all of our merchants around town. FYI: get your card today.

EXECUTIVE SESSION

14. Closed Session

City Council will meet in Closed Session pursuant to the provisions of Chapter 551 of the Texas Government Code, in accordance with the authority contained in:

A. Section 551.072 Deliberations about Real Property regarding potential lease.

At 7:03 p.m. Mayor Countryman convened the Montgomery City Council into closed session pursuant to provision of Chapter 551 of the Texas Government Code, in accordance with the authority contained in A. Section 551.072 Deliberations about Real Property regarding potential lease.

15. Open Session

City Council will reconvene in Open Session at which time action on the matter(s) discussed in Closed Session may be considered.

A. Section 551.072 Deliberations about Real Property regarding potential lease.

At 7:11 p.m. Mayor Countryman reconvened the Montgomery City Council into an open session pursuant to provision of Chapter 551 of the Texas Government Code to take any action necessary related to the executive session noted herein, or regular agenda items, noted above, and/or related items.

No action taken.

CLOSING AGENDA

16. Items to consider for placement on future agendas.

Mayor Countryman said I do not know if we need to place it on a future agenda, but I have been asked about the funding for Memory Park. We talked to Public Works Director Muckleroy last night about upping the budget there because that water pump was \$10,000 and that maxed them out. I thought if we put that on agenda, but Memory Park is asking for some additional financial help. Mayor Pro-Tem Fox asked do you know how much they were actually asking for? Mayor Countryman said I do not know. Council Member Langley said they can wait until we do the budget. Mayor Countryman said yes, on a future agenda. That is why I put it on. That is why I asked on this portion because the budget will be on the future agenda.

Council Member Czulewicz said since June is hurricane awareness month, I would like to see a presentation on the City's coordination with the county for hurricane preparedness. Chief Solomon asked when would you like to see it because we can actually send you everything. We have an emergency plan and we have a mitigation plan as well. Then we have a plan that we use in coordination with the county. Mayor Countryman said we also work with MISD too. Chief Solomon said that presentation could take 15 minutes to 30 to 35 minutes. Council Member Czulewicz asked can we do it at the next meeting? Chief Solomon said yes. Can I do 15 minutes? Council Member Olson said absolutely.

Mayor Countryman said just FYI, for the next meeting, our Lake Creek High School Lions softball has won state, so we will be recognizing them at that next meeting. Wear your blue and gold.

17. Adjourn.

Motion: Council Member Olson made a motion to adjourn the Regular Meeting of the City of Montgomery at 7:14 p.m. Council Member Donaldson seconded the motion. Motion carried with all present voting in favor.

APPROVED:

Sara Countryman, Mayor

ATTEST:

Ruby Beaven, City Secretary

DRAFT