Conroe Industrial Development Corporation (CIDC) Initiatives

Proposal and Feasibility Overview

May 26, 2026 **Nick Vonas**

Executive Summary

The proposed initiatives are unsolicited and not listed in any particular order of event. My tenure on CIDC has been since December 2025, and my research has been based on historical information and publicly accessed information. It is therefore subject to clarification and correction as needed.

However, there is a reasonable basis for submittal of these initiatives, particularly in light of current city budget outlook/debt management and the outlook of the future charter and goals of CIDC. Any governing board oversight must acknowledge current event status and provide flexibility for next steps and future path.

An additional commentary has been included that addresses future city project development, planning and execution. Without prejudice, there are several projects that are in distress and will require review and rework. Rework is measurable in terms of time and cost, and is typically done under duress. The purpose of the commentary is to present additional methodologies of project development and execution and to mitigate risk and rework as much as possible.

Seven Item Initiatives are included:

Item 1 - Establish Workshop to redefine goals of CICD with specific plan/responsibilities/timelines

Item 2 - Establish process to integrate CIDC into city permitting/reviews for industrial facilities

Item 3 - Review Conroe Industrial Development Corporation (CIDC) budget as impacted by non-CIDC related projects and debt

Item 4 - Review feasibility of reducing or removing CIDC incentives from corporations locating to Conroe, in terms of real-world results thus far.

Item 5 - Review feasibility of CIDC coordination with establishment of a new Business Alliance Council, all supporting the development of a Conroe Strategic Economic Development Plan (SEDP)

Item 6 - Review feasibility and impact for retention (development) vs sale of Deison Tech Park

Item 7 - Review impact and future plan for Conroe Industrial Park North

Commentary – Forward Outlook on City Project Development and Execution Strategy

Item 1

Establish workshop to redefine goals of CIDC with specific plan/responsibilities/timelines. Compare to current positioning

- CIDC created in 1994
- Stated charter of CIDC:
    - CIDC is a type B non-profit development corporation operating under Texas Local Government Code Chapters 501/502/505. This corporation is governed by a seven-member board of directors with chairman and operates under the supervision of the Conroe City Council. CIDC acts to promote economic development in Conroe. Revenue from ½ cent sales tax provides incentive funding to attract new and expanded business in Conroe, and has also funded development of the CIDC-owned Conroe North Industrial Park and Deison Technology Park.
- Current stated goals of CIDC:
    - Recruit businesses and expansions for the City of Conroe
    - Sell property in Conroe Park North and Deison Technology Park
    - Continue existing business retention and expansion program in the City of Conroe
    - Host events to improve workforce development (Job Fair and Youth to Career Fair)
    - Create program to support entrepreneurs in Conroe
    - Continue participation in recruitment trips and events with TEDC, Team Texas and GHP
    - Represent the City of Conroe with TEDC, IEDC, SEDC, IAMC
    - Promote economic development for the City of Conroe through public speaking events

Summary

While it can be of value to an organization to list goals and objectives, they must be defined and achievable. Many of the stated CIDC goals are ambiguous and are subject to variable definition. Additionally, there is no timeline for any step achievements related to these goals.

This item proposes establishing a workshop to clearly define CIDC goals and to assign responsibility and timelines for achieving the re-stated goals. The overall list of goals themselves can also be revised subject to workshop conclusions; it is better to achieve less goals that are clearly defined than to continually work towards many goals that do not have clearly stated, measurable results.

Workshop Outline:

There are a number of additional functions and processes that are also required; however, this is a general outline of what a planning workshop would include.

- Establish time and place
- Identify participants
- Publish a general agenda/timeline for the workshop
- Review stated goals
- Redefine goals and processes
- Assign responsibilities and timelines
- Agree on action plan
- Report the outcome
- Review progress at stated intervals

Item 2

Establish process to integrate CIDC into city permitting/reviews for industrial facilities

Reference City Council Meeting January 22, 2026, Agenda Item 7 – *Discuss and Consider the Proposal for an Industrial Petrochemical Plant Expert.* This agenda item related to the retention of third-party consultant Thornton-Tomasetti to review code compliance, site/facility evaluation/HAZOP for process expansion of the existing Olean Americas facility in Conroe Industrial Park. The process expansion was establishment of a North American Esterification/Blending hub to be centered in Conroe. At that time, the operating permit of this facility had been revoked, with the city not having knowledge of the original permitting or new process expansion.

During the proposal agenda review, N. Vonas was requested to provide additional industrial insight/review of this facility, with the consideration of the recent experience with the Blackfin Compression Station. Note that this was not to discourage the location/expansion of Oleon Americas in Conroe; rather it was intended to discuss improvements to the city's ability to review industrial/Petrochem facilities. At the Jan. 22 point in time, the Thornton-Tomasetti proposal related to a Part 1, with a Part 2 to follow.

Current status of the Olean Americas facility expansion:

- The facility is comprised of 14 buildings of various purpose and function
- The overall site development permit has been approved by City Engineering, valid until October 2029
- The overall MS4 (Municipal Separate Stormwater Sewer System) has expired and must be resubmitted
- Thirteen of the buildings are currently within the city permitting process

Summary

With continued rapid growth, it is anticipated that more industrial/petrochem facilities will locate/expand within Conroe. In light of the recent Blackfin Pipeline LLC near-miss and consideration of the initial permitting/process knowledge issue related to the Olean Americas facility, it is recommended to consider additional CIDC specific review and coordination with City Engineering/Fire/Permitting as related to industrial/petrochem facilities in Conroe. A reasonable source of review may be from members of CIDC, which is chartered as an industrial development entity. Board members should therefore have some background in industrial facilities. This is not to preclude any additional subject-matter third party expert specific reviews as needed, but it would enable the city to have a meaningful initial overview of these types of facilities – with minimal impact to city budget. It would also reduce the need to frequently engage outside consultants for basic facility review as more facilities locate or expand in Conroe.

Reference current amended city ordinance Chapter 18 - Businesses of the Code of Ordinances, City of Conroe, Texas, adding Article X - Pipelines, Processing, Storage, and Compressor Facilities. Recommendation to review this ordinance utilizing additional engineering parameters in order to strengthen city technical requirements related to these types of facilities and to expand to ensure petrochem facilities are fully addressed.

Item 3

Review Conroe Industrial Development Corporation (CIDC) budget as impacted by non-CIDC related projects and debt

- 25-26 budget estimate – Hyatt 3rd lien revenue bond backstop = $903,000
- 25-26 budget estimate – Oscar Johnson Certificate of Obligation = $2.2M (established 12/9/21)
- Water Plant estimate – Seven Coves Area = $9.6M CIDC funding
- Signal Light – Seven Coves at Farrell Road = $463,000 CIDC funding
- Water Plant #32 – Howard Hughes = $11.25M CIDC funding*
- Water Plant #33 – Longmire/League Line = $11.25M CIDC funding*

* Water Plant funding was initiated to relieve immediate water needs in north Conroe, related to the recent partial development water moratorium. It may be argued that this was a critical need allocation.

Summary

- Current Yr 25/26 CIDC budget = $38.9M
- Current Yr 25/26 CIDC debt obligations = $35.6M
- Approximately 90% of CIDC budget is allocated for debt/projects outside of CIDC charter goals

Hyatt and Oscar Johnson Overview

- Hyatt 3rd Lien Backstop debt obligation 2026 to 2051 = $35.8M
- Oscar Johnson debt obligation 2026 to 2042 = $37.3M
- Hyatt/Oscar Johnson total debt obligation 2026 to 2051 = $73M

Additional References

- Effective January 2021, Conroe Local Government Corporation (CLGC) and Conroe Industrial Development Corporation (CIDC) entered into an Amended/Restated Funding Agreement, where CIDC agreed to make semi-annual cash contributions to the City of $1.5M out of CIDC Sales Tax revenue for payment of the Hyatt 3rd lien bond (Series 2021C) repayment.
- CLGC is a government entity created to construct and manage the Hyatt. It holds no funds within a budget, rather it utilizes City and CIDC funding. In April 2026, CLGC defaulted on interest payment on the Hyatt 2nd lien unsecured bond. Surprisingly, CLGC also approved one of the first Flock Camera expenditures on March 10, 2022.

Summary

By charter, CIDC is an industrial development corporation, funded by ½ cent sales tax revenue. As shown above, it is currently utilized as a funding source for facilities and projects that have nothing to do with industrial development. Although these projects and debt services do not appear as liabilities within the city budget, the primary task of CIDC has now become to manage the significant debt load placed upon it. This has diverted the fundamental direction of the CIDC away from industrial facility development and review, and has placed the CIDC - owned Deison (Technology Park) under additional scrutiny related to park upkeep and lack of businesses within this location. This has resulted in a poor ROI on the property, purchased in 2013.

Recommendation is to review feasibility to move non-CIDC budget/oversight items into the overall city budget and allow CIDC to return to purpose of charter function. This would also include a re-focus on the path forward

for Deison Park to avoid a crisis leveraged sale or similar detrimental decision. There are other line-items within the CIDC budget that would also benefit from closer review.

Additionally, this would require a re-estimation of the Conroe city budget, particularly as impacted by a re-allocation of current CIDC debt load and the resolution of the two CLGC bond liens. However, this may result in a more publicly transparent view of the entire city budget, assets, liabilities, and debt load. This initiative proposal has been purposely submitted prior to any upcoming city budget review.

Item 4

Review feasibility of reducing or eliminating CIDC incentives from corporations locating to Conroe, in terms of real-world results thus far.

Note that until recently, CIDC was also paying county incentives in addition to city incentives, resulting in millions of dollars of funding being unnecessarily spent. Mr. Kim Attaya noted this in past meetings for corrective action – the current CIDC budget is now published with both a "standard" balance sheet and a "consolidated" balance sheet. It is the author's opinion that the consolidated balance sheet should be singularly utilized.

Feasibility For

- Job creation and retention
- Economic development
- Competitiveness with other municipalities
- Increased tax base
- Establishment as a known hub (example software, medical, transportation, etc)

Feasibility Against

- Tax abatements are lost revenue
- Incentives take away from needed public projects and city budget
- Limited impact on local employment
- Strain on existing city infrastructure/utilities
- Focus on large corporations vs small business

Summary

The definition of corporate incentives is primarily centered upon adding employment and tax revenue to a city.

The primary source of CIDC sales tax revenue comes from retail sales, approximately 45% of total revenue. Manufacturing is approximately 7-8% of total revenue. As expected, yearly revenue will vary but these percentages are useful, based upon historical data.

Current Yr 25/26 CIDC budgeted incentive allocation is $1.8M. It is unknown at this time if there are additional property tax abatements that have been implemented as well. Note that the city is legally obligated to fulfill current incentive obligations, which may approach $1.6M

It is understood that businesses also contribute to the residential and retail markets. However, the question may be asked in terms of ROI on incentive allocations and if the city is truly gaining benefit.

According to outside research, incentives sometimes fail to sway business decisions and may be used even if a company would have relocated to the area regardless. For incentives to be effective, they must be strategically targeted, rather than used as general tax giveaway.

Item 5

Review feasibility of CIDC coordination with establishment of a new Business Alliance Council, all supporting the development of a Conroe Strategic Economic Development Plan (SEDP)

Summary

The purpose of establishing an overall Strategic Economic Development Plan (SEDP) is facilitate communication by summarizing the input of the many varied business entities and chambers within Conroe. This SEDP would replace the now-defunct CEDC (Conroe Economic Development Council) and would be a key factor in direction/information sourcing for the city economic development path forward.

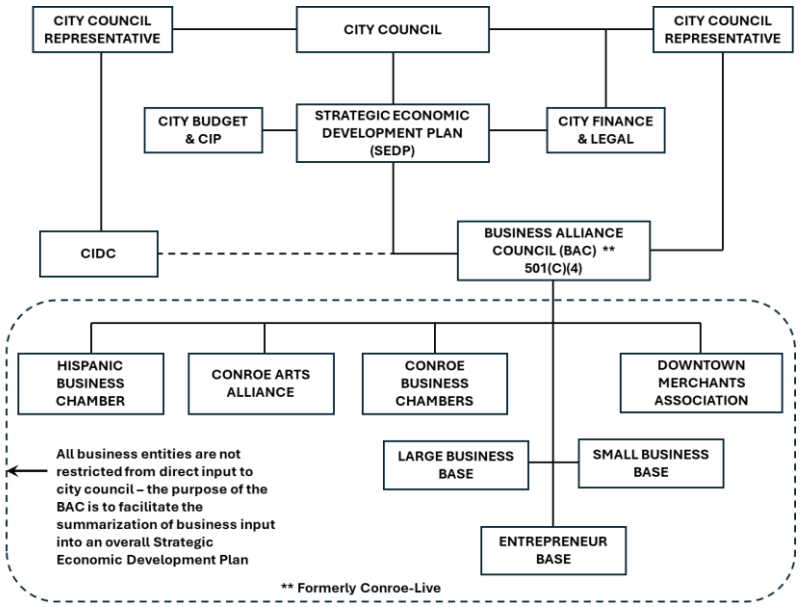
Key considerations of a defined, non-partisan SEDP is to support a clear path Capital Improvements Program, to inform/protect taxpayers and to avoid special interest groups impacting city (taxpayer) funded budgeting.

Conroe has a number of small/large businesses and a number of business chambers. Each, understandably, has its own set of criteria, issues and needs. What is often lost within a large number of voices is a uniform, consistent set of criteria that can be applied towards economic growth. A Business Alliance Council can serve as a mechanism to gather summarized information from the various businesses and chambers, and in turn serve as a viable representative of these businesses and chambers.

The establishment of a Business Area Council (BAC) does not preclude any business or business organization from direct input to City Council. The purpose of the BAC is to facilitate the summarization of business input into an overall Strategic Economic Development Plan. This SEDP would of course be coordinated with City Budget and Capital Improvement Planning.

CIDC remains as described herein – as oversight to business and industrial development and to Conroe Industrial Park/Deison Park.

A sample organizational structure of these relationships is shown below:



Item 6

Review feasibility and impact for retention (development) vs sale of Deison Technology Park

- Approximately $67M is owed on the property comprising Deison Tech and Conroe Park North
- Approximately 248 acres, with no companies in residence
- A reserve of approximately 40 acres was established in January, 2026.
- Approximate annual maintenance cost for Deison Tech Park is $168,000, not including fountain refurb
- Deison Tech Park owned by CIDC since 2013, only one business located there (VGXi), now gone
- Heavy established tree growth in this park should be preserved
- Review current property tax abatement/incentive plan related to this Deison Park

Summary

My understanding is that there may be ongoing discussions with outside investors that may impact the future planning of Deison Park. In all cases, these discussions should be made known to City Council, CIDC and the general public. Public perspective towards the preservation (not restoration) of trees is quite clear and I do not believe that CIDC would support clear-cutting. There are existing models of preservation, such as the Woodlands that can be utilized as future tree/vegetation guides, and a specific protection covenant may be considered for the highly visible tree growth in Deison Park.

In addition, in January, 2026, a reserve of approximately 40 acres was set aside within Deison Park as a generic "public space". Much attention and misinformation has been put forth, but the reality is that this is a reserve in name only. No formal establishment of any facility/funding, no obligation of funding and the reserve may be withdrawn at any time.

Logistically, Deison lends itself to advanced manufacturing, high-technology specialized production, life-science research, corporate company leadership, software/hardware production and similar specialized environment facilities.

Additional comments/conjecture have been made in regards to AI data centers, but at this time there is no solid evidence of a specific plan to establish an AI center within Deison Park. Due to the known power/water

consumption of such centers, even with consideration of closed-loop, dielectric submersion, etc, in addition to noise considerations, even a consideration of any such center within Conroe city limits will mandate public and city engineering input/approval at the early feasibility stage.

Item 7

Review impact and plan for Conroe Industrial Park North (CIPN)

- Approximately $67M is owned on the property comprising Deison Tech and Conroe Park North
- Approximately 1600-acre area, with over 40 companies located within this area
- Approximately 4000 jobs created over 32 years = yearly average of 125, primarily in CIPN
- Minimal impact to city sales tax revenue created through CIPN
- Review current property tax abatements/incentive plans related to this park

Summary

Conroe Industrial Park North is a viable and supplemental entity to the city. Logistically, it is located with access to major arteries and has (currently) minimal impact to existing area residential developments. However, it is anticipated that new area residential developments will impact transport to and from the facilities located within CIPN, not uncommon with most city growth.

The Oleon Americas facility mentioned in Item 2 is located within CIPN. As noted, there was initial permitting status that was unknown and is under current corrective action. A reasonable assessment may be that there are other facilities within CIPN that may be in a similar circumstance. In order to ensure proper record keeping, historical data, and conformance to city and state requirements, it is recommended that all industrial/manufacturing facilities with CIPN be reviewed and updated as required.

There are a number of companies that are noted within the CIDC incentives budgeting. It is understood that there is a contractual basis to the incentives; however, it is recommended to review the ROI on the incentive distributions for these companies as a general guide to the feasibility of future incentive planning.

CIDC may be useful as a support/investigative/review mechanism to supplement city engineering and permitting activities/manpower. This relates to the inclusion of CIDC into these processes as noted within Item 2, which can continue to support attracting additional businesses into this industrial park.

Commentary

Forward Outlook on City Project Development and Execution Strategy

Project Development and Execution

The city has encountered poor contractual oversight and execution on a number of recent projects. This has resulted in cost/scope overruns, penalties, warranty issues and increased debt. The intent of this commentary is to identify future improvements related to project development/feasibility, contractual project basis and project execution.

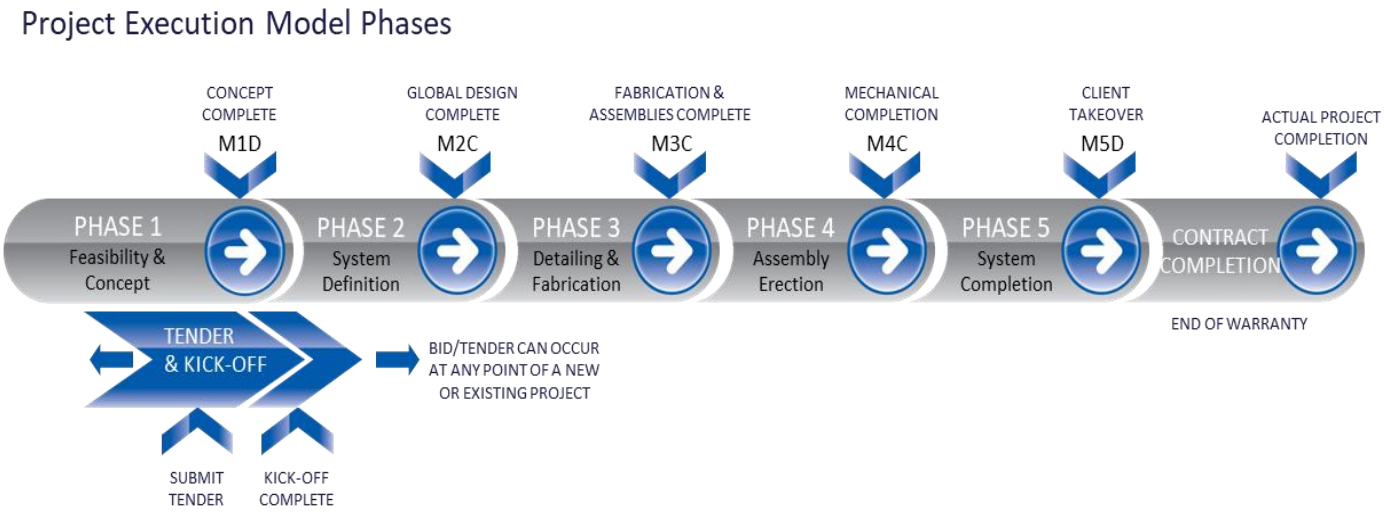
The Oscar Johnson Jr. Enrichment and Development Center remains as a prime example of a well intentioned but poorly developed and executed project, with design/cost overruns and a current debt load of approximately

$42M, and yearly operating budget of approximately $3.4M. It has only recently opened, yet is already experiencing moisture infiltration that may require warranty litigation.

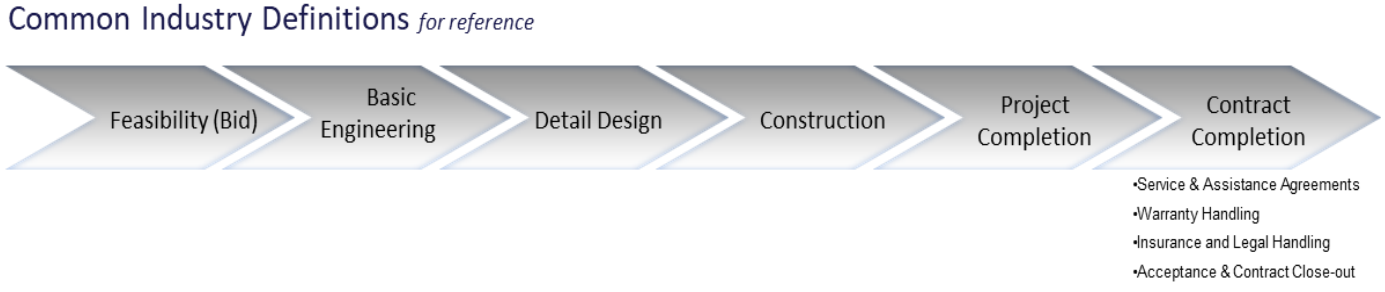
The Hyatt Hotel and Convention Center is an example of a project feasibility/market study that did not capitalize on objective data, was based on a contract with onerous terms, followed by project execution costs that continually escalated. Other city projects (now completed) may have also faced cost, schedule and/or contractual issues that were not publicly stated.

Project development is primarily an initial feasibility/risk/opportunity methodology that must be implemented objectively. City Council must have more awareness and knowledge related to basic project development.

Project Development and Execution is a structured series of events that rely on ensuring that tasks are completed and reported accurately. In the model below, a project begins with establishing Feasibility and Concept and ends at the conclusion of the Warranty period. The phases below are established for major industrial and energy projects but are applicable to any major city project. Note that a "Tender & Kick-off" Phase is shown as able to be implemented anywhere in the project phases. This relates to bidding on a project that may have already been started, taking over a project, etc.

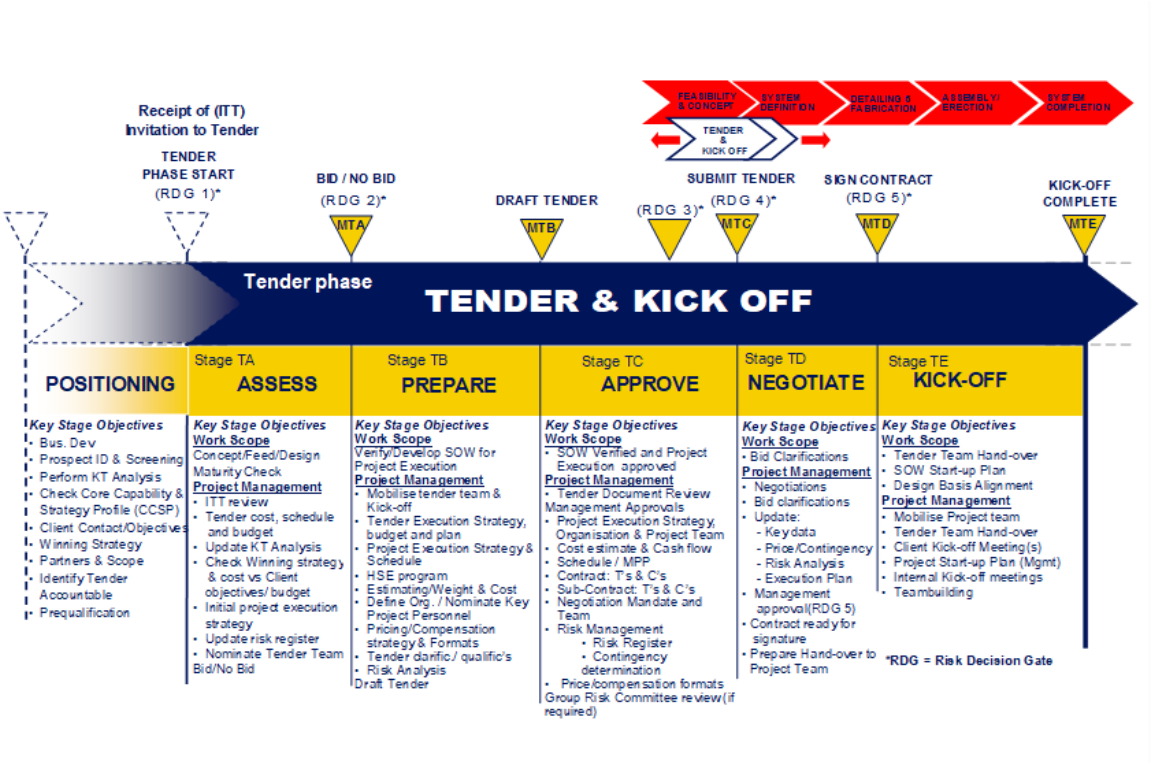


The project phases shown above are typically identified in standard commercial construction as follows:



The phases shown above are overall general divisions of a project – in a large, complex project there are numerous gates that must be "passed" to ensure accountability and continuity in the project. The sample below

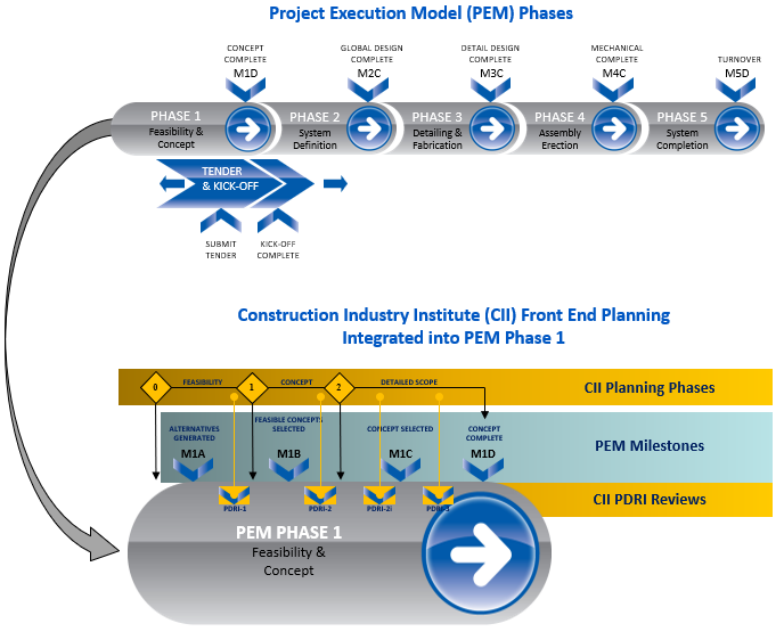
identifies the numerous tasks and gates for the Tender & Kick-Off phases of a large, complex project. These tasks and gates will vary depending upon the basis and scope of individual projects.



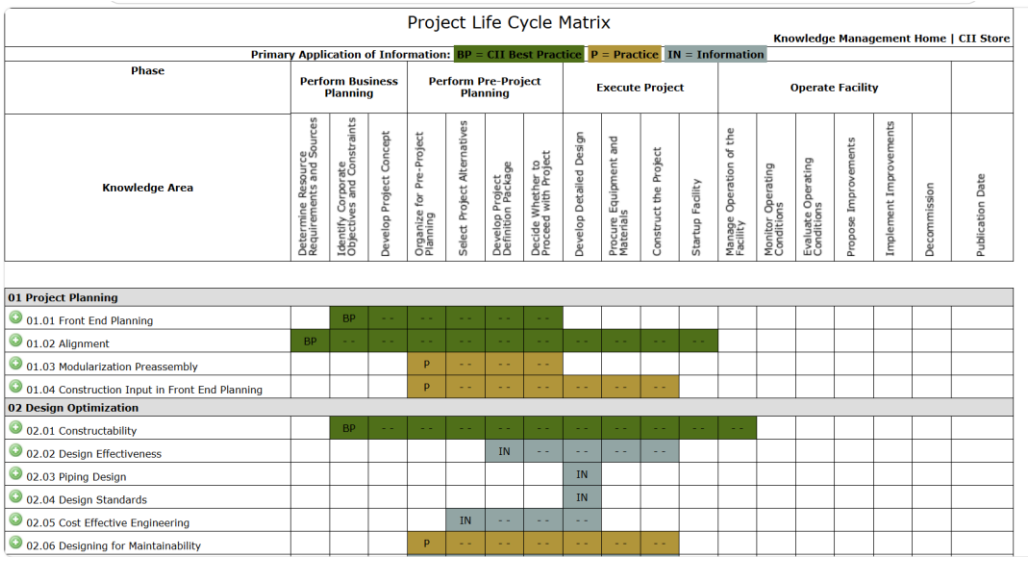
Construction Industry Institute (CII)

By definition "*CII is the premier research & development platform for the capital projects industry. Based at The University of Texas at Austin, CII brings global project industry leaders together to create and drive innovative tools and solutions through an academically based, disciplined approach.*"

CII offers a comprehensive suite of information and tools that can be applied to project development and execution. It can also be directly related to the Project Execution Model Phases previously shown:



CII has developed a Project Life Cycle Matrix that generally follows the Project Phases noted above, but in a different, simpler format that can be utilized as an execute summary for a board such as a City Council.



Project Life Cycle Matrix

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Primary Application of Information: BP = CII Best Practice | P = Practice | IN = Information

Phase	Perform Business Planning			Perform Pre-Project Planning				Execute Project				Operate Facility						
Knowledge Area	Determine Resource Requirements and Sources	Identify Corporate Objectives and Constraints	Develop Project Concept	Organize for Pre-Project Planning	Select Project Alternatives	Develop Project Definition Package	Decide Whether to Proceed with Project	Develop Detailed Design	Procure Equipment and Materials	Construct the Project	Startup Facility	Manage Operation of the Facility	Monitor Operating Conditions	Evaluate Operating Conditions	Propose Improvements	Implement Improvements	Decommission	Publication Date
01 Project Planning																		
01.01 Front End Planning		BP	--	--	--	--	--											
01.02 Alignment	BP	--	--	--	--	--	--	--	--	--	--							
01.03 Modularization Preassembly				P	--	--	--											
01.04 Construction Input in Front End Planning				P	--	--	--	--	--	--								
02 Design Optimization																		
02.01 Constructability		BP	--	--	--	--	--	--	--	--	--	--						
02.02 Design Effectiveness						IN	--	--	--	--								
02.03 Piping Design								IN										
02.04 Design Standards								IN										
02.05 Cost Effective Engineering					IN	--	--	--										
02.06 Designing for Maintainability				P	--	--	--	--	--	--								

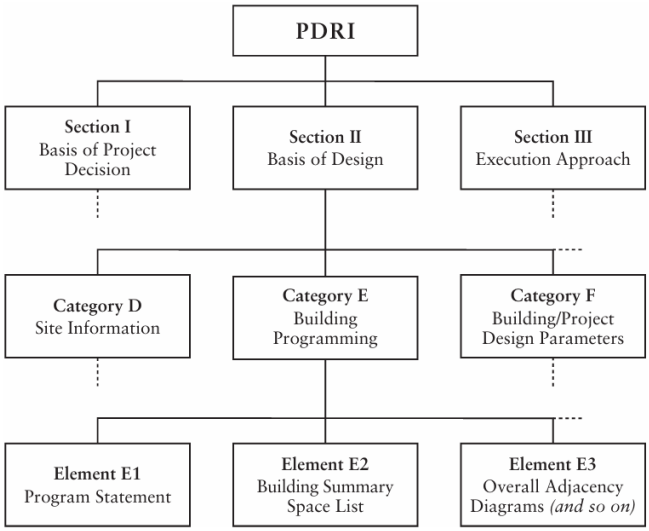
CII has also developed a very useful range of project rating tools that allow the user to establish clear decision points regarding the initial development of a project before going further into the actual project execution. These are the Project Definition Rating Index (PDRI) evaluations, available for a wide range of project types, most as found within a city's capital improvements program.

A PDRI is a simple to use method of measuring project scope definition for completeness. It identifies and describes critical Elements within a project bid/scope package and allows a project or management team to predict factors impacting project risk.

The PDRI checklist contains approximately 64 scope-definition Elements in a score sheet format. Each Element is weighted (scored) on its importance to other Elements. The final PDRI score relates to risk – the lower the score, the better outcome of project success.

There are a number of different PDRI checklists that apply to city projects, small or large infrastructure projects, industrial projects, etc.

The general outline of the PDRI checklist is shown below. It separates Elements under three different sections and also further into sub-categories and Rating Elements.



Below is a sample of an Element rating review and evaluation decision point. The evaluation process also ensure that all project participants/stakeholders are aware of the various factors and are able to participate within a comprehensive project feasibility review.

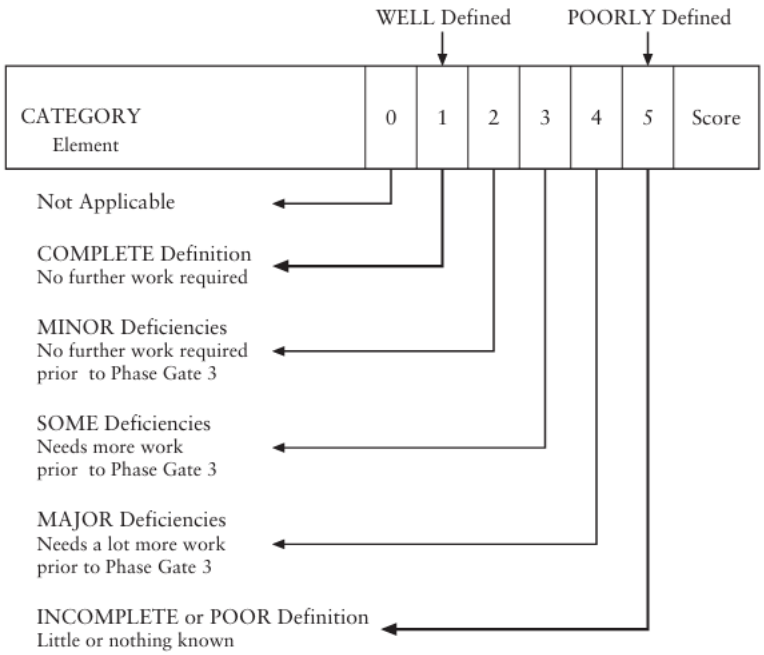


Figure 3.2. PDRI Definition Levels vs. Further Work Required During Front End Planning

As an example, the Oscar Johnson Center experienced schedule delay and cost over-runs, including daily fines paid by the city, from a poorly developed electrical scope. It is not unreasonable to say that this may have been avoided if a project PDRI had been implemented with City Council included as key participants along with additional city key staffing.

Constructability

The common definition of Constructability is "*the process of integrating construction expertise into the conceptual and design phases of a project.*" The goal is to ensure that a design is practical, efficient, cost-effective, and safe to build, bridging the gap between the concept/design vision and real-world project execution. This includes development of site logistics, materials availability and a realistic schedule.

In a general sense, this means incorporating a construction representative into the early design phase of a project instead of implementing project design as a separate silo. Consider the construction of the Oscar Johnson Center, where moisture and electrical design flaws were encountered, along with cost over-runs. The primary contractor has stated that "*we built it as shown on the drawings*". This suggests a separation between designer and constructor. A fundamental factor in the success of projects is to include the primary shareholders in the project as early participants in the concept/design process.

According to the Construction Industry Institute (CII), "*delaying constructability analysis to the late stages of design renders changes incredibly expensive and can disrupt established schedules and permits. Successful constructability relies on active, ongoing collaboration between owners, design teams, and experienced contractors from day one.*"

Summary

The key point of this commentary is to highlight lessons-learned. Project development/execution cannot rely on luck or hoping that all parties are involved and knowledgeable, otherwise the City is destined to repeat past mistakes.

Any City governing assembly must have basic understanding and involvement in major City projects, beyond solely relying on input from City departments and administration. It is recommended that City Council and City Staffing consider additional education regarding project development and execution, constructability, and understanding how project feasibility and risk assessment is implemented.

Contingency is included in project cost estimates as a function of risk analysis and probability. This should be identified and measured/revised as the project proceeds. It is typically broken down as cost, schedule, procurement and resource contingency; each of these general categories are revised as the project heads towards completion.

It is not necessary that City Council and Staffing be deployed as project managers; it is the intent of this commentary to suggest that Council and Staffing be exposed to how a project is developed and executed, especially as related to the ramifications of a poorly developed or controlled project scope.

It is also suggested that the City hire a true project manager with infrastructure experience, rather than rely on City Engineering to also manage projects. This is not an insult to Engineering – it's an acknowledgment of the time burden placed on individuals to manage both sides of a project. The author consulted with 3M Corporation doing the same thing, with resultant project cost and schedule over-runs. Upon retention of a dedicated project/construction manager, approximately 60 infrastructure projects were completed over the next three years, with a net completion of 14% below budget and on time. Rework is measurable in terms of cost/scope/schedule and the related cost impact is always much higher than being done right the first time.