



City Council Agenda Item Report

March 5, 2013

Agenda Item No.

Contact – Mandy Shaw, Buda EDC, 295-2022

admin@budaedc.com

SUBJECT: Deliberation and possible action regarding Approval of the Performance Agreement between the Buda EDC and CSI Printing.

1. BACKGROUND/HISTORY

The BUDA EDC proposes to enter into a performance agreement with CSI Specialists, Inc. whereby CSI agrees to relocate to Buda, to make at least \$150,000 in improvements to its facility and to bring full time jobs to the City, beginning with 49 by January 1, 2014 and 57 by January 1, 2018. The incentive offered to CSI by the EDC is \$75,000 for the improvements.

2. FINDINGS/CURRENT ACTIVITY

State law requires that the City Council approve this project, and as of April 1, 2009, Sec. 505.158(b), Local Government Code, requires that its approval of a project costing more than \$10,000 undertaken by an EDC of a City of 20,000 or less be accomplished by adoption of a resolution by the City Council after giving the resolution at least two separate readings.

3. FINANCIAL IMPACT

\$ 75,000.00

4. ACTION OPTIONS/RECOMMENDATION

Buda EDC recommends approval of the Performance Agreement and first reading of the resolution, with second reading to be on the Council's agenda for March 5, 2013.



City Council Agenda Item Report

March 19, 2013

Agenda Item No.

Contact – Mandy Shaw, Buda EDC, 295-2022

admin@budaedc.com

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1. BACKGROUND/HISTORY

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Buda EDC recommends approval of the Performance Agreement and first reading of the resolution, with second reading to be on the Council's agenda for March 5, 2013.

RESOLUTION NO. _____

A RESOLUTION OF THE CITY OF BUDA, TEXAS, APPROVING A PROJECT OF THE BUDA ECONOMIC DEVELOPMENT CORPORATION, TOWIT: A GRANT OF \$75,000.00 TO COMMUNICATIONS SPECIALISTS, INC. FOR CONSTRUCTION OF IMPROVEMENTS IN CONSIDERATION OF ITS BRINGING FULL-TIME PRIMARY JOBS TO THE CITY AND MAKING PARTICULAR IMPROVEMENTS; COMPLYING WITH SECTION 505.158, TEXAS LOCAL GOVERNMENT CODE; PROVIDING FOR TWO SEPARATE READINGS; OPEN MEETING READING AND ADOPTION, AND AN EFFECTIVE DATE

WHEREAS, the Buda Economic Development Corporation (EDC") is a Type B Economic Development Corporation; and

WHEREAS, Section 505.158, Texas Local Government Code, which became effective April 1, 2009, requires that a Type B Corporation authorized by a city with a population of 20,000 or less that approves a project requiring an expenditure of \$10,000 or more may not undertake the project until the governing body of the city adopts a resolution authorizing the project after giving the resolution two separate readings; and

WHEREAS, the Board of Directors of the EDC has approved a project whereby a business known as Communications Specialists, Inc. has agreed to locate a facility in Buda, to make improvements in the amount of \$150,000 to such facility, and to bring up to 57 primary jobs to the City by January 1, 2018; and

WHEREAS, the EDC has agreed to contribute up to \$75,000 to Communications Specialists, Inc. for the purpose of making such improvements on the condition that such jobs are created; and

WHEREAS, the City Council finds the project will promote new or expanded business enterprises in and near the City of Buda; and

WHEREAS, the action authorized by this Resolution is in furtherance of the public interest, for the good government, peace, order, trade and commerce of the City and necessary and proper for carrying out of the authority granted by law to the City and the EDC;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BUDA, TEXAS, that:

1. The City Council hereby finds that the statements set forth in the recitals of this Resolution are true and correct, and the Council hereby incorporates such recitals as a part of this Resolution.

2. The project approved by the Board of Directors of the BUDA EDC, being the payment of \$75,000 to Communications Specialists, Inc. in return for the bringing of primary jobs and construction of improvements, as described above, is hereby in all things approved and authorized.

3. This Resolution shall take effect immediately from and after its passage at a second separate reading.

4. This Resolution is read and adopted at meetings that were open to the public and notice of the time, place and purpose of said meetings was given as required by the Open Meetings Act, Chapter 551 of the Texas Government Code.

READ AND APPROVED by the City Council of the City of Buda, Texas at first reading on the ____ day of _____, 2013.

READ AND ADOPTED by the City Council of the City of Buda, Texas at second reading on the ____ day of _____, 2013.

CITY OF BUDA, TEXAS

Todd Ruge, Mayor

ATTEST:

Danny Batts, City Secretary

[seal]

PERFORMANCE AGREEMENT

This agreement is entered into the ____ day of _____, 2013, by and between the Buda Economic Development Corporation ("BEDC"), a 4B Corporation, and Communication Specialists, Inc. ("CSI"), a corporation (Agreement).

WHEREAS, CSI proposes to relocate into the City of Buda, which will create new primary jobs and provide economic benefits to the Buda community; and,

WHEREAS, CSI's relocation into the City of Buda will require significant expenditures of funds; and,

WHEREAS, the parties hereto desire to enter into this Agreement whereby BEDC will provide a cash incentive to CSI in exchange for CSI's agreement to maintain primary jobs and develop additional primary jobs in the City of Buda.

Now, in consideration of the mutual covenants and agreements contained herein, the parties hereto agree as follows:

1. BEDC will provide a cash incentive ("the Incentive") to CSI in the amount of \$75,000.00 to assist in its relocation into the City of Buda. This incentive will be used exclusively for the purpose of making property and infrastructure improvements on a facility located in the City of Buda (the "Facility"). The Incentive will be payable to CSI within thirty (30) days of CSI providing all of the following to BEDC:

- i. A written and notarized statement that CSI has begun operations at the Facility;
- ii. A copy of an executed a lease on the Facility having an effective date of no later than March 31, 2013 and with a term of not less than ten (10) years; and
- iii. A copy of the certificate of occupancy issued by the City of Buda for the Facility effective no later than March 31, 2013.

2. CSI agrees to make at least \$150,000 in improvements ("Improvements") to the Facility by December 31, 2013. Improvements may include equipment, personal property, and/or facility improvements. CSI shall furnish the BEDC receipts and/or other documents which conclusively establish expenditures in the amount of \$150,000 on the Improvements by January 15, 2014. Failure of CSI to comply with this section shall be a breach of this Agreement and CSI shall be obligated to re-pay the entire \$75,000.00 Incentive within thirty (30) days of receipt of written notice from BEDC.

3. For the purpose of this Agreement Full-Time Equivalent Jobs are defined as jobs that employees work a minimum of thirty (30) hours per week, or one thousand five hundred sixty (1,560) hours per year with an average wage of at least \$15.75 per hour. CSI agrees to employ at minimum forty-seven (47) individuals in Full-Time Equivalent Jobs until December 31, 2018. CSI further agrees to employ individuals for the following number of Full-time Equivalent Jobs during the term of this Agreement:

- i. By January 1, 2014 – forty- nine (49) Full-Time Equivalent Jobs;
- ii. By January 1, 2015 – fifty- one (51) Full-Time Equivalent Jobs;
- iii. By January 1, 2016 – fifty- three (53) Full-Time Equivalent Jobs;
- iv. By January 1, 2017 – fifty- five (55) Full-Time Equivalent Jobs; and
- v. By January 1, 2018 – fifty- seven (57) Full-Time Equivalent Jobs.

Board President: _____

Executive Director: _____

President, CSI: _____

4. CSI agrees to maintain a temporary workforce of a minimum of twenty thousand (20,000) hours of temporary labor at the facility in the City of Buda from January 1, 2014 through December 31, 2018 subject only to a reduction of two thousand eighty hours (2,080) for every Full-Time Equivalent Job added by CSI above the required amount as provided for in Section 3 of this Agreement.

5. CSI agrees that at least 50% of all Full-Time Equivalent Jobs over forty-seven (47) shall be filled by residents of the greater Buda area, and that at least 65% of the temporary workforce will be residents of the greater Buda area. For the purpose of this agreement the greater Buda area is defined as the following zip codes, 78610, 78620, 78640, 78666, 78676, 78619, 78373, and 78652. CSI shall provide an annual report to the BEDC detailing the zip codes of the home addresses of each of its full time employees and temporary workers. Such reports shall be furnished annually on or before the 31st day of March of each year for the years 2013 through 2018. If the annual average unemployment rate for Hays County falls below 4.5%, then CSI will be granted an exemption for that year.

6. CSI will provide annual reports to BEDC showing the number of Full-Time Equivalent Jobs maintained in Buda, and the total payroll paid. CSI will provide an annual statement from the contracting company, which provides temporary labor services, showing the number of temporary labor hours CSI utilized during the year. Such reports shall be furnished annually on or before the 31st day of March of each year for the years 2013 through 2018.

7. For any year in which the full time employment and temporary employment goals are not reached, then CSI shall re-pay the incentive to BEDC based on the following scale:

If CSI fails to maintain a minimum annual average of forty-seven (47) Full-Time Equivalent Jobs over the five (5) years from 2013 to the end of 2018, CSI will annually reimburse BEDC \$200 per employee per year below the minimum of forty-seven (47), with an annual maximum reimbursement of \$9,400 and maximum reimbursement of \$47,000 over five (5) years.

If CSI fails to meet the requirements of Section 3 of this agreement CSI will annually reimburse the BEDC \$1,500 per employee below the required minimum with a maximum reimbursement of \$15,000.

Should CSI fail to maintain the annual temporary workforce hours goals CSI shall annually reimburse the BEDC:

- \$2,600 if temporary workforce hours are below 10,000 hours
- \$1,300 if temporary workforce hours are between 10,001 and 15,000 hours
- \$750 if temporary workforce hours are between 15,001 and 19,999 hours

with an annual maximum reimbursement of \$2,600 and maximum reimbursement of \$13,000 over five (5) years. The above temporary workforce hour requirements shall be reduced proportionately as provided by in Section 4 of this Agreement.

8. In the event that CSI ceases operations in the City Buda prior to December 31st, 2018, then CSI shall re-pay the entire \$75,000 incentive, or balance thereof based on prior repayments. In the event CSI ceases operations in Buda prior to December 31st, 2023, CSI shall re-pay a portion of the incentive based on the following scale:

Cease Operations Before	% of Total Incentive to be Repaid	Dollar Value
December 31, 2019	50%	\$37,500
December 31, 2020	40%	\$30,000

Board President: _____

Executive Director: _____

President, CSI: _____

December 31, 2021	30%	\$22,500
December 31, 2022	20%	\$15,000
December 31, 2023	10%	\$7,500

Any payment required herein shall be paid by CSI to BEDC within 30 days of receipt written demand for such payment.

- 9. The maximum CSI would ever re-pay BEDC shall not exceed \$75,000.
- 10. **No Joint Venture** - Nothing contained in this Agreement is intended by the parties to create a partnership or joint venture between the parties.
- 11. The obligations of the parties to this Agreement are performable in Hays County, Texas, and if legal action is necessary to enforce same, exclusive venue shall lie in Hays County, Texas.
- 12. **Employment of Undocumented Workers.** During the term of this Agreement the CSI agrees not to knowingly employ any undocumented workers and if convicted of a violation under 8 U.S.C. Section 1324a(1), CSI shall repay any other funds received by CSI from the BEDC under this Agreement, plus interest at the annual interest rate of 6% from the date of violation until paid.

Dated the day and date first above written.

Buda Economic Development Corporation

By: _____
President

State of Texas County of _____
This instrument was acknowledged before me on _____ by _____ as _____ of _____

By: _____
Executive Director

State of Texas County of _____
This instrument was acknowledged before me on _____ by _____ as _____ of _____

Communications Specialists, Inc.

By: _____
Chuck Sack, President

State of Texas County of _____
This instrument was acknowledged before me on _____ by _____ of _____, a _____ corporation, on behalf of said corporation.
