

MINUTES OF THE

COMMISSIONERS' COURT

WORKSHOP MEETING - NOVEMBER 25, 2019

On the 25th day of November, 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; **Charles Smith**, Commissioner, Precinct 3; **Wendy Laubach**, Commissioner, Precinct 4; and **Valerie K. Amason**, County Clerk.

Other County Officers present were **Collin Jackson**, IT Director; **Linda Doane**, Human Resources Director; **Michael Geer**, Airport Manager; **John Strothman**, Pathways Project Manager; **Jacky Cockerham**, First Assistant Auditor;

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

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

City of Rockport Council Members: **Pat Rios**, Mayor; **Bob Cunningham**, Ward 3; **Barbara Gurtner**, Ward 4;

Aransas County Citizens: **John Jackson**; **Jack Wright**; **J. Mark Wagon**; **Robert Scott**; **Jeff Hutt**; **Elizabeth (Betty) Hattman**; **Yvonne Perez**; **Bob Combs**; **Jim Riedel**; **Jatin Bhatka**; **Karen Mella**; **Dana Kisel**; **Thad Carothers**; **Warren Hassinger**; **Donna Townsend**; **Nancy Bolting**; **Stacy Hawkins**; **Sheryl Matlock**;

Chamber of Commerce: **Diane Probst**, President/CEO; **Sandy Jumper**, Vice President of Marketing and Promotion;

The Rockport Pilot Newspaper: **Mike Probst**, Editor and Publisher.

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The Meeting was convened at **1:30 p.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 the Articles of Incorporation, Bylaws, and Interlocal Agreement for the Aransas County Alliance Local Government Corporation including but not limited to the C6, revisions made by the Aransas County Navigation District and other issues. (Previously approved by Commissioners Court on May 13, 2019) [Tabled on October 28, 2019 and November 12, 2019]

Judge Mills announced the steps and rules regarding how the meeting will be conducted.

John Jackson made the opening statement: I am one of three incorporators who was asked to initiate the paperwork to form the EDC (Economic Development Corporation), so let me start with this, I love this community. I could live anywhere, but I've always preferred to stay right here. My family has lived here for several generations, the other two incorporators, Blake McDavid and Brett Bohn, are also from multi-generational families and each of us have many of the same things in common, growing up, working, and living in this community. So each of our families have been stakeholders in this community for almost 150 years. Why is that important? Because we have witnessed a lot, and in my case that includes five hurricanes, two major fires, business setbacks, but we've lived through all of that, and so we sincerely care about this community and it's future. So why have we stayed here all of these years? Rockport is not Port Aransas, not Port O'Connor, nor Port Lavaca, nor Portland. Rockport and Fulton and all of Aransas County has a

unique charm envied by many communities and all of you know that. Let me try to set the stage for why I think we need an EDC by first sharing with you some history which may set some things in perspective. Back in the late 80's when I was heavily involved on the Board of the Chamber, the entire State was suffering economically due to oil prices, S&L failures, inflation, 20% interest rates, a real estate crisis, and major setbacks in the shrimping industry, but we managed to do a lot at the Chamber, positive things in the wake of all of that, including giving tourism a shot in the arm with the establishment of a hotel/motel tax and a more effective Chamber. But other businesses not directly tied to tourism were struggling, and many of them are no longer with us. I mentioned that Seafood Companies went out of business, a major world-wide boat building facility called RYSCO was here for years and employed up to 300 people at one time and that was shut down, some of the Real Estate ventures failed over delay several years, and each of these collectively employed hundreds of people and supported their families and so on. At that time, we also tried to form and sustain an EDC, but unfortunately, we were severely limited because of a lack of funding, since Aransas County did not have an EDC dedicated half-cent Sales Tax Option, which is called a 4A and 4B, like almost all of the other cities and counties in this State. So we established an EDC for a few years, and even though the private sector wanted it, it could not sustain itself because of limited and sometimes divided government support, but at least the tourism industry thrived, and the Chamber, through its Tourism Development Council, has done a great job of expanding tourism. That tax now funds a comprehensive advertising strategy and supports many of our local attractions and events, the Convention Center and other facilities,

all of which are vital to our community. The hotel/motel tax revenues now total 1.5 million dollars annually and helps support eleven hundred jobs for our county. Initially local motel and hotel owners opposed this tax, but it didn't take them long to see the benefits of an organized approach to tourism marketing and promotion, but after we experienced Harvey, we realized that we could not survive and prosper as a community on tourism alone. This community was knocked to its knees in so many ways, and that was a huge wake-up call. In addition, each of our governmental entities are now dealing with lower tax base, infrastructure issues, housing for our residents, loss of buildings, businesses, loss of students in our schools, loss of jobs, etc. We desperately need a more diversified economy here, which would be a rising tide that could raise all of the ships, while positively impacting everyone and all of the entities, including the school district. So you might be wondering, why would organizing an EDC be any different this time around? There are several reasons which positively improve our chances, in my opinion. I've had the pleasure of representing Aransas County on the Coastal Bend Disaster Recovery Group Board since Harvey, as a part of the County's Long Term Recovery effort, and by the way, that that organization has resulted in the rebuilding and replacing of almost two hundred homes for many of our most needy citizens, and it continues, but that's not the point. In that roll, I witnessed first-hand how all of the local entities' leaders worked together putting politics aside in our recovery efforts, and I look forward to seeing that collaboration continue. The Local Government Corporation is simply the same entities whom I trust will continue this recovery, rebuilding, and expansion of our economy in a coordinated fashion. Also, I see a Silver Lining in the Hurricane

Harvey cloud because it has given us a second chance to get the EDC right this time. With unanimous support of all of the entities, we have a well thought out, comprehensive, Long Term Recovery plan and an implementation team, and the private sector and the public sector funding is still available because of Hurricane Harvey, but probably not for an unlimited time. Not long after Harvey there were numerous public meetings--think tanks, workshops, focus groups, most lead by professional facilitators, and we can account for at least twenty of these group sessions, but one of the highest priorities recommended by the professionals and the Long Term Recovery Team was that of establishing an EDC to coordinate a one-stop shop Clearing House to facilitate a more efficient economic development initiative, one that is in sync with what the communities want. There are over 700 EDC's in Texas alone, many of them around us, close by, probably not every one of them is effective, but we have to be able to compete with these communities, most of which have an established tax funding source, which we don't have. Again, Hurricane Harvey has given us a second chance. The LGC structure will serve as a conduit or a pipeline where far from the Governmental Entities, supplemented by private donations and grants flowing through to the C6 EDC for implementation once policy and objectives are approved, will result in a more diversified economy improving the quality of life for all of our citizens. Today you are going to hear more from our Long Term Recovery Specialist, Kim Foutz, and others about how all of this works. Like Commissioner Casterline pointed out at the last meeting, the County has already approved the LGC months ago. All that is left now, in order for the County to have a seat at the table and join the other three entities, is the approval of the revised LGC documents which are clearly more favorable to the County than

the original set of documents. The EDC can move forward without County support, but we strongly prefer that all entities be at the table in helping this public/private partnership to move forward, all together in moving our communities forward. In summary, the primary purpose of the Local Government Corporation is to provide a tax advantaged vehicle to combine public and private funding as a conduit to the EDC and implement approved programs and strategies. This will also lessen the burdens of already strapped governments by creating a larger and more diversified tax base and more local jobs for the benefit of all residents in this area. Finally, this will be achieved by assisting with planning, identifying potential partners, and managing projects and will promote and encourage employment, workforce development, business retention, business recruitment, and overall economic development. Again, we appreciate the opportunity to clarify and provide better communication on some of the questions and concerns which had surfaced. Today we will hear more from some of our other speakers who are some of the more important stakeholders in this County. Thank you.

Kim Foutz went over her power point. **(See Insert)**

Numerous members of the community voiced their support of the EDC and the proposed C6. Some voiced concerns, one voiced his opinion that it should be put before the voters on the next county-wide ballot. One stated that she is a private, non-business owner, non-retired citizen, and is concerned about how this is going to affect the private citizen. How does it benefit the private citizen? She stated that as tourism increases, property values go up and up, and stated "You're going to provide affordable housing? We are not Port Aransas, but we're going to be if things keep going the way they are".

Kim Foutz went over the written questions submitted by attendees:

1. Funding EDC Corporation?

Kim: For the Local Government Corporation there is no half cent sales tax. Currently the pledges, in the documents that were approved, were \$12,000 for the County and the City of Rockport, \$2,500 for the Town of Fulton and the Navigation District. For the C6 Corporation, there are pledges from the Chamber of Commerce, the Local Government Corporation that I just described, the Chamber Foundation, Leadership Aransas County, and then the initial memberships and the memberships that occur over time.

2. What has the success rate been with the EDC, why do you have to pay to have a vote, where is the accountability?

Kim: I don't have any empirical data about successes. That is to each community to define their goals and whether it was successful or not in meeting their goals, so I can't specifically answer that. The accountability though, in the contracts, the LGC and the C6 are going to have performance metrics. They will be required to report on those metrics and required to do quarterly reports, which is far more often than what I've seen in other communities, and also I think it is important to note that the LGC can cancel, and the individual sponsoring entities have a 90-day written notice cancellation, so any entity that is unsatisfied by the performance made by the C6 can cancel their contract.

3. How many EDC's are structured the way this EDC is with private funding and membership? **Kim:** I mentioned earlier, the LGC is a unique aspect of this because we can't have a 4A or 4B Corporation, it's what is provided for in the code--there is a

list of these corporations on the Chamber website. I did a quick look on the internet, and there is a directory and I counted 180 for private funding corporations.

4. When were the bylaws of the EDC made available to the public?

Kim: That's a private corporation, so those bylaws have just recently been developed. On the Local Government Corporation, I looked quickly and it looks like it was probably around March of this year.

5. As a private working non-business owning resident, how will the LGC benefit me? **Kim:** We kind of talked about that extensively, so I'm going to leave that.

6. This question was directed toward Mr. Jackson, not sure what you want to do with that Judge. The question is: How do you qualify who is an important stakeholder and who is not? **Judge:** I think that can be answered--anyone that wants to join is as important as anybody else. **Kim:** So I think one of the important things too is, there is a 4A which deals with more basic industry type corporations. If you look on the State Comptrollers website, you've got the 4B that specifically works on quality of life projects and how that is an appropriate use for that sales tax, so I think it's important to say, it's not just about recruiting businesses, it's not just retaining a business, but it's also the quality of life issues, which means everybody is a stakeholder.

7. There are two here: "As recent as two weeks ago, Mrs. Probst showed Andrew Kane's C6 membership dues as \$10,000, \$5,000, \$2,500--why has it changed to \$1,000?" and I also have one that says "I was at the Rockport City Council meeting that voted on this specific information in regards to the membership as well as other things given at the meeting is not the same as the

information given today--why has the City of Rockport not been back briefed on these changes?" **Kim:** Specifically, I think most of this is related to the membership dues, and I will ask Mrs. Probst to address this more specifically, but it's my understanding that dues had never really been set. That's still a work in progress, that's something that is set by the board after they meet and they set those policies by resolution. However they listened, and that's what this is all about. It's a format so that we can listen and work together to be able to solve the problems and meet the needs, and when these type of corporations are flexible enough, that's what they are here for, they are here to listen and adjust the policies accordingly, and I'll turn it over to Diane.

Commissioner Casterline: I have a question. The LGC is the one that has the authority to sign an agreement with the C6, am I right? So, if the LGC doesn't like the Bylaws at the time it's presented to them, they can say either change them or we're going to find somebody else to do the job. **Kim:** Absolutely.

Judge Mills: Ok Diane, it's your turn.

Diane Probst: Just to add to that, the Board of Directors will set that structure. They will meet in January, and that's the time when everybody can give their input and become members and all of that, so the Board makes that final decision.

8. How will citizens be represented on the EDC board? **Kim:** So the structure of the Board--the County, the Town, the City, and the Navigation District--all have appointments on the C6 Corporation, that does not have to be a Governmental Official, although you all represent citizens so that's one form, but you also can put just an individual citizen, a business rep, whatever

is the pleasure of the Commission and the other entities. So there are four spots on there for general that they are not paid--they are covered, their memberships are paid by the sponsoring entity participation. There are also official spots on the C6 that are also designated, for instance the Judge, and he represents the citizens as well, and then finally the memberships that we talked about.

9. If the C6 served the LGC via contracts, then what is the purpose of the solicited paid voting memberships, what will they be voting on if there is a contract? **Kim:** I think one of the things that we lose sight of about a C6 and a non-profit, having memberships creates volunteerism and so by having a membership they become a pool of individuals with interest in expertise, and that's part of what we need, we have to have a mechanism to get our citizenry continued involvement. We also talked about the fact that there is lack of funding right now so the memberships are needed as well.
10. Can members of the EDC receive economic incentives? **Kim:** I wanted to answer that in a couple of different ways. First of all, incentives are not dictated by the C6, that's a local government decision, and so you will be defining the policy, you will be defining who is eligible and who's not. So, that's the primary answer. In addition to that, there are some conflict of interest provisions in the Bylaws for the C6 that are significant and address the financial and non-financial perceived or actual conflict of interest, and then in regard to the LGC, the LGC is subject to the Local Government Code 171 and everyone will have to follow State Law and all of the disclosures associated with that.

11. Does the LGC, EDC, C6, have a sunset clause and what does it entail? **Kim:** There is a provision in the LGC that says, upon 90 days written notice a sponsoring entity can terminate.
12. To confirm, my tax dollars will be funneled into a C6 Private Corporation. If this is true, I do not support it as a taxpayer. I do not want my money going into a private corporation. Are there paid positions on either of the organizations? **Kim:** The way that it is structured right now is, if you read the LGC, it physically does allow for employees, they are not contemplated at all, that's just what you do when you set up a basic corporation. What's contemplated is that the LGC will contract with the C6 and your other corporation in order to provide services so there is no need for employees for the LGC.
13. If we already have a Chamber of Commerce and they are a C6, why do we need another in this county? Is the Chamber getting tax money as well? **Kim:** I'm going to let Diane answer that question, because I don't know all about how your organization is funded. **Diane Probst:** The tax money that the Chamber receives is through the Hotel/Motel tax for the marketing of the community, putting heads in beds. Right now we are currently not receiving any general fund tax dollars for the Economic Development effort. We had in the past, but not at this time. **Kim:** So the answer is they could not use those funds for the general purposes for which we are talking about for Economic Development. It must be heads in beds, and she is accountable to that by State Law.
14. As tourism business increase property values increase, how is this going to help obtain affordable housing? **Kim:** So that is going to be something that the LGC experts are going to need to talk about. In our Economic Development Plan and in our Long Term Recovery Plan, it was outlined that the affordable housing

is important and is part of our overall economy, and so I would anticipate that there is going to be some form of work load associated with that, but that will be determined in the future when those workshops occur.

15. Is there anyone here who is not a business owner, spouse of a business owner? Where is the voice of the private non-retired citizen? Early on these workshops were advertised towards business owners, and now most meetings are scheduled during working hours. **Kim:** That's all I've got.

Commissioner Laubach: Read letter from a neighbor in Precinct 4 who has experience with an EDC in a California County. This EDC started over 40 years ago with a single director in a shared staff position costing tax payers about \$50,000 a year, they began as well-intentioned leadership efforts to bring business and industrial development to the community, but over the next four decades it morphed into four subsets with a staff of least 12 people, a budget of over 2 million, and offices covering 4,000 sq. ft. At the same time, growth in that community slowed mostly, in the writer's view, because municipal, county, and state regulations strangled growth. He felt that the EDC's efforts were not actually causing growth, but that some growth did happen eventually through tourism and natural circumstances, natural resources, which is a lot like what we see here, so in summary he hopes the county won't approve this. I just want to say that we would all like to see jobs and prosperity, but I don't know that there is that much agreement community-wide at least, maybe in this group, where growth comes from and I've heard several comments to the effect that we can't trust the market to create growth, and I hear you because the market's not perfect and we are all disappointed sometimes. The problem is

I've never seen an alternative to a market that actually produced growth. Every time that I hear that we are going to do planned growth instead, centrally planned economies, I can only say Cities, States, and even Countries that rely on centrally planned economies, they always sound good, but they don't produce growth. I've never seen it happen. On the other end, we've heard from several dozen people, most business people, all seem to be incredibly supportive of this proposal. You know, I'm personally skeptical and I can't support it, but I hear what you guys are all saying, and you all seem to want it.

Commissioner Smith: I think we've got growth headed our way. If you look at what's going on to the South of us, related to the Port of Corpus Christi, growth is going to head our way, and it's up to us to make sure that the growth is done with community benefits in mind. I support the EDC movement because it gives us a seat at the table, and we do have a say about how that growth is managed and what it does for our community. I think we'd be sticking our heads in the sand if we didn't look at it from that stand point. And while we are at it, we're talking about \$29,000. Does anybody here think we can put on a really good EDC initiative for \$29,000. In my way of thinking, we are underfunded and have been for a long time. I hear the business community, where we are now, but once we get past that second year where some of the construction has already been depleted, I can assure you that there is going to be a lot more construction go on, and if I had my way we would be starting on it today, but having to deal with over 20 different governmental agencies and every one of them have their own rules. I sat in a meeting this morning with the Long Term Recovery team and the

frustration of having to deal with these folks, but that's where our money is coming from, and I can tell you, hopefully within this year, we'll start building, what do you think, Judge, \$30 million worth of projects in here which will bring construction folks into our community and they will fill up our hotels and eat at your restaurants, so I do feel your pain, but I think we have to be proactive.

Commissioner Chaney: We are in an opportunity where we can drive down 35 Bypass and look at billions of dollars that has come into the community that was not here 10 years ago. I'm sure Kevin in his position is looking at the growth issues, things that are coming up. I know that Aransas Pass has started looking at that very closely, but the growth is going to come, whether we try to keep it planned or whether it just goes chaotic and chaos is not what we want--it is not in the best interest of anybody. We need to have a vision, and I think we are developing a vision, this is not just saying we want growth to come in, the vision is we want to put kids in school. I want my family, and my grandchildren, and their families to be able to live in Rockport if they choose to, and we have that opportunity and it's going to come. Whether or not we do it and do it right, or not, we Commissioners and the City Council, we have input in this stuff, but it takes the boots on the ground to do this.

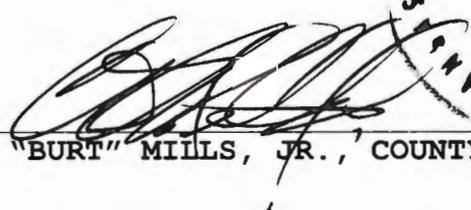
Commissioner Casterline: We have multiple safeguards that are in this. Each entity has 90 days that they could get out of it. If we don't like our representatives that we put on the LGC, the City, the County, we could take that person off, so...

Judge Mills: There was a lot of good thought that went into this and a lot of hard work. The County has spoken and they want

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something to happen and happen now. A lot of good input, and a lot of different sources. I appreciate everybody coming today, it gave everybody a new outlook I hope, and with that, I'd ask for an adjournment.

No further business presenting, the Court adjourned at 3:43 p.m. on a motion made by Commissioner Smith and seconded by Commissioner Casterline.



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



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