

## MEMORANDUM

**DATE:** August 23, 2024  
**TO:** Mayor Lankford and City Council  
**FROM:** Mercy Rushing, City Manager  
**SUBJECT:** Request by Social Network Groups, LLC (Hotel Development) for an Addendum to Extend Development Timeline for Franchise Hotel.

### **Background information:**

On September 15, 2021, the City of Mineola and Social Networks Group, LLC entered into a 380 Economic Incentive Agreement to build a National Chain Hotel (Holiday Inn & Suites) in Mineola, Texas. According to the original agreement, Social Network Groups, LLC was required to complete the construction of the hotel within 36 months, ending September 15, 2024.

However, due to unforeseen economic changes, including delays caused by COVID-19 and increased construction costs, the project has been delayed. Social Networks Group, LLC has maintained their commitment to the project and is now requesting an extension to the original agreement to allow for additional time to complete the hotel construction.

### **Addendum Details:**

The proposed addendum will extend the development timeline for an additional 12 months, adjusting the project completion deadline from September 15, 2024, to September 15, 2025. This extension will provide Social Networks Group, LLC the necessary time to finalize financing and complete the construction of the Holiday Inn Express & Suites in Mineola.

### **Recommendation:**

It is the recommendation of the Mineola Economic Development Corporation's Board of Directors that the City Council approve this addendum, granting Social Network Groups, LLC an additional 12 months to complete the hotel project, with the new deadline being September 15, 2025.

**FIRST ADDENDUM TO ECONOMIC INCENTIVE AGREEMENT**

**COMES NOW, The CITY OF MINEOLA, TEXAS and SOCIAL NETWORKS GROUP, LLC, herein referred to as the "Parties" and execute this FIRST ADDENDUM TO ECONOMIC INCENTIVE AGREEMENT and agree as follows:**

**WHEREAS, the Parties have previously agreed to and entered into an Economic Incentive Agreement dated September 15, 2021; and**

**WHEREAS, The Parties now desire to amend the aforementioned agreement by way of this FIRST ADDENDUM TO ECONOMIC INCENTIVE AGREEMENT.**

**I. Amendment**

Section II. Networks' Obligations is hereby amended as follows:

- Networks must complete all improvements the subject of this Agreement and receive a certificate of occupancy from City within forty-eight (48) months of the Property being conveyed to Networks by the Mineola Economic Development Corporation.

**AGREED TO BY THE CITY OF MINEOLA, TEXAS AND SOCIAL NEWTWORKS GROUP, LLC AS INDICATED BELOW.**

CITY OF MINEOLA, TEXAS

BY: \_\_\_\_\_ DATE: \_\_\_\_\_

Jayne Lankford, MAYOR


ADDRESS: 300 Greenville Hwy.

Mineola, Texas

ATTEST:

\_\_\_\_\_, Cindy Karch, City Secretary

SOCIAL NETWORKS GROUP, LLC

BY:  \_\_\_\_\_ DATE: 8/22/2024

AUTHORIZED REPRESENTATIVE

ADDRESS: 6923 Deseo

Irving, Texas 75039

**ECONOMIC INCENTIVE AGREEMENT**

**STATE OF TEXAS           §  
  §  
COUNTY OF WOOD       §**

This Economic Incentive Agreement (“Agreement”) is entered into this 13 day of September, 2021 by and between the City of Mineola, Texas (“City”), a Type A General Law Municipality organized an existing pursuant to the laws of the State of Texas and located in Wood County, Texas, and Social Networks Group, LLC, a Texas limited liability company (“Networks”), for the purpose and consideration set forth herein.

**WHEREAS**, the City is authorized pursuant to Texas Local Government Code Chapter 380 to provide economic incentives in furtherance of commercial and/or economic growth in the City; and

**WHEREAS**, the City has implemented policies, procedures and objectives to promote economic development within the City; and

**WHEREAS**, the City finds that this Agreement and its purpose complies with the City’s economic development policies and State law; and

**WHEREAS**, Networks is an entity providing business and hospitality operations and is registered with the Texas Secretary of State; and

**WHEREAS**, Networks has determined that the City is a desired locale to establish its business and hospitality operations, that being a Holiday Inn Express hotel; and

**WHEREAS**, the City has determined that Networks’ presence within the City will provide an economic benefit to the City by providing tourism and travel opportunities to individuals desiring to visit City.

**NOW, THEREFORE**, both City and Networks agree as follows:

**I. CITY’S OBLIGATION**

- A. City shall provide water and wastewater infrastructure and service to Networks’ business operations with adequate capacity to meet Networks’ demands. The premises of the business operations is for the National Chain Hotel (Holiday Inn & Suites). See Exhibit “A”.
- B. City shall bear the costs of constructing the water and wastewater infrastructure to bring to the Hotel site that will be constructed by Networks, and the City shall, in all respects, be solely responsible for the continued maintenance of the water and wastewater infrastructure that belongs to the City once completed.

C. Following the issuance of a certificate of occupancy, City shall provide ad valorem tax rebates to Networks for the new constructed hotel: Maximum five (5) years after Hotel Project is completed.

Year 1: 80%  
 Year 2: 80%  
 Year 3: 50%  
 Year 4: 50%  
 Year 5: 25%

D. City shall rebate to Networks hotel occupancy taxes collected and paid by Networks to City as follows: Maximum of ten (10) years and maximum of up to \$350,000.00 HOT taxes rebate.

	The Hotel's Lodging Sales	Total City Hotel Occupancy Collections	Percent of Taxes to be Rebated	Total Rebates
Year 1	\$1,644,143	\$115,090	50%	\$57,545
Year 2	\$1,193,504	\$83,545	50%	\$41,773
Year 3	\$1,224,107	\$85,687	50%	\$42,844
Year 4	\$1,255,494	\$87,885	50%	\$43,942
Year 5	\$1,287,686	\$90,138	50%	\$45,069
Year 6	\$1,320,704	\$92,449	50%	\$46,225
Year 7	\$1,354,568	\$94,820	50%	\$47,410
Year 8	\$1,389,300	\$97,251	50%	\$25,193
Year 9	\$1,424,924	\$99,745	0%	\$0
Year 10	\$1,461,460	\$102,302	0%	\$0
Total	\$13,555,889	\$948,912		\$350,000

E. City will waive permitting fees associated with Networks national chain hotel project.

F. City shall grant NETWORKS \$200,000.00 following the issuance of a certificate of Occupancy for the completed new national franchise hotel (Holiday Inn Express & Suites).

## II. NETWORKS' OBLIGATIONS



Networks must complete all improvements the subject of this Agreement and receive a certificate of occupancy from City within twenty-four (24) months of the Property being conveyed to Networks by the Mineola Economic Development Corporation.

## III. ENTIRE AGREEMENT

Both parties hereto agree that this Economic Incentive Agreement is the entire agreement between the parties concerning incentives to be offered by City to Networks, with no oral or verbal agreements and/or understandings between the parties being binding. Any amendment to this Agreement shall only be valid if reduced to writing and agreed to and signed by both parties.

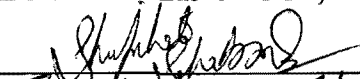
**IV. MISCELLANEOUS**

- A. This Agreement shall be construed and interpreted under the laws of the State of Texas, with venue for any legal action lying in Wood County, Texas.
- B. This Agreement shall be binding on and inure to the benefit of the parties, their respective successors, assigns and all those in privity with them. Networks may not assign any of the rights and/or obligations found herein to any other entity without first obtaining the written consent and approval of the City, which consent will not be unreasonably withheld.

AGREED to this 13<sup>th</sup> day of SEPTEMBER, 2021.

**NETWORKS:**


**SOCIAL NETWORKS GROUP, LLC**

By:   
SHUJAHAT SHAHUL  
Its Authorized Representative

Address: 6923 Deseo  
Irving, Texas 75039

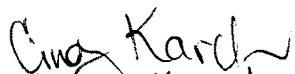
**CITY:**

**CITY OF MINEOLA, TEXAS**

By:   
Jayne Lankford  
Mayor

Address: 300 Greenville Hwy.  
Mineola, Texas 75773

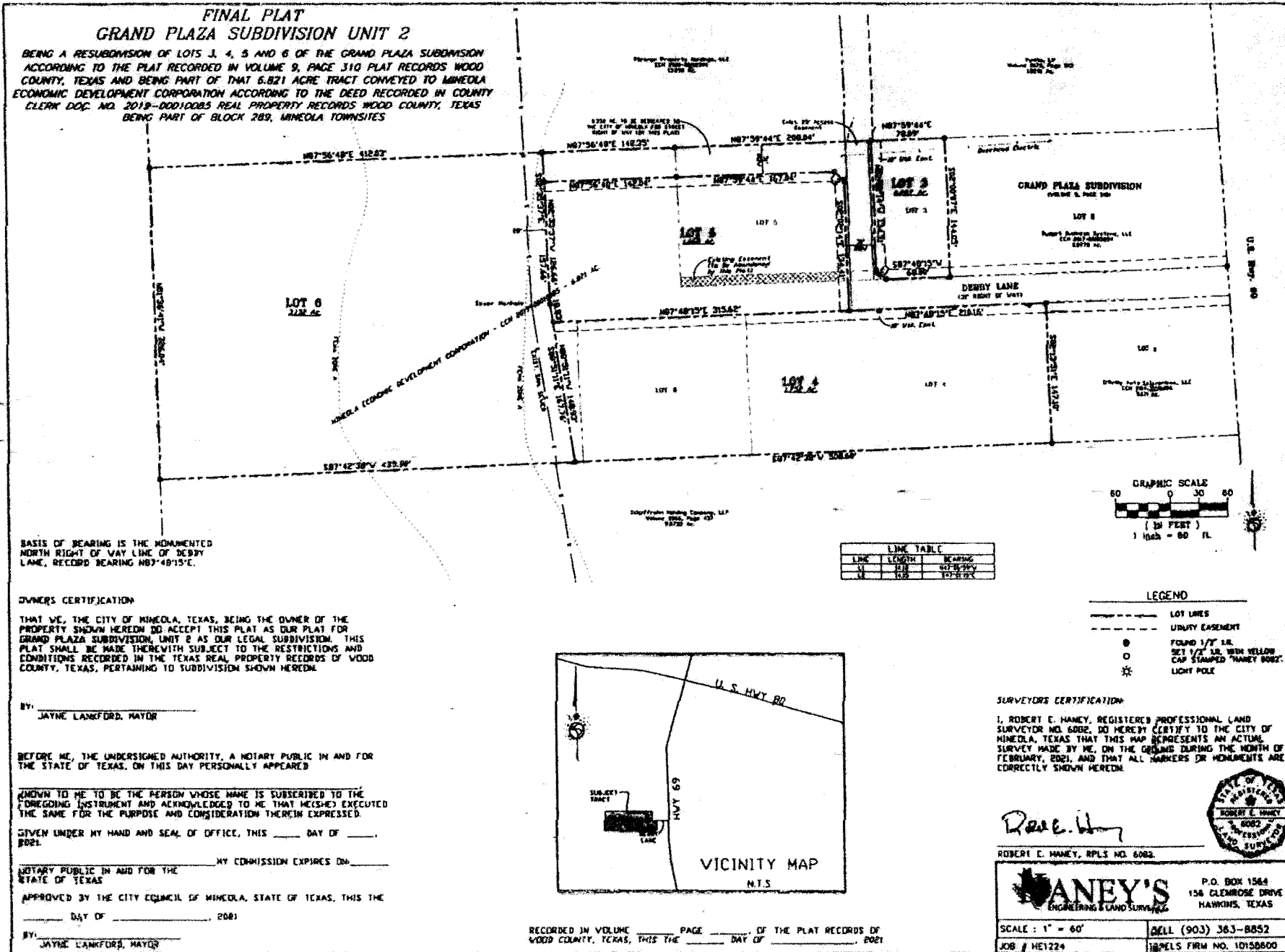
**ATTEST:**

  
Cindy Karch, City Secretary

**EXHIBIT A**

**PROPERTY DESCRIPTION**

# Exhibit "A"



BASIS OF BEARING IS THE MONUMENTED NORTH RIGHT OF WAY LINE OF DERBY LANE, RECORD BEARING N87°48'15"E.

**OWNERS CERTIFICATION**

THAT WE, THE CITY OF MINEOLA, TEXAS, BEING THE OWNER OF THE PROPERTY SHOWN HEREON DO ACCEPT THIS PLAT AS OUR PLAT FOR GRAND PLAZA SUBDIVISION, UNIT 2 AS OUR LEGAL SUBDIVISION. THIS PLAT SHALL BE MADE THEREWITH SUBJECT TO THE RESTRICTIONS AND CONDITIONS RECORDED IN THE TEXAS REAL PROPERTY RECORDS OF WOOD COUNTY, TEXAS, PERTAINING TO SUBDIVISION SHOWN HEREON.

BY: JAYNE LANKFORD, MAYOR

BEFORE ME, THE UNDERSIGNED AUTHORITY, A NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS, ON THIS DAY PERSONALLY APPEARED

KNOWN TO ME TO BE THE PERSON WHOSE NAME IS SUBSCRIBED TO THE FOREGOING INSTRUMENT AND ACKNOWLEDGED TO ME THAT HE/SHE EXECUTED THE SAME FOR THE PURPOSE AND CONSIDERATION THEREIN EXPRESSED.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2021.

MY COMMISSION EXPIRES ON \_\_\_\_\_

NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS

APPROVED BY THE CITY COUNCIL OF MINEOLA, STATE OF TEXAS, THIS THE \_\_\_\_\_ DAY OF \_\_\_\_\_, 2021

BY: JAYNE LANKFORD, MAYOR

**SURVEYORS CERTIFICATION**

I, ROBERT E. HANEY, REGISTERED PROFESSIONAL LAND SURVEYOR NO. 6082, DO HEREBY CERTIFY TO THE CITY OF MINEOLA, TEXAS THAT THIS MAP REPRESENTS AN ACTING SURVEY MADE BY ME, ON THE GROUND DURING THE MONTH OF FEBRUARY, 2021, AND THAT ALL MARKERS OR MONUMENTS ARE CORRECTLY SHOWN HEREON.

Robert E. Haney  
 ROBERT E. HANEY, RPLS NO. 6082



**HANEY'S**  
 ENGINEERING & LAND SURVEYING

P.O. BOX 1564  
 156 CLEMROSE DRIVE  
 HAWKINS, TEXAS

SCALE: 1" = 60'

CALL (903) 363-8852

JOB # HE1224

ISPELS FIRM NO. 10158600

HANEY'S ENGINEERING AND LAND SURVEYING  
TBPELS FIRM NO. 10158600  
P.O. BOX 1564  
HAWKINS, TX 75765  
PHONE 903 363-8852

Field Notes-6.680 Ac.  
J. E. White Survey, A-612  
Wood County, Texas

Being all of that certain lot, tract or parcel of land situated in the J. E. White Survey, Abstract No. 612, being part of that 6.821 acre tract of land conveyed to Mineola Economic Development Corporation according to the deed recorded in Wood County Clerk Doc. No. 2019-00010085 Real Property Records Wood County, Texas (RPRWCT), including all of Lot 3, Lot 4, Lot 5 and Lot 6 of the Grand Plaza Subdivision according to the Plat recorded in Volume 9, Page 310 Plat Records Wood County, Texas, being part of Block 289, Mineola Townsites, said lot, tract or parcel of land being more particularly described as follows:

**Beginning** at a found  $\frac{1}{2}$ " iron rod at the southwest corner of said 6.821 acre tract, also being the northwest corner of a 9.8733 acre tract of land conveyed to Scheffrahn Holding Company, LLP according to the deed recorded in Volume 2066, Page 437 RPRWCT;

Thence along the West line of said 6.821 acre tract, North 01 degrees 36 minutes 41 seconds West, a distance of 326.04 feet to a found  $\frac{1}{2}$ " iron rod at the northwest corner of said 6.821 acre tract;

Thence along the North line of said 6.821 acre tract, North 87 degrees 56 minutes 48 seconds East, a distance of 554.38 feet to a found  $\frac{1}{2}$ " iron rod at the northwest corner of said Lot 5;

Thence along the North line of said Lot 5, North 87 degrees 59 minutes 44 seconds East, a distance of 286.13 feet to a found  $\frac{1}{2}$ " iron rod at the northeast corner of said Lot 3;

Thence along the East line of said Lot 3, South 02 degrees 00 minutes 07 seconds East, a distance of 144.05 feet to a found  $\frac{1}{2}$ " iron rod at the southeast corner of said Lot 3, being in the North right of way line of Debby Lane;

Thence along the North right of way line of Debby Lane, North 87 degrees 48 minutes 15 seconds East, a distance of 101.05 feet to a point for corner;

Thence across Debby Lane right of way, South 02 degrees 13 minutes 51 seconds East, at a distance of 31.00 feet pass a found  $\frac{1}{2}$ " iron rod at the northeast corner of said Lot 4, continue along the East line of said Lot 4, a total distance of 178.10 feet to a found  $\frac{1}{2}$ " iron rod at the southeast corner of said Lot 4;

Thence along the South line of said Lot 4 and Lot 6, South 87 degrees 42 minutes 38 seconds East, at a distance of 500.01 feet pass a found  $\frac{1}{2}$ " iron rod at the southwest corner of said Lot 6, continue along the South line of said 6.821 acre tract for a total distance of 944.50 feet to the **POINT OF BEGINNING** and containing 6.680 acres of land.

I, ROBERT E. HANEY, REGISTERED PROFESSIONAL LAND SURVEYOR NO. 6082, OF THE STATE OF TEXAS, DO HEREBY CERTIFY THAT THESE FIELD NOTES ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF AND REPRESENTS THE RESULTS OF A SURVEY MADE ON THE GROUND BY MYSELF.

WITNESSED BY MY HAND AND SEAL THIS THE 2nd DAY OF AUGUST, 2021.

*Robert E. Haney*

ROBERT E. HANEY, REGISTERED PROFESSIONAL LAND SURVEYOR, NO. 6082

See plat of even date herewith.

