

**BASTROP ECONOMIC DEVELOPMENT CORPORATION (BEDC)
BOARD OF DIRECTORS
Minutes of Monthly Meeting, April 18, 2016
Bastrop City Hall, 1311 Chestnut Street, Bastrop, Texas**

The Bastrop Economic Development Corporation (BEDC) met on Monday, April 18, 2016, at 6:00 p.m. at Bastrop City Hall, 1311 Chestnut Street, for the Regular Monthly Meeting.

Board members present were: Steve Mills, Kristi Koch, Gary Schiff, Mayor Ken Kesselus, Cam Chavez, and Joe Beal. Board member Willie DeLaRosa and Mike Talbot (*ex officio*) were absent. Staff members present: Shawn Kirkpatrick, Angela Ryan, Jean Riemenschneider, and JC Brown, BEDC Attorney.

1. CALL TO ORDER – BEDC Board Chair Steve Mills called the Board Meeting to order at 6:03 p.m.

2. PUBLIC COMMENT(S) – None.

3. REGULAR BUSINESS & PRESENTATIONS

3.1. Approval of meeting minutes of the Regular Board Meeting of March 21, 2016. Mr. Schiff made the motion to approve the minutes as submitted, Mr. Beal seconded, and the motion passed.

3.2. Consideration, discussion and possible action on acceptance of the BEDC's financial summary report for period ending March 31, 2016. Mr. Kirkpatrick reviewed the financial report included in the Board packets. Mr. Schiff made the motion to accept the financial report as submitted, Mr. Chavez seconded, and the motion passed.

3.3. Consideration, discussion and possible action on presentation and update by Aaron Farmer of The Retail Coach regarding Bastrop's retail recruiting strategy. This item was postponed until the May Board meeting.

4. ACTION ITEMS

4.1. Consideration, discussion and possible action on disposition of real property owned by BEDC located at 903 Main Street, as it relates to a potential economic development project for expansion of a local business, i.e., Zintek Properties (a.k.a. Maxine's Café Project). Mr. Mills explained that the provisions included in the draft agreement were a requirement under law, and in order to incentivize any agreement they are required to include these types of provisions. Mr. Sartain stated his concerns about the incentives agreement, which included the requirement to allow the BEDC access to his financials, which he considered to be ambiguous, and the fact that if he were to default on the agreement, he would have to convey the building back to the BEDC as well as pay for all costs incurred. He said he could purchase the building for the full price of \$138,000 and not receive any incentives. Ms. Brown explained that under the "Act", the BEDC is granted the authority to offer incentives by entering into a performance agreement. However, without such an incentives agreement, the building would have to be put on the market and offered for sale at market value. Ms. Koch made the motion to recall the current offer to Mr. Sartain and Zintek Properties, d/b/a Maxine's Café. Mr. Schiff seconded, and the motion passed.

Ms. Koch made a second motion to offer the property up for sale and for Staff to bring any offers to the Board at the next meeting for review. Furthermore, the Board would not have to accept the lowest offer, but the best offer, to the extent to which the BEDC is legally allowed. Mr. Schiff seconded, and the motion passed.

4.2. Consideration, discussion and possible action on a Resolution by the Bastrop Economic Development Corporation Board of Directors, authorizing BEDC Board Chair Steve Mills and/or

Executive Director Shawn Kirkpatrick to execute all necessary contracts and related documentation required to finalize the conveyance of property owned by the BEDC at 903 Main Street to Zintek Properties (a.k.a. Maxine's Café Project), pursuant to an Economic Development Agreement approved by the Board and in compliance with the Act, related to same. The action taken on item 4.1 negated the need for action on this item.

- 4.3. Consideration, discussion and possible action related to an overview of the status of the existing BEDC grant and Performance Agreement between the Bastrop Fine Arts Guild and the BEDC, dated July 20, 2011, and amended thereafter on August 25, 2014, and October 20, 2014. Karol Rice gave an update on the Bastrop Fine Arts Guild Lost Pines Art Center project. She went over a list of milestones for the project, including the official groundbreaking in October 2015, submission of the required permitting documents in September, receipt of building permits on January 29, 2016, and pouring of the foundation on March 4. The steel beams are now being erected. Ms. Rice reported they had raised over \$3.4 million for the project so far, and need to raise approximately \$700,000 more for the total cost of the project. Ms. Rice said they had paid off the 15 year note with Mr. Clardy in just three years so they now own the property. Ms. Rice went over their projected budget for the first year of operation, explaining they had tried to overestimate expenses and underestimate revenues. Income included estimated sales, additional grants, events, classrooms, and rental income, for a total of \$323,400 in projected income. Expenses would include salaries, artist commissions, utilities, accounting and bookkeeping services, advertising, etc., for a total of \$321,003 in expenses.

Mr. Kirkpatrick suggested the Board move into Executive Session to consult with the BEDC attorney about the items of concern in the agreement with the Guild: (1) Section 5.8 required the Guild to have 100% of their project funding in place by August 2014, (2) the deadline for the beginning of construction was January 31, 2015, and (3) the contract specified three employees, not two. Ms. Rice commented that she considered the deconstruction of the existing building on the property to be part of the project construction, which occurred in December 2014, prior to the deadline.

At 6:43 p.m., Mr. Mills convened the BEDC Board of Directors into a closed/executive session pursuant to the Texas Government Code, Chapter 551, for consultation with the BEDC attorney. The Board of Directors reconvened into open session at 7:41 p.m.

Mr. Mills stated the BEDC supports the Art Guild and believes the project will be an asset for the City of Bastrop, and they wish to offer support and assistance to the Guild in helping them with their business plan and in obtaining some professional assistance to help guide them, through the Texas State Small Business Development Center or similar resources. Mr. Schiff made the motion that, in light of the conflicts between the current contractual agreements with the Arts Guild, to instruct Mr. Kirkpatrick to work with the Guild to remedy the differences and bring proposals to the next Board meeting on how to remedy any conflicts in the agreements and develop a plan to ensure they meet all of their goals going forward. Ms. Koch seconded, and the motion passed.

- 4.4. Consideration, discussion and possible action on defeasance of the BEDC's portion of the City of Bastrop's 2008A Certificates of Obligation. Mr. Kirkpatrick explained that the City had passed a resolution to refund, or refinance, their 2008A Certificates of Obligation. Mr. Kirkpatrick said after speaking with Tracy Waldron at the Finance Department and Dan Wegmiller, the City/BEDC financial advisor at Specialized Public Finance, it was his recommendation that the Board consider defeasing, or paying off, the BEDC's portion of the 2008 bond when the City refinances their portion. Mr. Kirkpatrick said he and Mr. Wegmiller agreed that doing so would free up future debt capacity as well as save the amount of interest left on the bond, which Mr. Wegmiller estimated to be approximately \$130,000. The amount to be paid off would be between \$375,000 and \$425,000, depending upon which option the Board chooses on the

defeasance. The options were to either escrow the amount this year, which would require a budget amendment, or to budget for it in next year's budget. Since the note is callable next fiscal year, there will be no penalty for paying off the bond early. Mr. Beal wanted to make sure that the Board realized there is an element of risk involved, because bond rates could go up by the next time the BEDC issues debt. Mr. Schiff made the motion for Mr. Kirkpatrick to work with the financial analyst and the City's finance department on a proposal concerning BEDC's options on the defeasance. Mr. Beal seconded, and the motion passed.

5. **UPDATE(S), REPORT(S), AND/OR ANNOUNCEMENT(S)** – The BEDC and City of Bastrop provided written reports (includes items for update, discussion, and/or possible action by the Board of the BEDC).

- 5.1. BEDC Projects and/or Business – Mr. Kirkpatrick's report was included in the Board packet.
- 5.2. Ad Hoc Bylaws Committee – Mr. Kirkpatrick reported the committee had met and would have a preliminary draft prepared within the next two weeks.
- 5.3. Main Street Program Monthly Report – Sarah O'Brien, the new director, introduced herself.
- 5.4. City Manager's Report – Excerpts from the City Manager's report to City Council were included.
- 5.5. City of Bastrop Comprehensive Plan – Ms. Koch reported they were moving forward again.
- 5.6. City of Bastrop Construction Projects – The update was included in the packet.

6. **EXECUTIVE SESSION**

6.1. At 8:05 p.m., Mr. Mills convened the BEDC Board of Directors into a closed/executive session pursuant to the Texas Government Code, Chapter 551, to discuss the following:

- (1) **Section 551.071(1)(A) and Section 551.071(2)** – Consultations with Attorney: (1) threatened and/or contemplated claims, causes, or litigation, and (2) matters upon which the Attorney has a duty and/or responsibility to advise or report to the governmental body.
- (2) **Section 551.072** – Deliberation about real property: including, but not limited to, potential sales, acquisitions, exchanges, leases, dispositions or values of real property: 'Project Bronze Star', 'Project Gold Steel', 'Project MT Star Wars', 'Project X-Games', and/or disposition of property located at 903 Main Street – Maxine's Café Project.
- (3) **Section 551.087** – Deliberation regarding economic development negotiations: 'Project Bronze Star', 'Project Gold Steel', 'Project MT Star Wars', 'Project X-Games', and/or 903 Main Street – Maxine's Café Project.

6.2. At 8:17 p.m., the BEDC Board of Directors reconvened into open session to discuss, consider and/or take any action necessary related to the executive sessions noted herein, or regular agenda items, noted above, and/or related items. There was no action taken.

7. **BOARD INPUT ON FUTURE AGENDAS**

7.1. Inviting input from the Board of Directors related to issues for possible inclusion on future agendas, related to (but not limited to) issues such as BEDC projects, property, economic development prospects, community events, and BEDC business. There were no suggestions.

8. **ADJOURNMENT** – Joe Beal made the motion to adjourn and Gary Schiff seconded. The BEDC Board of Directors adjourned the meeting at 8:18 p.m.