

MINUTES OF THE

COMMISSIONERS' COURT

WORKSHOP MEETING - MARCH 25, 2019

On the 25th day of March, 2019, there was a Workshop Meeting of the Commissioners' Court in the Commissioners' Courtroom, 2840 Hwy 35 N, Rockport, Aransas County, Texas, with the following members present: **C. H. "Burt" Mills, Jr.**, County Judge; **Jack Chaney**, Commissioner, Precinct 1; **Leslie "Bubba" Casterline**, Commissioner, Precinct 2; **Brian Olsen**, Commissioner, Precinct 3; **Wendy Laubach**, Commissioner, Precinct 4; and **Valerie K. Amason**, County Clerk.

Other County Officers present were **Linda Garcia Haynes**, Executive Assistant to the County Judge; **David Reid**, Road Administrator/Drainage Engineer/Stormwater Management Engineer; **Collin Jackson**, IT Director; **John Strothman**, Pathways Project Manager; **Carrie Arrington**, Office & Contracts Manager, County District Attorney's Office; **Jacky Cockerham**, First Assistant County Auditor; **Ronell Burke**, Animal Control Supervisor; **John Gutierrez**, Chief Deputy Sheriff;

Long-Term Recovery: **Kim Foutz**, **Randall Freeze**, Long Term Recovery Specialists;

Members of Local City Government, Community Groups and other Interested Parties present:

City of Rockport Council Members: **Barbara Gurtner**, Ward 4;

Chamber of Commerce: **Diane Probst**, President/CEO;

Aransas Pathways: **Glen Gomez**, Master Naturalist & Audubon Society;

Xeonic Investment Group: **Jatin Bhatka**, President;

Aransas County Citizens: Betty Stiles; John Jackson; Bob Cummings;

Mike Probst, Editor and Publisher of the Rockport Pilot Newspaper;

The Meeting was convened at 9:45 a.m. at which time a quorum was declared by Judge Mills, WHEREUPON, the following proceedings were had and done to wit:

ITEMS FOR DELIBERATION AND/OR ACTION

1. Discuss creating a multi-jurisdictional, local, governmental corporation for the purpose of Economic Development and matters related thereafter.

Kim Foutz: I just wanted to start out talking about the journey we've had in getting here, so back in December 2017 we started talking about an Economic Development Plan and we brought in the International Economic Development Council to help us develop that. We put out a plan in the spring of 2018, we did a number of workshops, follow-up workshops, and then we put it out for a vote in the summer of 2018, so we've had that in place and now we are starting to work that plan. One of the things we need to work that plan is some organization in order to carry it forward and make sure that it is staying on track and so creating that organization was one of the principle activities that we said we were going to do first in order to start working on the Economic Development. I have been working with outside council that was approved by the County in order to come up with this particular approach and strategy and so I wanted to bring you up to date on it and answer any questions that you have. So, the approach that was recommended by our attorney is to create two different

organizations, one is called a Local Government Corporation and then the other is a C6 Corporation, which your probably familiar with it's a private, non-profit, Economic Development Corporation that you don't form or create, but you do partnerships with, so I'm going to go over that today, this combined approach. Why do we need an Economic Development Corporation? It primarily focuses on Commercial and light Industrial, it does have the capacity to do other things like residential if that's something that the sponsoring entity wants to have. But, mainly it's for working with site selectors, businesses, and developers to have one voice, it creates that venue so that you can be consistent. Because you have one voice you don't have people out shopping deals for incentives and that type of thing, it's all together and that gives you a better outcome and a better return on your investment. It also creates a buffer, you're not getting individually engaged by these individuals that are trying to work their deal. It puts in an organization where it gets you ready, you've got to have policies, you should not be deciding what your policies are when a client comes to you, you should have already worked that out and have a policy in place that you feel comfortable with and it becomes a very non-political type of thing and you're not put on the spot to make decisions. This organization will also keep all the sponsoring, taxing entities in the loop, everybody knows what's going on. Third, is regionalism, which is very important for Economic Development and we don't have that right now. Some of the programs, and I don't want to emphasize too much of these except for the one's on the top, primarily the Local Government Corporation would work on business retention, expansion, and work-force development, as it's needed. They are allowed and

will do business attraction, tourism, not so much right now based on what I know about your goals and objectives as far as business incubation, angel investing, and some things like that, though they are allowed to engage in developing those kinds of programs. So, why do we have to have two organizations? It's because we are unique, we don't have a 4A or a 4B Corporation for sales tax so we have to have some arm out there that can do fund raising and they can have paid memberships to a corporation in order to help fund it. So, you've got a Local Government Corporation which is the taxing entity, City of Rockport, County of Aransas, Town of Fulton, Navigation District, and potentially the Independent School District and they are going to make a decision on that after I make a presentation to them. But, through Advisory Roles, you're still in charge, they are not going to approve anything that you haven't approved and condoned. So, the Local Government Corporation has representatives that you put on it and they set the policies based on what you indicate and they also filter up the recommendations to you. The C6 is the working force, the private entity on the side that's actually doing the Economic Development activities, like recruitment, inventory of land, where the utilities are, meeting with clients and giving them recommendations, and doing all of the studies that have to be done behind the scenes. The Local Government Corporation is unique because it can apply for and receive grants, and when individuals want to donate something, it's a write off because it is still a Quasi Local Government type of activity. The C6 can only do limited transactions amongst itself and not utilization of public funds and then the Local Government Corporation can do transactions as well. So, why we have to

have two is, under the Local Government Corporation, the Taxing Entity has Financial Contribution, meaning you cannot have paid memberships and we are highly reliant on bringing the private sector in to help pay for this, so under the C6 Corporation, they can have paid memberships and the two Corporations can do partnerships by agreement. Some things about the entities, they are both non-profit, they have board of directors, they have their own articles of incorporation and by-laws, both review recommendations for proposals starting with the C6 and working up to the Local Government Corporation and that's all done by partnership agreements. The Local Government Corporation is really unique, you find it's formation under the Texas Transportation Code, it was put there by the Legislature years ago, and as I mentioned there's a lot of different entities that have expressed interest in participating in that. It is subject to the Open Meetings and Open Records Act so everything would be posted and everyone would have transparency for that. They set annual goals and metrics, then you would sign a contract with a C6 to do all of those activities and then of course you're in charge of financial. Each entity that participates would have a representative on the board and that person that you appoint would be responsible for coming back and insure that you get adequate updates on all of the activities. So, the way that this would come forward to you is, there would be an Inter Local Agreement with all of the entities that says, we are in this together, we are going to do Economic Development together and we are going to do it through this Economic Development Corporation and then you sign a contract with the Corporation for services. There is a first year commitment for funding and what we had talked about is the entities doing \$12,500

participation to help fund the organization, obviously that is nowhere near enough to run and do an adequate job for marketing and all of those activities and that's why we have to have the C6 to get out there and do some fund raising and solicit paid memberships. As part of that agreement that you sign, that resolution, you would be authorizing the By-Laws and Article of Incorporation. There will be three individuals that come to you with application or petition and they have been identified having expressed interest in that, coming forward, and making that request. So, just how does this get formed? We've already talked about the Local Government Corporation and what that would be, the C6 still needs to finish up their Articles of Incorporation and their By-Laws and filings and what's key there is the memberships, so as soon as we get that formation done they are going to get out there and start looking for business representatives and others to be on that Corporation. So, a couple of things after we are set up, we want to start talking about an incentives policy, so that there are no questions and nobody is getting out there and talking about anything that they shouldn't be, and secondly, I'm really excited as we submitted a study request to the General Land Office for Economic Development Planning and they are going to be moving forward with that, they took the Long Term Recovery Team, we wrote up a scope of services and turned it in to the GLO, this is probably about a \$300,000 study, they have accepted it, they really liked our scope of services and they are finishing it up and putting it out on the street. Now, they are going to be doing it for some others in the region, as well, and that's good, they do have to think regionally and we have to think regionally, as well. So, they are going to go out and look at all the assets

in our area and take inventory, have individual conversations with each community about what kind of target industry they want, because that is very specialized based on what a community wants, and then identify partners that we can work with so we can leverage our resources, and then finally a workforce development plan. And that is the general summary, are there any questions? **Commissioner Chaney:** What's the next step? **Kim:**

The next step will be for me to bring back the Agreement, the Articles of Incorporation, and the Petition, and for you to consider whether you want to participate in the Corporation.

Commissioner Chaney: Are we the first to be looking at it, or has the City already looked at it, or the Town of Fulton already looked at it? **Kim:** The City has been provided the documents as well, I will be doing a presentation tomorrow night for the City and within two to three weeks I'll be doing a presentation for the Navigation District, Town of Fulton, and ACISD, as well.

One of the questions I had is whether Fulton would be interested in participating and we have received positive feedback from them, they are interested.

Commissioner Laubach: Can the organizations be sunsetted? **Kim:** Of course, I think it's in the Articles of Incorporation, it would take a vote from the Board of Directors.

Commissioner Laubach: So it would only be sunsetted under their discretion? **Kim:** Well, it's you though, because there will be a county representative, a city representative, you know, so that would be the ones that would terminate.

Commissioner Casterline: Could it be put in the original Articles of Incorporation, that it actually had an ending date unless it was re-authorized? **Kim:** That would be an attorney question. I don't know, because you would be filing the Article of Incorporation and By-Laws with the State of Texas.

But, it is also under state legislation, so I wouldn't want to answer that without reading the code, but we can find out.

Betty Stiles: Kim, I have a question, the Rockport Chamber is a 501 C6, would that be something that we would have to re-create or is it something that can be incorporated. **Diane Probst:**

Separate. **Betty Stiles:** It has to be separate, ok. **Kim:** And you would probably want that, to keep those activities separate.

Commissioner Chaney: Whenever you do something like this, because basically when it's debated, how about confidentiality, open records requests, since the County would have Elected Officials involved? **Kim:** It is a Quasi Governmental Entity so you can go into Executive Session and members of the Local Government Corporation and the C6 would have to file Non-Disclosure Agreements, so there would be confidentiality that would have to be maintained, just like it would be if someone was going to you directly. **Judge Mills:** Well, thank you for all of your hard work, it looks like we got the ball rolling anyway, so we will see where we go from there and I'm sure we will work together for the Economic Development of Aransas County. Does anybody else have any questions? **Bob Cummings:** So if I could clarify the Open Meetings Act has an exception for Economic Development considerations, I assume that would apply to the C6 Corporation as well, so that the negotiations and what's going on with respect to attracting business or whatever contractual negotiations are going on, ought to be in some kind of Executive Session confidential from the public, right? **Kim:** Yes, in accordance with State Law, but there are also the same publication notice requirements so that the public does know generally about the topic you're talking about, just not the specific corporation or the terms and conditions. Ultimately

though to be clear, because I am into transparency, no one approves any transaction of any sort other than, until it goes directly to the governing body. The C6 makes recommendations to the LGC and the LGC vets it to make sure that it is consistent with all of their policies and then they take it to their board, whether it's Commissioners Court, City Council, or the Board of Aldermen, and then that's all in public, all of the documents, everything if there were incentives involved, any kind of project, or expenditure of any funds, it would all be in the public and voted as such. **Bob Cummings:** That would be public after the fact, right? Because while it's still being negotiated it's all confidential, right? **Kim:** Everything that is done is in draft format, then it goes public and then there is opportunity for the public to comment, and it's that way in any form of Economic Development Organization in the State, that's how it works. **Bob Cummings:** I didn't see that happen at Pearl Point, so I'm surprised to hear that. **Kim:** Yep, they voted on Pearl Point in public. **Bob Cummings:** Oh yeah?

Commissioner Casterline: Any kind of, say if there were tax abatements, even though you had a corporation, they would have to be authorized by the Court or City Council? **Kim:** That's correct, any kind of incentive. I will say, the one thing that the Local Government Corporation gives a lot of flexibility for, it is allowed to engage in any kind of activity that you are authorized through, through law, but they have no resources so they can't give tax abatement, they can't give any kind of grant, because they don't have any resources. If they were going to give some kind of assistance, as far as technical assistance, or helping with an initiative, then that's possible, if you authorize them, you have a special project, let's say you

wanted development of a workforce development center, you could task the Local Government Corporation with working on that for you and even if you authorized it to be transactional to set that up. **Commissioner Chaney:** Initially, I think I read in one

of the things, there is opportunity in there to hire people to do this, it's not all totally volunteer. What is your

anticipated cost to the entities for a team? One person out there working six hours a day is not going to do it. **Kim:**

Right, so the Local Government Corporation won't have any employees, it would be the C6 on the private side that would actually hire someone, although you may have someone designated as President, because it is a Corporation, but that would be somebody on your team for that, and to oversee the contract with

the C6. The C6 is going to have some funding that you provide through the Local Government Corporation, which we talked about initially, it's going to be \$12,500, and then the entity itself will have to get the paid memberships and work that budget

together, that's going to be real challenge, to be honest, it's tough. **Commissioner Chaney:** It's kind of like San Pat EDC.

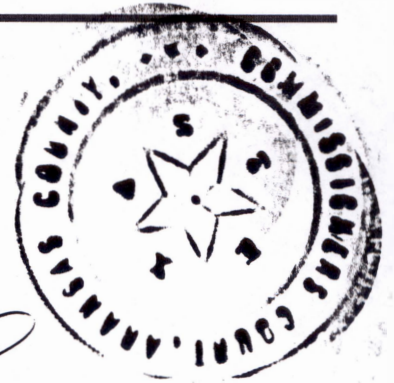
Kim: Yes, this is just our way of doing it because we don't have that sales tax, so we had to find another way to be competitive and get something set up and out there to do the work. **John**

Jackson: I'd like to add something to what she said earlier, I'm not sure if I caught it, one of the main reasons for doing this, if I understand it, for the private sector to have a strong interest it helps to have a tax deductible contribution opportunity, which is what the LGC provides, otherwise you cannot deduct a 501 C6 donation, it's non-profit but you can't deduct it, so that's one of the main reasons why I think this is a benefit to this community and it's about time, we should have

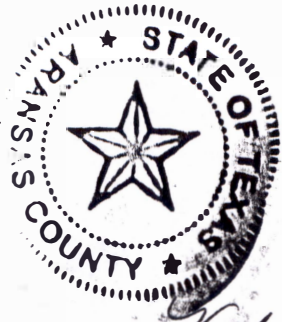
done this a long time ago. **Judge Mills:** Alright, any other questions?

(Insert)

No further business presenting, the Court adjourned at 10:10 a.m. on a motion made by Commissioner Olsen and seconded by Commissioner Chaney.



C. H. "BURT" MILLS, JR., COUNTY JUDGE



VALERIE K. AMASON,
EX-OFFICIO CLERK OF THE
COMMISSIONERS' COURT