

Minutes  
Regular Meeting  
Bellville Economic Development Corporation

Date of Meeting: September 1, 2016  
Time of Meeting: 5:00 P.M.  
Location: Council Meeting Room, Bellville City Hall  
30 South Holland St., Bellville, TX 77418

1. Call to Order, Invocation and Pledge
2. Roll Call and Certification of Quorum **Present: Bob Buckner, Pat Burns, John Moore, Paul Jones, Clark McKinley, Bruce Harrison, Danny Jacob. Quorum certified.**
3. Consideration and Action to Approve the Agenda as Posted **Mr. Jacob motion to approve, Mr. Jones 2<sup>nd</sup>. Motion approved unanimously.**
4. Public Comment (3-Minute Remarks of Speakers who have completed Sign-in Sheet) AND Receipt of Grant Applications **Receipt of Grant application for Storefront sign grant from Compassionate Care Hospice. Application to be considered at next meeting.**

**Public comment: Nancy Dornon from the Chamber of Commerce spoke in support of the hotel development agreement. She said after the story hit the paper, she was contacted by a local woman who wanted to book rooms for 80-100 people for a family event. When told it would be two years before a hotel could open, the woman said she had the event every year, and was still interested in booking. Ms. Dornan said that Newton Boriack from the Lions Club visited with her and spoke of how helpful a hotel would be for Lion's events such as SaengerFest, the MS 150 and Lion's Den. The new owners of Emery's Buffalo Creek told her they had lost several wedding bookings because of the lack of a hotel.**

**Steven Jackson spoke on behalf of the Austin County Fair Board. He said the board was in favor of a hotel, and spoke of how it would help with their year-round events. He talked about the need for rooms during the Fair, but also during Steer and Heifer shows, college fairs, and weddings that are booked for the Fairgrounds. He showed artist drawings of a proposed Entertainment Center that could be used for festivals and concerts. He estimated festivals would bring in 6,000 visitors, and concerts up to 12,000.**

**Tammy Bond spoke on behalf of herself and Woodman of the World. She said that when family visits they have no place locally to stay. She also said there are many bookings at the Woodman camp just north of Bellville, and many guests have requested a local hotel.**

5. Questions and Comments from Board Members (discussion is limited to statements of policy or statements of factual matters, or the request that a matter be placed on the next meeting's agenda). **John Moore updated the board on several issues. He said the City Council had approved the EDC budget. Also GIS had agreed to cut the contract for the website by half, saving \$5,300. There should be an immediate rebate. He said the site had 1,000 searches last year, and wanted to work with the Chamber on improving the site in the future. He said that Sealy has formed a Tourism Commission to attract tourists, and he attended their inaugural meeting. He presented a study by the State showing that Austin County received \$39 million dollars in direct tourist spending, which lags behind most of the surrounding counties. Also he attended a meeting with San Bernard electric, which is considering partnering with an IT company to build a high speed, wireless network.**
6. Consideration and Action to Approve Minutes of Previous Meeting held. **Mr. Jones motion, Mr. McKinley 2<sup>nd</sup>. Motion approved unanimously.**
7. Consideration and Action to Approve Treasurer's Report, Payment of Outstanding Bills, and Investments. **Mr. Jacob presented report. Total current assets are \$756, 671.16. Sales tax collections for the month were ahead of budget at \$28,702.36. Bills presented for payment were \$256.45 and \$50.73 to the City of Bellville for utilities, \$580 to Glasco & Co for monthly lawn maintenance, and \$250 to LeAnn Luedeker for monthly contract. Mr. Burns motion to approve report and pay bills as presented, Mr. McKinley 2<sup>nd</sup>. Motion approved unanimously.**
8. Consideration and Action as needed on Bell Street redevelopment. **Bob DeForest gave update. He said the project is almost complete, and would have been finished if not for recent rains. He showed pictures of the work so far. He submitted pay application #3 for \$62,466.48 and recommended it be approved. Mr. Burns said he had heard concerns from the tenant in the Hord building that a tree to be planted in front would block visibility to her shop. It was agreed to look at options for planting there and discuss it with Mr. Buckner and the tenant. Mr. Burns made a motion to approve pay application #3, Mr. McKinley 2<sup>nd</sup>. Motion approved unanimously.**
9. Consideration and Action as needed on generalized term sheet with Oldham-Goodwin Development LLC. on prospective hotel development. **Mr. Moore presented the Generalized Term Sheet agreement with the Oldham-Goodwin Development, LLC for a possible hotel. The agreement among calls for a contribution from the EDC not to exceed \$300,000 which includes the cost of City Construction permits, utility connection fees and funds to cover select infrastructure construction costs. The agreement also covers events of default, right of first refusal in case of sale, non-compete for funding other hotels and a confidentiality clause. Mr. Moore said the sheet was non-binding, and would serve as the basis for future negotiation, and allow the developers to begin soliciting investors. He said it had already been approved by City Council.**

**Mr. Harrison said he was opposed to the agreement. He didn't think the hotel would succeed and didn't think it would attract enough business. He was worried**

that the occupancy rate needed for success was too optimistic. He pointed to research he had done online for competing cities, showing available rooms and lower prices. He felt the market research done by a consultant for the developer was too optimistic, and felt that Bellville would be stuck with an empty White Elephant on one side of town. He said the EDC would be taking on \$1 million worth of cumulative debt with this deal, inhibiting future deals. He felt that we should not commit to the possibility of forfeiting over \$1million of the city's HOT taxes to the hotel developer until we had actually seen/studied examples of similar statutorily authorized promotional programs (SAPP) that have been successfully produced and administered by Oldham/Goodwin. Also, that the performance summary presented to the city council on July 19th (and subsequently printed in the Bellville Times) did not clearly explain some important assumptions buried in the formulas. For example, that it would be necessary to attract hundreds of hotel guests each week (an average of 42 paying guests every day of the year) in order to achieve the touted \$733K target income within ten years, and wasn't in favor of a 15 year non-compete. He said he felt if a deal were to happen, payment should be made based on hitting targets, not paid upfront. He said he respected Mr. Goodwin and his partner, and respected the opinions of those who had spoken in favor of the project, but could not support it.

Mr. Burns said he was in favor of the agreement, and felt it was a good deal that would protect tax payer's interest. He pointed out that \$50,000 of the funding would be going from the EDC to the City to cover permits and fees. The remainder would be going to specific infrastructure involving the hotel, not just giving a check to the developer. He agreed there was risk in any project, pointing to the biggest programs the County had been involved in, the Wal-Mart distribution center and the BAE plant. One of those had worked, the other had failed. But he said both of those had abatements, that delayed tax payments. In this deal he said the developer would begin paying property taxes and sales taxes immediately at the full rate. Also the Hotel would be a large consumer of City utilities. He also said this did not put the EDC into debt, because it was consistent with the Board's philosophy of pay as you go, that the Board could write a check to cover the project today, and not endanger any other projects. He said the board had long identified a hotel as vital to the success of bringing tourism to Bellville, and that the expansion of events and festivals were dependent on a quality hotel. He said that this was just one step in the project, that the developer would still have to secure a site, and substantial local investment. But that the private investors were risking more than the taxpayers, and if they were comfortable risking their own money, they would have to believe the hotel would succeed.

Mr. Moore discussed how a marketing agreement would work, saying that the developer had to submit a plan and have it approved by the EDC. That money could include direct grants to support events. The City will collect and retain a 7% HOT, the Hotel Owner may submit invoices to the City for reimbursement of expenses directly related to the agreed upon and established Annual Marketing Plan then in effect, in cumulative values not to exceed the HOT collected by the City from the Hotel. During the last eight years of the HOT Reimbursement Agreement, the value of the respective Annual Marketing Plan(s) is limited to \$100,000. The Hotel Owner

gets to keep 1% of the HOT collected (one penny out of each dollar) to help cover the administrative expense of collecting, recording and reporting the HOT. He presented a spread sheet showing such a project would be valued at around \$5.5 million, and would generate approximately \$116,000 a year in property taxes for the County, City, Schools and Hospital district. He said even if the hotel were to fail within 5 years, it would generate \$500,000 in property tax. He also annual utility purchases by the Hotel from the City would bring in around \$77,000.

Mr. McKinley also said he was skeptical of the occupancy figures, saying he thought the 65% rate from the consultant was too high, and didn't think the hotel would actually have 25 full time jobs. Mr. Moore said he had received permission from the developer to discuss certain parts of the study. He said research had found that in the competing cities of Sealy and Brenham there were 482 similar rooms, and that average occupancy over the last 5 years for 8 hotels had been 62.4%. Growth was expected at 2.5% per year. He also discussed the dynamic rate structure that should yield an average of \$112 a day per room.

Mr. Burns said it was also encouraging to him that a Bellville native, Mr. Goodwin was involved in the project. He said it was unlikely to find any other group that would have a direct tie to the City. Mr. Burns made a motion to approve the Generalized Term Sheet, Mr. Buckner 2<sup>nd</sup>. The motion was approved 5-1 (Buckner, Burns, Jones, McKinley & Jacob in favor, Harrison opposed). After the vote, Mr. Burns said he was open to discussing performance targets as suggested by Mr. Harrison.

Mr. Moore said the next step would be to work with our attorney to fashion a Performance agreement and a HOT tax agreement with the developer. He said if everything went well a hotel could be up and running by Fall 2018.

10. Consideration and Action as needed on renewal of Chamber of Commerce independent Contractor and marketing & promotion agreement. Mr. Burns presented the contracts, which he said were identical to last year's agreement except for dates and a reduction in the amount of the marketing agreement to \$25,000. Cameron Slater gave an update on the Chamber's marketing work, reviewing the efforts so far. The current balance in the marketing account was \$12,061.54. They were reviewing the way they place online ads, they were happy with the work of the agency hired for the work, but were discussing hiring someone part time in house. It was pointed out in the contract that there were conflicting numbers cited, and it was agreed to make the number consistent with the budget (\$25,000). Mr. Burns made motion to approve the contracts with the changes, Mr. Jones 2<sup>nd</sup>. Motion approved unanimously.
11. Consideration and Action as needed on signage for Downtown Square parking. Mr. Jacob had begun researching the needs for the signs. He and Mr. Jones had talked with the City Attorney, who said that each spot did not need to have a sign, only that any signage be consistent with the law that it be clearly marked. Mr. Jacob had talked with other cities about their projects, and presented examples from Huntsville. He also presented a map of the Square, indicating where possible signs should go. It was agreed that he would talk with Shawn Jackson about possible

**signage sources and costs. No action needed.**

12. Executive Session under Govt. Code Sec. 551.071, 551.072 and 551.087 to discuss legal matters with attorney, real property negotiations, and/or economic development negotiations. **None**
13. Action on matters considered in Executive Session.
14. Adjournment. **6:34**