

MINUTES OF THE

COMMISSIONERS' COURT

SPECIAL MEETING - OCTOBER 2, 2018

On the 2nd day of October, 2018, there was a Special Meeting of the Commissioners' Court at the Aquarium Education Center, 706 Navigation Circle, Rockport, Aransas County, Texas, with the following members present: **Leslie "Bubba" Casterline**, Commissioner, Precinct 2 and Judge Pro-Tem; **Jack Chaney**, Commissioner, Precinct 1; **Brian Olsen**, Commissioner, Precinct 3; **Betty Stiles**, Commissioner, Precinct 4; and **Valerie K. Amason**, County Clerk.

Other County Officers present were **Kristen Barnebey**, County District Attorney; **Michael Geer**, Airport Manager; **John Strothman**, Pathways Project Manager; **Carrie Arrington**, Office & Contracts Manager for the County District Attorney's Office;

Long-Term Recovery: **Randall Freeze**, Long Term Recovery Specialist;

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

Kevin Carruth, Rockport City Manager;

Kevin E. Jamison, Director & Vice-President of Elsley, LLC, Residential/Commercial Housing Plans & Builder/Developer;

Jeffrey Dinger, Rockport Resident and Owner of the Northshore Cinema 8 in Portland, TX, and partner in the Alamo Drafthouse in Corpus Christi;

John Frew, President/Chief Executive Officer of the Frew Development Group, LLC, Denver CO;

Mark Uhr, Real Estate Agent, Residential & Commercial Real Estate Sales Operations, Land Development & Custom Homebuilding, Owner of Rockport Properties, Inc.

Mike Probst, Editor and Publisher of the Rockport Pilot Newspaper;

The Meeting was convened at **2:00 p.m.** at which time a quorum was declared by Commissioner Casterline, WHEREUPON, the following proceedings were had and done to wit:

ITEMS FOR DELIBERATION AND/OR ACTION

1. Discuss, approve, or disapprove housing opportunities in general after Hurricane Harvey, including but not limited to any pending proposal developed through Long Term Recovery representatives and discuss options and collaborations of Aransas County and the City of Rockport.

Commissioner Casterline: We kind of went over this at the last meeting, or Kim did, so, do we want to do another....

Kristen Barnebey: I just left it on so that you were free to talk, right.

Commissioner Casterline: Ok.

Commissioner Chaney: Do you want to talk about the possibility of collaboration long term at this point or do you want to give this some more thought?

Commissioner Casterline: I think we ought to pass on that, I don't really think there is anything to approve or disapprove.

1. Motion was made by **Commissioner Chaney** and seconded by **Commissioner Stiles** to **TABLE** housing opportunities in general after Hurricane Harvey, including but not limited to any

pending proposal developed through Long Term Recovery representatives and discuss options and collaborations of Aransas County and the city of Rockport.

Question. Motion carried unanimously.

It is so ordered.

Commissioner Casterline: Ok, Item 2.

2. Discuss, approve, or disapprove and authorize County Judge to sign a Memorandum of Understanding (MOU) with the City of Rockport regarding a Chapter 380, and Chapter 381 Economic Development Agreement with Elsley, LLC.

Commissioner Casterline: Do we want to go to closed session or do we want to ask some questions of any of the people involved? The City, or the **developer**, before we do?

Commissioner Chaney: I would say that we ought to go into closed session just to talk about some things in general, but not long.

Commissioner Casterline: I have one question and I don't know if it would be a "both of you", is the money that you plan to borrow, that's to put the Infrastructure in the whole plat or just a portion of it?

Kevin Jamison: Just Phase I.

Commissioner Casterline: I mean the \$850,000?

Kevin Jamison: It's just part of the Phases.

Commissioner Casterline: Ok.

Commissioner Chaney: Phase I though, will be big enough to handle the rest of it?

Kevin Jamison: Yes.

Commissioner Chaney: So it's your primary entry?

Kevin Jamison: Well, yes.

Commissioner Casterline: Ok, we are going to go into closed session now.

The Court entered into closed session at 2:03 p.m. to discuss and review potential litigation issues and other matters covered by the attorney-client privilege pursuant to Texas Government Code Section 551.071(1)(a); and to discuss real estate negotiations, including Pathways Projects pursuant to Texas Government Code Section 551.072; and resumed Open Meeting at 2:32 p.m. with all members present, and further proceedings were had and done to wit:

Commissioner Casterline: Ok, we're coming back into open meeting.

Commissioner Chaney: I need to make a statement concerning conflict, Kevin Jamison and I have had a working relationship over the years, I want that to be known to the public. I'm not doing anything for Kevin, per se, but I am for his family, I just don't want anybody to come back and say whatever, I just felt that needed to be said. I mean I did something for Mark Christmas Eve night, many years ago, and I told everybody in town how bad it was. (Laughter)

Commissioner Casterline: Does anybody have any questions of anybody?

Commissioner Stiles: Mark, if you don't mind, just talk to us about your project that you are working on?

Mark Uhr: Ok, so we purchased, John (Frew) who is my partner here, we purchased 27 acres that abuts Hogan's Development on the South side from the Lake to the point, and we have in the plans right now a 220 Unit Development or Apartment Complex at Market Rate, and we can explain what that means in a minute, on the west side, on 1781. We call our Project "Pearl Point" because that's Pearl Street and everybody knows where Pearl Street is, and so, obviously, we are in design stage right now, during this rain storm we just finished clearing all the underbrush, we need to get our tree survey and get our Tow Boat ready to go so that we can actually get it to Paul Lippke, who is our engineer of record. We are going to have him look at all of the storm water runoff, sewer, water, all of that stuff, and it's all right there. We have the On-site Stormwater Detention which is going to go to the North and then it will follow the creek behind Hogan's Development and cross over like all of the nearby property and into the lake. We spent a lot of time and effort on it, we have our financing in place, not only for Phase I, but Phase II is going to be the mirror Phase on the By-Pass side. It's just a little bit easier for us to start on that side because of the lift station and various things, but when we do this all of the utilities that we are designing right now is for the whole site. We even have the seven acres from the front of the contract right now which is actually the higher corner. So, we are trying to do a big Master Plan Development over there and we see in the future that there is going to be one, there is not enough housing here and this Project is going to work. So, that's kind of where we are, I was a little shocked when long ago we had the big meetings, when we put the 10 or 12 inch line that came across what we call the Guidry property, it came

off of the lift stations, and came from FM 3036, and at that time I anticipated, I had that property under contract and I was trying to figure out how to get utilities down past the Woodlands Intersection and get it to the sewer plant. I remember when we had all of that discussion, it would be an 8" and the City and the County would, I guess, enlarge it to a 10 or a 12, planning for the future. When we did all of this I was shocked to find out about the bottleneck in the Woodlands, I know the Country Club comes out of there and some other stuff. So, we've been trying to solve our dilemma, we kind of looked at the whole scheme of things, the whole County and City. I know that you're not using the water like you used to, you're discharging water to keep the lines clear, and I can't imagine that all the sewer lines themselves are at capacity all ready, you have half of the houses off line, that's just kind of it in a nutshell. So, we've been trying to work in all kinds of stuff, to attempt a 380 agreement, to figure out how to help, or what the City can do for us, the County, and everybody, to get us to that point downstream, because we certainly want to be sure that when we build this thing, first of all we want to make sure our building permit is not contingent on something downstream. Within 60 days, when we have our General Contractor ready to go, once we get past all of our underground and utility approvals we are going to start that phase and we are going to go to work. So we've been working with everybody, trying to get an answer. John sent over a 381 back in July and we're not getting the answers we need to figure it out, you know, make sure everything happens and coordinate it together. I also asked the City, I remember when I first got here, I was one of the leading persons to try to get impact fees done here so that we wouldn't have

this problem in the future. The impact fees isolated its own fund and if we needed something, besides floating another bond issue, we would have the money available for that. And then we have the whole thing here, if you're going to upsize the force main, from Woodlands to the Plant, that it will have enough capacity when everyone else comes on line. So, that's kind of my story, we spent a lot of time and money to get to this point.

Kristen Barnebey: Do you want to ask at all about affordable housing?

Commissioner Stiles: Sure, affordable? He said Market.

Mark Uhr: Right, it's Apartments, so Affordable Housing & Market Rate, that's kind of a Double Edge Sword, right? I mean, I know what it costs to build stuff, that's what I do all day long, I build and nothing is cheap here, with all of the new windstorm regulations, and our labor force, it's costly. So, what is Affordable Housing and what is Market Rate? I'll give you a great example, I have a tile setter that works for me, he puts a shower in a week, he makes \$8,000 a month, he makes \$2,000 a shower, that's what he charges. So, that's \$6,000 a month take home after taxes, that's \$72,000 a year. That may be the upper bracket in Aransas County, but our medium is \$43,000, so at that level, people with good credit and no criminal history, they could afford a Market Rate apartment. The general rule of thumb is, you have to have three times the income to afford to pay the rent. I'd say if you make \$3,000 a month you can afford a \$1,000 apartment. A \$1,000 apartment, is that affordable housing? If you go to Austin, San Antonio, or Houston, affordable housing is \$2,000.

Commissioner Stiles: I guess it's based primarily on the Federal Equivalent of, "what is affordable", what your rate of income is.

John Frew: If I could add this, my company worked at the State of New York after Hurricane Sandy and in the City of Cedar Rapids, Iowa after a Massive Flood, we've been through this a couple of times, and we didn't want to be one of those developers who knocked on your door and said we can help, when we can do it on our own. The subsidies that are available for affordable housing ought to be applied in ways and in areas that are different from ours. We did all of the analysis, we worked with Kim, and we concluded that because of the strength of the local economy, the 80% level of affordability of a medium family income is approximately market rate and our appraisal supported that, our lender agreed with it, so all we were looking for is what had been negotiated on our site prior to the storm and that's the 10 year abatement, 10, 20, 30, 40, 50, we have met with Kevin (Carruth) and the Mayor. Judge Mills said, "you know we need money now, so could you reverse that maybe, and we'll do a 100, 90, 80, 70?" So we said sure, if that helps you it helps us. That's part of our capital stack, so we went one step further and that's when Mark said we would turn something in, a response to a 381, I think, that Kim gave us and at that time she said, "Could you help us with your financing and actually finance that off-site force main?" And we said, yes, we are here to be part of the solution and we haven't seen it for a number of months, but when I talked to her this morning she said, "That really needs to go off of the table, let's go back the other way." But we are here to be a part of the community,

be a part of the solution, we didn't say, hey we want X million dollars and we'll set aside X million affordable units because we've concluded that they are all affordable, so we didn't want to use resources that are hard to come by.

Commissioner Casterline: Kevin, (Carruth), I have a question on the City, is this agreement right here, is it set in stone, what the City would like to have?

Kevin Carruth: The Council has already approved it, but if you have changes you want to make to it, I'm sure they will....

Commissioner Casterline: I personally, if we did it, actually it's not on the agenda the way that this is, but this is more for dealing with the developer, if I was going to consider doing it, I would rather us just enter into an agreement with the City to fund whatever amount we decide to fund, directly to the City to pay on the debt. This agreement here just seems like there's too many ways to interpret it, for somebody to tell you, no it says this.

Commissioner Chaney: Is there any disadvantage to that?

Kevin Carruth: I'm not quite certain I follow you.

Commissioner Casterline: Rather than go in with this, if we possibly entered into an Interlocal Memorandum of Understanding, to pay X amount of money to the City to retire the debt on, I think that's a much simpler deal for us, a much cleaner deal, I don't know if that's what anyone wants to do. Because, we had some figures that Kim had worked on when we got this initially, and we didn't really want to do this as it was. I don't know, we had discussed that option a little bit, but I don't know what everybody's feelings are on it.

Commissioner Chaney: Is there any downside to doing it that way? That way you have a steady stream of money coming in.

Kevin Carruth: On the surface it seems clean, simpler.

Commissioner Casterline: I just, this just seems really complicated.

Commissioner Stiles: We want to help you, it's not like we don't want to contribute to it, you know, but we've got to....

Commissioner Chaney: Is there a downside to it on your side Kevin?

Kevin Jamison: We just need to get going, it's time, we've just been waiting. We're ready.

2. Motion was made by **Commissioner Olsen** and seconded by

Commissioner Stiles to disapprove the current Memorandum of Understanding with the City of Rockport regarding the Chapters 380 and 381 Economic Development Agreement with Elsley, LLC, and enter into a new agreement that is fair for us, with the City, to contribute to them directly that will offset and lower their debt, once the County Attorney approves that for us.

Question. Motion carried unanimously.

It is so ordered.

No further business presenting, the Court adjourned at 2:50 p.m. on a motion made by Commissioner Olsen and seconded by Commissioner Stiles.



A handwritten signature in black ink, appearing to read "Leslie Casterline", is written over a horizontal line.

LESLIE "BUBBA" CASTERLINE, COUNTY JUDGE PRO-TEM



A handwritten signature in black ink, appearing to read "Valerie K. Amason", is written over a horizontal line.

VALERIE K. AMASON,

EX-OFFICIO CLERK OF THE

COMMISSIONERS' COURT