



# City Council Agenda Item Report

June 18, 2013

## Agenda Item No.

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**SUBJECT: Deliberation and possible action concerning approval of a Memorandum of Understanding between the City of Buda and Buda Economic Development Corporation in relation to human resource services.**

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**1. BACKGROUND/HISTORY**

The Buda Economic Development Corporation was established by voter approval in May, 2001. Among the many duties performed by the newly appointed Board of Directors was the development of a Memorandum of Understanding (MOU) with the City of Buda detailing the structure and administration of the compensation package for the Executive Director and Staff of the Corporation. The Development Corporation Act of 1979 as contained in the Texas Revised Civil Statutes 5190.6 permits economic development corporations to contract with the governing municipality for human resource services.

**2. FINDINGS/CURRENT ACTIVITY**

The EDC Board directed staff to submit the current expired MOU to EDC Board Attorney, Mr. Monte Akers in February 2013 for updating/revision. The revised MOU was then forwarded to the City attorney in March 2013 for review and revision. The City added Section 2 (a) which states:

**Section 2. Corporation Obligations.** In consideration of the City's obligations, the Corporation agrees to provide the following:

(a) The Parties mutually agree that the value of City staff time dedicated to performing its obligations is \$3600.00 per year. Therefore, the Corporation shall pay the City \$300.00 each month during the term of this Agreement. The City shall deliver a monthly invoice to the Corporation, which the Corporation agrees to pay within thirty (30) days of receipt.

The Buda EDC Board met in regular session on June 6, 2013 and approved the revised MOU and the fee will begin at the start of the 2013-2014 Fiscal Year.

**3. FINANCIAL IMPACT**

**4. ACTION OPTIONS/RECOMMENDATION**

Buda EDC recommends approval.

## **MEMORANDUM OF UNDERSTANDING**

**WHEREAS**, the City of Buda, Texas (hereinafter referred to as the "City"), and the City of Buda 4B Corporation (hereinafter referred to as the "Corporation") have joint and mutual interests in the economic development of the City of Buda; and

**WHEREAS**, the parties have determined that it is necessary and desirable to employ a Director of Economic Development (hereinafter referred to as "Director"), and other staff, who shall be employees of the Corporation; and

**WHEREAS**, the Corporation does not have sufficient resources to administer the compensation package to be paid to the Executive Director and the staff, further the City has sufficient resources to administer the compensation package; and

**WHEREAS**, the City has determined that it would be a direct benefit to the citizens of Buda and enhance the economic development of the community for the City to administer the compensation package for the Director of Economic Development, and staff; and

**WHEREAS**, the Corporation was incorporated pursuant to the Development Corporation Act, Chapters 501-507 of the Texas Local Government Code, as amended; and

**WHEREAS**, Section 501.067 of the Texas Local Government Code generally provides that the City and Corporation may provide health insurance benefits coverage, liability coverage, worker's compensation coverage, and retirement benefits to employees of the Corporation; and

**WHEREAS**, Section 501.007 of the Texas Local Government Code generally provides that the City may not lend its credit or grant any public money or thing of value in aid of the Corporation.

### **NOW THEREFORE THE PARTIES AGREE AS FOLLOWS:**

**Section 1. City Obligations.** In consideration of the Corporation's obligations, the City agrees to provide the following:

- (a) The City shall administer the compensation package for the Director of Economic Development and staff employed by the Corporation. Further, the City will include the Director and staff in its various insurance programs, and provide other compensation, as approved by the Corporation and City. The City shall file all state and federal tax reports as may be required from time to time, and shall make all necessary payroll withholdings and deposits.

**Section 2. Corporation Obligations.** In consideration of the City's obligations, the Corporation agrees to provide the following:

- (a) The Parties mutually agree that the value of City staff time dedicated to performing its obligations is \$3600.00 per year. Therefore, the Corporation shall pay the City \$300.00 each month during the term of this Agreement. The City shall deliver a monthly invoice to the Corporation, which the Corporation agrees to pay within thirty (30) days of receipt.

**Section 3. Term.**

- (a) This Agreement shall be for a period of two (2) years from the effective date of this Agreement, subject to the terms of this Agreement, the Bylaws of the Corporation and state law.
- (b) The City and Corporation may mutually extend this contract, at any time, under its current terms or renegotiate a contract containing additional or different terms.
- (c) This Agreement may be terminated at any time by the City or the Corporation. Termination shall be effective sixty (60) days after delivery of Notice of Termination.

**Section 4. Miscellaneous Provisions.**

- (a) This Agreement has been duly and properly approved by each party's governing body and constitutes a binding obligation on each party.
- (b) This Agreement embodies the entire agreement between the parties and may only be modified in a writing executed by both parties.
- (c) The provisions of this Agreement are severable. If any paragraph, section, subdivision, sentence, clause, or phrase of this Agreement is for any reason held by a court of competent jurisdiction to be contrary to law or contrary to any rule or regulation have the force and effect of the law, the remaining portions of the Agreement shall be enforced as if the invalid provision had never been included.
- (d) This Agreement shall be construed in accordance with the laws of the State of Texas and venue for all purposes hereunder shall be in Hays County, Texas.

**APPROVED BY THE CITY COUNCIL OF THE CITY OF BUDA, TEXAS**, in its meeting held on the \_\_\_\_\_ day of \_\_\_\_\_, 2013, and executed by its authorized representative.

**CITY OF BUDA, TEXAS**

\_\_\_\_\_  
Todd Ruge, Mayor

ATTEST:

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Danny Batts, City Secretary

**APPROVED BY THE CITY OF BUDA 4B CORPORATION** in its meeting held on the \_\_\_\_\_ day of \_\_\_\_\_, 2013, and executed by its authorized representative.

**CITY OF BUDA 4B CORPORATION**

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Sandra Tenorio, President

ATTEST:

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Lisa Saucedo, Secretary