



LGC/TIRZ Agenda Item Report

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Subject: Discussion and possible Action on payments to Cabela's from the Local Government Corporation.

1. Background/History

The City of Buda created the Dupre Local Government Corporation to be the issuer of the Bonds for Cabela's. Out of a \$36 million "public participation amount" \$31,750,000 of project costs would be financed for public infrastructure, utilities, the public museum facilities, and a percentage of common and parking areas. Bonds closed on August 27, 2004 with Wells Fargo as the Trustee. The \$31,750,000 is tax-exempt. After the bonds, there was a remaining taxable amount under a Development Agreement to be paid to Cabela's for \$4,250,000. The sources of payments come from 56% of the City's one cent sales tax revenue, and 85% of the EDC's half cent sales tax revenues collected within the Zone. The collection is split between the Bonds and the Taxable Obligation. The Bond payment is paid to Wells Fargo and the Taxable Obligation is paid directly to Cabela's.

2. Findings/Current Activity

During the 2010-2011 Audit, Cabela's was unable to provide confirmation of receipt of payments, or the remaining balance of the Taxable Obligation of \$4,250,000. Based on the finding, the LGC has been holding Cabela's portion of their payment in the Broadway account until Cabela's provides the required confirmation.

3. Financial Impact

Currently the LGC has paid Cabela's \$1,822,252.15, and \$121,176.68 is being held in the LGC's account until Cabela's can confirm receipt of all payments.

4. Action Options/Recommendation

Staff is looking for direction on a decision to continue to hold funds until confirmation is provided.