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Oak Ridge ends lease with Biofuels Power Corp.

By **BILL BRESLIN** CHRONICLE CORRESPONDENT

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Oak Ridge North City Council has unanimously agreed to terminate the city's lease with Biofuels Power Corp. to recover more than \$20,000 in past rent.

Councilman Steve Holcomb, who took the lead in investigating the situation, said the lease agreement itself was questionable, since it was not approved by city council when it was initiated in August 2007.

"Why was this agreement not put on the agenda?" Holcomb said, referring to when the agreement was generated. "This was a major, significant event."

Holcomb also mentioned that the mayor is in charge of formulating the council agenda.

"It was a procedural mistake," said Mayor Fred O' Connor. "It should have been on the agenda (in 2007). Looking back, we should have done it that way."

O'Connor also is the CEO of Biofuels.

According to its Web site, Biofuels is the first U.S. company to enter the power grid using only biofuels made from waste oils. It does not use corn or any other vegetable oils.

Biofuels operates on a half-acre tract located behind the Robinson Road Business Park.

Paul Mendes, city manager, said there were two lease agreements signed during the summer of 2007.

In July, a lease agreement was formed between the city and Robinson Road LLP, the property's landlord, enabling Biofuels to conduct its business. The city paid \$1,000 monthly in rent. The contract in question, established the following month, was between Biofuels and Oak Ridge North, which was not approved by council, Mendes said. Terms of the agreement stated that Biofuels would pay the city \$3,500 per month.

The second lease agreement was executed by O' Connor, Holcomb said.

Holcomb said from Oct. 2008 to present the city only received a fraction of the rent, leaving Biofuels owing Oak Ridge North \$26,000 in past rent.

Mendes said the amount due is actually \$21,000, since Biofuels paid approximately \$5,000 during the period in question.

Holcomb also asked Mendes if Biofuels received preferential treatment due to the mayor's association with the company. Mendes assured Holcomb the company received no special treatment.

Steven McGuire, speaking on behalf of Biofuels, said the company was behind on its rent

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payments due to a dramatic increase in power sources and a lack of government funding.

McGuire did confirm, however, that the company bought 79 acres of land in March for \$1.35 million.

"You have the money to purchase 79 acres, but you don't have the money to pay Oak Ridge North?" Holcomb said. "I don't like that."

The remaining members of council said they were unaware of the Biofuels situation until the meeting.

Councilman Peter Nett initially made a motion to table any action until further discussion could take place. The motion died when only he and Don Tucker voted in favor of tabling.

"I just found out about this," Nett said. "I need to digest (the information)."

Nett added that Biofuels was "out of line here."

After further discussion, all five council members voted to close down the plant.

"We need to lock down the facility," Councilwoman Leah Gray said.

On June 9, the plant was locked down, Mendes said.

"We want Biofuels to sign an agreement with the landlord and take the city out of it (any lease agreement)," Mendes said.

Residents meet about water well

On June 3, a meeting was held between representatives of the South Montgomery County Municipal Utility District, Darling Homes, council members and residents regarding plans for a proposed water well plant in the city.

"This was one of the best meetings I'd ever been to," said Councilman James Walton, who gave a summary of the proceedings during the city council meeting. "Everyone was on the same page."

The municipal utility district agreed to move the planned water plant further back from Oakhurst Road, so more vegetation could grow between the facility and residents' homes, he said. In addition, a 10-foot high fence was proposed. The fence would be built inside of the vegetation barrier, making it less visible, he said.

Other items discussed included the building of only one tank, which would be painted green. Also, the road leading to the plant entrance would bend, making the facility less noticeable to those driving past it.

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