

AGENDA
CITY OF GRAPEVINE, TEXAS
GRAPEVINE 4B ECONOMIC DEVELOPMENT CORPORATION MEETING
TUESDAY, SEPTEMBER 10, 2013 AT **NOON**
CITY COUNCIL CHAMBERS
SECOND FLOOR
200 SOUTH MAIN STREET

CALL TO ORDER

NEW BUSINESS

1. Consider a **resolution** approving the Grapevine 4B Economic Development Corporation Fiscal Year 2014 budget and take any necessary action.
2. Consider the First Addendum to the Economic Development and Incentive Agreement with Eatzi's Market and Bakery, authorizing the City Manager to execute the agreement and take any necessary action
3. Consider the minutes of the September 11, 2012 Grapevine 4B Economic Development Corporation meeting and take any necessary action.

ADJOURNMENT

If you plan to attend this public meeting and you have a disability that requires special arrangements at the meeting, please contact the City Secretary's Office at (817) 410-3182 at least 24 hours in advance of the meeting. Reasonable accommodations will be made to assist your needs.

In accordance with Texas Government Code, Chapter 551.001 et seq, Acts of the 1993 Texas Legislature, the Grapevine 4B Economic Development Corporation Agenda was prepared and posted on this the 6th day of September, 2013 at 5:00 p.m.


Jodi C. Brown
City Secretary



MEMO TO: HONORABLE PRESIDENT AND MEMBERS OF THE
GRAPEVINE 4B ECONOMIC DEVELOPMENT CORPORATION
BOARD

FROM: BRUNO RUMBELOW, EXECUTIVE DIRECTOR BR

MEETING DATE: SEPTEMBER 10, 2013

SUBJECT: GRAPEVINE 4B ECONOMIC DEVELOPMENT CORPORATION
FY 2014 BUDGET

RECOMMENDATION:

Board to consider a resolution approving a budget for the Grapevine 4B Economic Development Corporation for fiscal year 2014.

FUNDING SOURCE:

The receipts from the 4B Economic Development sales tax.

BACKGROUND:

Pursuant to Article 5190.6; Texas Revised Civil Statutes, The Industrial Development Act of 1979, Section 4B; and, 4B Corporation Bylaws adopted by the 4B Board of Directors and approved by the Grapevine City Council on July 3, 2007, a budget proposal has been prepared for your consideration. The Corporation has adopted the same fiscal year as the City and is required to adopt a budget for the new fiscal year prior to October 1, 2013. This budget proposal is prepared pursuant to the direction of the Board and the City Council.

A copy of the budget which includes an estimated budget for FY 2013 and a proposed budget for FY 2014 is attached. The budget includes the following items:

Professional Services – includes expenses for City Attorney work related to the 4B Corporation; consulting services related to the commuter rail station planning project.

Contractual Services with The T for commuter rail (75% of proceeds).

Transfer to General Fund – 7.5% administrative fee applied to balance of revenues after The T contract is deducted. Covers cost of City staff administration of 4B pursuant to the Interlocal Agreement.

4B ITEM #1

Transfer to Visitor Shuttle Fund – Covers 50% of the FY 2014 budgeted operating cost of the Grapevine Visitor Shuttle system.

Reserves for Economic Development – The 4B portion of receipts from special sales tax sharing agreement.

Reserves for Development and Future Construction of Commuter Rail Station Facilities.

If this meets with the Board's approval, this budget will be included in the City Council's annual budget for FY 2014.

Staff recommends approval.

FY 2013-14 PROPOSED OPERATING BUDGET
 STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE **4B ITEM #1**
 4B ECONOMIC DEVELOPMENT FUND

	2010-11 Actual	2011-12 Actual	2012-13 Budget	2012-13 Estimate	2013-14 Proposed
BEGINNING FUND BALANCE:	7,420,356	10,687,723	12,896,954	12,896,954	16,304,209
OPERATING REVENUE:					
Sales Tax	11,448,748	11,637,444	11,875,000	12,250,000	12,637,500
Interest Income	30,067	30,478	53,000	32,500	37,500
Miscellaneous	100	0	0	0	0
Total Operating Revenue	11,478,915	11,667,922	11,928,000	12,282,500	12,675,000
TRANSFERS IN:	0	0	0	0	0
TOTAL REVENUE AND TRANSFERS	11,478,915	11,667,922	11,928,000	12,282,500	12,675,000
OPERATING EXPENDITURES:					
Supplies	0	0	0	0	0
Professional Services	15,697	7,283	5,000	1,964	31,116
Contractual Services - The T	7,568,793	7,768,204	7,572,693	8,169,531	8,542,667
Community Distributions	0	1,050,000	0	0	0
Capital Outlay	1,240	1,660	0	0	0
Total Operating Expenditures	7,585,730	8,827,147	7,577,693	8,171,495	8,573,783
TRANSFERS OUT:					
Transfer to Visitor Shuttle Fund	368,759	366,970	527,379	467,969	385,458
Transfer to General Fund - Admin Fee	257,059	264,575	222,656	235,781	244,922
Total Transfers Out	625,818	631,545	750,035	703,750	630,380
TOTAL EXPENDITURES AND TRANSFERS	8,211,548	9,458,691	8,327,728	8,875,245	9,204,163
SURPLUS (DEFICIT) OF REVENUE OVER (UNDER) EXPENDITURES:	3,267,366	2,209,231	3,600,272	3,407,255	3,470,837
ENDING FUND BALANCE:	10,687,723	12,896,954	16,497,226	16,304,209	19,775,046
RESERVES:					
Reserved for Economic Development Projects	2,212,005	1,729,632	2,279,632	2,279,632	2,829,632
Reserved for Train Station Improvements	8,475,718	11,167,322	14,217,594	14,024,577	16,945,414
Total Reserves	10,687,723	12,896,954	16,497,226	16,304,209	19,775,046

GRAPEVINE 4B ECONOMIC DEVELOPMENT CORPORATION

RESOLUTION NO. 4B 2013-01

A RESOLUTION OF THE GRAPEVINE 4B ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF GRAPEVINE, TEXAS, ADOPTING AND PROPOSING A BUDGET FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2013 AND ENDING SEPTEMBER 30, 2014; PROVIDING FOR INVESTMENT OF CERTAIN FUNDS AND PROVIDING AN EFFECTIVE DATE

WHEREAS, the provisions of Article 5190.6, Texas Revised Civil Statutes, the Industrial Development Act of 1979, Section 4B, and the Corporation Bylaws adopted by the Grapevine 4B Economic Development Corporation Board of Directors requires the 4B Corporation to prepare a budget proposal; and

WHEREAS, the Grapevine 4B Economic Development Corporation has adopted the same fiscal year as the City of Grapevine.

NOW, THEREFORE, BE IT RESOLVED BY THE GRAPEVINE 4B ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF GRAPEVINE, TEXAS:

Section 1. That a budget proposal has been prepared by the Grapevine 4B Economic Development Corporation Board, a copy of which is attached hereto as Exhibit "A".

Section 2. That the Grapevine 4B Economic Development Corporation Board adopts the proposed operating budget for fiscal year ending September 30, 2014.

Section 3. That the City Manager is hereby authorized to make appropriate expenditures, transfers and other financial transactions during the fiscal year pursuant to the Corporation bylaws.

Section 4. That the City Manager, and/or Assistant City Manager and/or Director of Administrative Services and/or designated investment officer are authorized to invest any funds not needed for current use in Official City Depositories, in any investment instrument authorized by the City's Investment Policy and Investment Strategy and allowed by the Texas Public Funds Investment Act.

Section 5. That this budget proposal be transmitted to the Grapevine City Council and recommended for approval and inclusion in its operating budget for Fiscal Year 2014.

Section 6. That this resolution shall take effect from and after the date of its passage.

PASSED AND APPROVED BY THE GRAPEVINE 4B ECONOMIC DEVELOPMENT CORPORATION BOARD OF DIRECTORS OF THE CITY OF GRAPEVINE, TEXAS on this the 10th day of September, 2013.

APPROVED:

ATTEST:

APPROVED AS TO FORM:

MEMO TO: MEMBERS OF THE 4B ECONOMIC DEVELOPMENT CORPORATION BOARD

FROM: BRUNO RUMBELOW, CITY MANAGER ^{BR}

MEETING DATE: SEPTEMBER 10, 2013

SUBJECT: FIRST ADDENDUM TO EATZI'S INCENTIVE AGREEMENT

RECOMMENDATION:

Members of the 4B Board to consider approving the attached First Addendum to Economic Development and Incentive Agreement for the development of a central Eatzi's location (in the former Luby's location) and a depot store in Grapevine. Phil Romano and his partners have reviewed/agreed to the new language.

According to the original agreement, the first \$300,000 was delivered upon the issuance of the Certificate of Occupancy of the central store (in the former Luby's location). Another \$100,000 was agreed to be paid at the end of each of the first three years, should the Eatzi's central store meet sales targets of \$10 million, \$10.5 million and \$11 million respectively. The depot store will receive \$75,000 on issuance of the Certificate of Occupancy and \$25,000 per year at the end of each of the first three years should it meet its sales target of \$4 million annually.

Due to more business interruption than was anticipated because of the DFW Connector, Eatzi's has asked that we consider lowering the annual sales targets to reach the incentive payment to \$5, \$6 and \$7 million respectively for each of the first three years of operation. In addition, the incentive eligibility for the depot store would be extended to four years from the date of this agreement.

Staff recommends approval.

JCH

**FIRST ADDENDUM TO ECONOMIC
DEVELOPMENT AND INCENTIVE AGREEMENT**

This First Addendum to Economic Development and Incentive Agreement (the “Addendum”) is entered into by and between the City of Grapevine, Texas (the “City”), and EBG, LLC dba Eatzi’s Market and Bakery, a Texas limited corporation (“Developer”), on this ____ day of _____, 2013.

RECITALS:

A. The City and Developer have entered into that certain Economic Development and Incentive Agreement, dated May 26, 2011 (the “Agreement”), pursuant to Chapter 380 of the *Texas Local Government Code*; and

B. Developer timely opened its flagship Eatzi’s in the midst of one of the largest highway construction projects in Metroplex history (the “Connector Project”); and

C. The flagship Eatzi’s has been an important addition to the retail landscape at an important, high profile corner in the City; and

D. The negative impact of the Connector Project has been more significant than originally anticipated; and

E. The parties desire to amend the Agreement to comport with performance to date, future performance, and the Connector Project impact, along with improving the likelihood of the opening of the depot store in the City; and

C. This Addendum and the incentives provided for herein are authorized by, and in accordance with, the City’s Policy on Economic Development and Chapter 380 of the Texas Local Government Code; and

D. All legal prerequisites for the approval and execution of this Addendum have been met, including but not limited to the requirements of the Texas Open Meetings Act and the City Charter;

NOW, THEREFORE, in consideration of the premises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and confessed, the parties do hereby agree as follows:

1. Section III A.i of the Agreement is hereby deleted and is replaced as follows:

“ii. Obtain the necessary building permit(s) and commence construction on the flagship store no later than 12 months from the date of this Agreement.

Obtain the necessary building permits and commence construction on the depot store not later than 48 months from the date of this Addendum; and”

2. Section III B. of the Agreement is hereby deleted and is replaced as follows:

“B. In consideration of the Developer’s completion of the Project, the City agrees to provide the following incentives.

- i. “The City will provide a grant of \$300,000 within thirty (30) days of the issuance of a Certificate of Occupancy for the Project’s central store.
- ii. Thereafter, the City shall provide a grant of \$100,000 within thirty (30) days of the fourteen (14) month anniversary of the opening of the central store (June 6, 2012) providing store sales for that period total at least \$5 million minimum. If the minimum total store sales for the first year are not met, the grant will be forfeited by the developer; another grant of \$100,000 within thirty (30) days of the (2) year anniversary of the opening of the central store providing store sales for the second year total at least \$6 million minimum. If the minimum total store sales for the second year are not met, the grant will be forfeited by the developer; another grant of \$100,000 within thirty (30) days of the (3) year anniversary of the opening of the central store providing store sales of the third year total at least \$7 million minimum. If the minimum total store sales for the third year are not met, the grant will be forfeited by the developer.
- iii. The City will provide a grant of \$75,000 within thirty (30) days of the issuance of a Certificate of Occupancy for the Project’s depot store.
- iv. Thereafter, the City shall provide a grant of \$25,000 within thirty (30) days of the (1) year anniversary of the opening of the depot store providing total store sales for the first year total at least \$4 million minimum. If the minimum store sales are not met for the first year, the grant will be forfeited by the developer; another grant of \$25,000 within thirty (30) days of the (2) year anniversary of the opening of the depot store providing store sales for the second year total at least \$4 million minimum. If the minimum total store sales for the second year are not met, the grant will be forfeited by the developer; another grant of \$25,000 within thirty (30) days of the (3) year anniversary of the opening of the depot store providing total store sales of the third year total at least \$4 million minimum. If the minimum total store sales for the third year are not met, the grant will be forfeited by the developer.
- v. The total potential grant amount under this Agreement shall be \$750,000.”

3. All other provisions of the Agreement not specifically amended herein shall remain in full force and effect and are hereby confirmed, ratified and approved. Capitalized terms which are not defined herein shall have the same meaning as set forth in the Subject Agreement.

THE CITY OF GRAPEVINE, TEXAS

By: _____
Bruno Rumbelow, City Manager

ATTEST:

City Secretary

APPROVED AS TO FORM:

City Attorney

EBG, LLC dba Eatzi's Market and Bakery

By _____
Adam Romo

CORPORATE ACKNOWLEDGMENT:

The State of Texas

County of Tarrant

Before me, the undersigned, on this day personally appeared Adam Romo, Chief Executive Officer of EBG, LLC dba Eatzi's Market and Bakery, proved to me through the presentation of a valid Texas Drivers License to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed. Mr. Romo furthermore attested that he/she is signing this agreement in his capacity as Chief Executive Officer of EBG, LLC dba Eatzi's Market and Bakery, and that such capacity makes his signature valid to bind the company.

Seal:

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this _____ day of _____, 2013.

My Commission Expires:

Notary Public in and for the State of Texas

STATE OF TEXAS
COUNTY OF TARRANT
CITY OF GRAPEVINE
GRAPEVINE 4B ECONOMIC DEVELOPMENT CORPORATION

The Grapevine 4B Economic Development Corporation of the City of Grapevine, Texas met in Special Session on this the 11th day of September, 2012 at 5:30 p.m. in the City Council Chambers, Second Floor, 200 South Main Street, with the following members present to-wit:

William D. Tate	President
C. Shane Wilbanks	Vice President
Sharron Spencer	Board Member
Martin Honeycutt	Board Member
Matt Carnes	Board Member
Cory Halliburton	Board Member

constituting a quorum, with Board Member Darlene Freed absent, with the following members of the City Staff:

Bruno Rumbelow	City Manager
Jennifer Hibbs	Assistant City Manager
Jodi C. Brown	City Secretary
John McGrane	Administrative Services Director

CALL TO ORDER

President Tate called the meeting to order at 5:30 p.m.

ITEM 1. OATH OF OFFICE

City Secretary Jodi Brown administered the Oath of Office to appointed Grapevine 4B Economic Development Corporation Members Matt Carnes, Martin Honeycutt and Cory Halliburton.

ITEM 2. RESOLUTION, ADOPT FISCAL YEAR 2013 BUDGET

Administrative Services Director John McGrane recommended approval of a resolution adopting the Grapevine 4B Economic Development Corporation FY2013 budget which includes proposed sales tax revenues of \$11,875,000.00 and the following items: professional services; contractual services with The T for commuter rail (75% of proceeds); transfer to General Fund—7.5% administrative fee; transfer to Visitor Shuttle Fund; reserves for economic development and reserves for development and future construction of Commuter Rail Station Facilities. Proposed expenditures are \$8,327,728.00.

The budget, after adoption by the Board, will be included in the City Council's annual budget for FY2013.

Board Member Carnes, seconded by Board Member Honeycutt, offered a motion to approve the resolution adopting the FY2013 budget. The motion prevailed by the following vote:

Ayes: Tate, Wilbanks, Spencer, Honeycutt, Carnes & Halliburton
Nays: None
Absent: Freed

RESOLUTION NO. 4B 2012-01

A RESOLUTION OF THE GRAPEVINE 4B ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF GRAPEVINE, TEXAS, ADOPTING AND PROPOSING A BUDGET FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2012 AND ENDING SEPTEMBER 30, 2013; PROVIDING FOR INVESTMENT OF CERTAIN FUNDS AND PROVIDING AN EFFECTIVE DATE

ITEM 3. CONSIDERATION OF MINUTES

City Secretary recommended approval of the minutes of the September 13, 2011 minutes of the Grapevine 4B Economic Development Corporation meeting as published.

Vice President Wilbanks, seconded by Board Member Honeycutt, offered a motion to approve the minutes as recommended. The motion prevailed by the following vote:

Ayes: Tate, Wilbanks, Spencer, Honeycutt, Carnes & Halliburton
Nays: None
Absent: Freed

ADJOURNMENT

Board Member Carnes, seconded by Board Member Honeycutt, offered a motion to adjourn the meeting at 5:35 p.m. The motion prevailed by the following vote:

Ayes: Tate, Wilbanks, Spencer, Honeycutt, Carnes & Halliburton
Nays: None
Absent: Freed

PASSED AND APPROVED BY THE GRAPEVINE 4B ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF GRAPEVINE, TEXAS on this the 10th day of September, 2013.

APPROVED:

William D. Tate
President

ATTEST:

Jodi C. Brown
City Secretary