MINUTES

FOR THE WORKSHOP FOR

CITY COUNCIL OF THE CITY OF BANDERA

NOVEMBER 10, 2015

AT 6:00 PM IN THE MUNICIPAL BUILDING

AT 511 MAIN STREET, BANDERA, TX

1. Meeting called to order by Mayor John Hegemier at 6:00 pm. Council members Glenn Clark, Suzanne Schauman, Sheila Pumphrey, and Jim Hannah were present. Charlotte Browning was absent. City Administrator, Lamar Schulz, and City Secretary, Karen Chesler was present.
2. Workshop Discussion:
3. Chapter 380 Economic Development Agreement (Local Government Code)

Lamar Schulz stated basically council can walk through the agreement and they have some comments from the community. Habib H. Erkan, Jr. stated he is from Denton Navarro Rocha Bernal Hyde & Zech, P.C. who serves as the City of Bandera’s attorney and he is here today to talk about the draft 380 agreement. The first paragraph is self explanatory it just states it is a 380 agreement. Suzanne Schauman asked why is it a Chapter 380 agreement and is the grant a part of the 380 agreement. Mr. Erkan replied yes. Suzanne Schauman asked how does the grant get to be part of the 380 agreement. Mr. Erkan stated it is a 380 agreement because it comes from the local chapter government code 380 which allows cities to provide incentives to a developer. Pursuant to that the city will provide incentives to the developer for the development of this project. In the last three years, Mr. Erkan has done over 20 of these agreements with cities. Suzanne Schauman stated she does not see that the grant is part of the 380 agreement. Mr. Erkan stated the city of Bandera has applied for a grant with the state and what he is talking about is a grant of funds from taxes that are generated which is a totally different grant. Lamar Schulz stated he provided council with the information about the TCF application so they would know how it works and he just got it today. The grant application with the State of Texas he has not been involved with that at all. The grant he is here to talk to council about is the Chapter 380 Economic Development Agreement which the city will provide to the developer if he builds a hotel. The recitals just provides the constitutional authority for the 380 agreement. The third recital will need the blanks filled in from council as to the acreage and location of the property. The fourth recital they will need to know the number of employees as the basis for the incentive. Article one stated the city and developer are bound to the agreement. The definitions like the completion date the project will be completed the fully developed value based on the value of the real property, facility improvements, and taxable personal property. Part three is for the cost from the developer to fill in with the scope of the project. In section 3.3 is the value and 3.4 is the number of phases. Section 4.1 is a good faith effort from the developer. Section 4.2 is obligating the developer not to exceed the value in the contract. Section 4.3 is the number of full-time equivalent employees they agree to. Section 4.3.1 is the cost of living adjustment some cities want that but other cities don’t need it and it is up to council and what that says is that every year the employees are going to get a raise equivalent to the Consumer Price Index but is optional. Section 4.4 is the required reporting by the developer with section 4.4.1 annual reporting of local suppliers and you are not binding them to using local suppliers but to use good faith efforts. When they can they are obligated to do so. Section 4.4.2 is the annual construction progress report, and section 4.4.3 the year end certification requirements are met and they did what they were suppose to do. Section 4.4.4 is the job creation report and retention report which should not be too elaborate. Section 4.5 are the additional information and privacy and they are subject to the open meetings act due to one party being a governmental entity. Section 4.6 is the indebtedness incurred by developer where the city is not a business partner and the city is not obligated to pay any debts. Section 4.6 obligations to timely pay taxes and the developer needs to pay all taxes. The developer is obligated to build a hotel for a specific value, time and employee a specific number of employees with a certain salary. Section 5 switches over to the City’s obligations but the city is not obligated to do anything until the hotel is up and the payments have already starting coming in and that is where the grant payments come from in section 5.1 and 5.2. The city needs to know the total number for the grant. Lamar Schulz stated they originally were thinking about a ten year timeframe starting with 100%, and each year going down 10%. Mr. Erkan stated once you reach the maximum grant payment then you would be done paying for the agreement. The developer has to perform at a specific level and they need a way to measure it and track it. The developer cannot do this until they have a Certificate of Occupancy. Suzanne Schuaman stated she does not think they can maintain a number of full-time employees. Mr. Hartman replied it will be a combination of full and part time employees to reach the number of employees. Rebecca Gibson asked if council is going to require the developer to hire locally and not commuters from San Antonio and other areas. Mr. Erkan stated you can ask them to do a good faith effort to hire locally but mandating is generally not something you can require. Section 5.2 states we will set up a special fund for the money to be distributed to the developer and the city has 60 days to issue the checks to the developer after they have submitted the proper documentation. Section 5.4 funding source and if the government comes back around and takes these away the city is not obligated to make any future payments. Mr. Erkan is 90 percent sure the 380 Agreement will continue but they need the clause in the contract for the city to get out. Section 8.1.7 is undocumented workers and the developer would have to pay a penalty to the city if found in violation as required by state law. Mr. Erkan went through most sections of the contract with council and answered any questions. Suzanne Schauman stated she want the cost of living section removed from the contract because they did not give it the city employees a cost of living raise each year. The property currently is only bringing in $800 annually but the second year only giving him back 90% we are losing over $2,000 and this is the smartest thing we have done in a long time. Mr. Erkan asked if the city could pass a resolution if it would help with getting in the door with the county and the school district. Lamar Schulz stated they will get a resolution together for council to approve at the next regularly scheduled meeting for city council.

1. Adjourn - **Council member Suzanne Schauman made a motion to adjourn at 6:51 PM, seconded by Council Member Glenn Clark. All in favor none opposed. Motion carried.**

Attest:

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Karen Chesler John Hegemier

City Secretary Mayor