

BASTROP ECONOMIC DEVELOPMENT CORPORATION (BEDC)
BOARD OF DIRECTORS
Minutes of Monthly Meeting, February 22, 2016
Bastrop City Hall, 1311 Chestnut Street, Bastrop, Texas

The Bastrop Economic Development Corporation (BEDC) met on Monday, February 22, 2016, at 6:00 p.m. at Bastrop City Hall, 1311 Chestnut Street, for the Regular Monthly Meeting.

Board members present were: Steve Mills, Gary Schiff, Kristi Koch, Mayor Ken Kesselus, and Joe Beal. Board members Cam Chavez, 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 6:01 p.m.
2. **PUBLIC COMMENT(S)** – Richard Smarzik said he was concerned about Alley D, an item listed under the City Manager’s updates. Mr. Kirkpatrick explained it would need to be addressed with the City Council.
3. **PUBLIC HEARING(S)**

3.1 Conduct a PUBLIC HEARING to provide information and receive input from the public concerning the provision of funding for a combined emergency shelter, recreational and medical facility project of the BEDC, the City of Bastrop, the YMCA of Austin and a medical service provider, for a period not to exceed twenty years, and in an amount not to exceed \$700,000, to construct buildings, facilities, targeted infrastructure and to make other legally authorized expenditures related to the proposed joint project.

Mr. Kirkpatrick explained that for the BEDC to undertake a Type B project, a public hearing was statutorily required, with a 60 day waiting period, which would expire on March 28. He explained the City of Bastrop and YMCA would be discussing the project at the City Council meeting on March 8, after which the BEDC could begin developing definitive contract documents. Herb Goldsmith asked how many signatures would be required for a petition, and Ms. Brown replied that according to section 505.160 of the Local Government Code, more than 10% of the registered voters of a municipality would need to sign a petition requesting an election be held before undertaking the project. Mr. Goldsmith asked if the \$700,000 would be coming out of the BEDC’s budget, and Mr. Kirkpatrick said it would either be taken from future revenues or fund balance. He reviewed the deal structure, which would be \$1.6 million in HUD funds, \$2.5 million from the YMCA, \$1.8 million currently being considered by the City of Bastrop, and \$700,000 being considered by the BEDC. Mr. Kirkpatrick explained the BEDC Board had approved the deal points at their special meeting in January, and are not involved in the negotiations between the City of Bastrop and YMCA. One of those deal points was a third party economic impact analysis.

Carlos Liriano asked how many jobs would be created, what entity would be creating those jobs, and if the medical provider had been identified. Mr. Kirkpatrick explained that the joint commitment would be between the medical service provider and the YMCA, and the economic impact analysis would validate the economic impact on the community. The medical provider would need to be discussed at the City Council meeting on March 8. Mr. Liriano said that although it would be important for the community if Seton were to commit to address medical needs, he feels they should be able to provide employment projections and a plan. Mr. Kirkpatrick responded that those negotiations are happening directly between the YMCA and the medical provider, and that it would all be addressed in the economic impact analysis.

3.2 Conduct a PUBLIC HEARING to provide information and receive input from the public concerning disposition of BEDC-owned real property, located at 903 Main Street, to Zintek Properties (d/b/a Maxine’s Café) for the appraised market value of \$138,000, and granting a statutorily authorized phased economic incentive totaling \$38,000, to enhance and promote an existing local business enterprise.

Mr. Kirkpatrick reported the remediation on the building was scheduled to begin this week, and access to the building will be limited until the work is complete. Mr. Kirkpatrick explained that the contract would require two readings by the City Council, and closing would be in either May or June.

Herb Goldsmith asked if the property had ever been put up for sale. Mr. Kirkpatrick explained the Board's directive to Staff was to speak with each of the neighboring property owners to determine their level of interest. The Board evaluated the two offers and selected the project they felt was of the greatest economic benefit to the community, and directed Staff to work with Mr. Sartain to expand Maxine's Café. The appraisal of the property was performed by a certified commercial appraiser. Mr. Goldsmith asked how much the remediation would be, and Mr. Kirkpatrick replied approximately \$9,000. Mr. Goldsmith asked about Mr. Sartain moving his catering business, and Mr. Sartain's response was that they would be integrating the bakery operations with Maxine's Café as well as expanding the kitchen and adding another 12-15 seats and approximately four additional employees. The cost of the renovations would be approximately \$60,000. Mr. Goldsmith said he feels that \$38,000 is a big incentive for a small area, and he also suggested documenting the points in some type of report.

4. REGULAR BUSINESS

- 4.1. Approval of meeting minutes of the Regular Board Meeting of January 11, 2016, and the Special Board Meeting of January 19, 2016. Mr. Beal made the motion to approve both sets of minutes as submitted, Ms. Koch seconded, and the motion passed.
- 4.2. Consideration, discussion and possible action on acceptance of the BEDC's financial summary report for period ending January 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. Beal seconded, and the motion passed.
- 4.3. Update from the Executive Director and discussion related to the BEDC budget summary and outstanding debt. Mr. Kirkpatrick reviewed his memo which stated that the BEDC's audited ending operating balance as of September 30, 2015, was \$3,232,997, with an available fund balance of \$2,749,497 after subtracting the 90 day or 25% restricted/reserve funds. Mr. Kirkpatrick and Mr. Mills have been consulting with the City's Finance Department and financial advisor about placing the reserve funds into a CD ladder that would yield slightly better interest. He reported they were in the process of completing the application for Texas CLASS, and the TexPool transfer had been completed. On BEDC's debt service schedule, Mr. Kirkpatrick said he had spoken to bond counsel about calling the 2006 bond early in order to reduce the amount of interest on it, but he needed to first determine the amount of the make-whole provision with Bank of America. He explained that the other bond debt was part of issuances by the City of Bastrop, and could not be paid early without the City either calling the notes early or refinancing them. There was no action required.

5. ACTION ITEMS

- 5.1. 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. Kirkpatrick reported that the remediation of the building was set to begin the following Wednesday, and that it was supposed to take about seven to ten days to complete. The company will be parking their equipment on Pine Street and using the back door of the building, so as not to cause a disruption to the downtown businesses. No action was required.
- 5.2. Consideration, discussion and possible action regarding the BEDC Bylaws and having three City Councilmembers on the BEDC Board. Mr. Kirkpatrick's recommendation in his Board memo was for the Board to appoint him and two Board members to solicit the input of two members from the community, which would be approved at the March BEDC Board meeting. Ms. Koch made the

motion to appoint an ad hoc committee of the Board composed of two BEDC Board members, two community members and the BEDC Executive Director, as detailed in Mr. Kirkpatrick's 02/11/16 memo to the Board. Mayor Kesselus seconded, and the motion passed. Ms. Koch, Mr. Mills, and Mr. Kirkpatrick were appointed to the committee.

5.3. Consideration, discussion and possible action related to clarification on Jean Riemenschneider's employment status. Mr. Kirkpatrick explained that it was an oversight that Ms. Riemenschneider's employment status was never officially changed from temporary to part-time, which was authorized at the Board meeting on August 5, 2015. Mayor Kesselus made the motion to officially convert Jean Riemenschneider from a temporary to part-time employee effective August 5, 2015, granting her certain benefits in the City of Bastrop's personnel policy. Ms. Koch seconded, and the motion passed.

6. **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).

6.1. BEDC Projects and/or Business – Mr. Kirkpatrick's report was included in the Board packet.

6.2. Main Street Program Monthly Report – None.

6.3. City Manager's Report – Excerpts from the City Manager's report to City Council were included.

6.4. City of Bastrop Comprehensive Plan – Ms. Koch reported the committee had not met.

6.5. City of Bastrop Construction Projects – The Board discussed the update in the packet.

7. EXECUTIVE SESSION

7.1. At 7:12 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 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', and/or disposition of 903 Main Street – Maxine's Café Project.

(3) **Section 551.087** – Deliberation regarding economic development negotiations: 'Project Bronze Star', 'Project Gold Steel', 'Project Apothecary', YMCA of Austin joint project, and/or 903 Main Street – Maxine's Café Project.

(4) **Section 551.074** – Personnel Matters: Executive Director's Six Month "Interim Performance Review" and Update.

7.2. At 7:56, 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.

8. BOARD INPUT ON FUTURE AGENDAS

8.1. 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.

9. **ADJOURNMENT** – Gary Schiff made the motion to adjourn and Kristi Koch seconded. The BEDC Board of Directors adjourned the meeting at 7:57 p.m.