

STATE OF TEXAS *
COUNTY OF HENDERSON *
CITY OF GUN BARREL CITY *

The City Council of the City of Gun Barrel City met in a regular meeting in City Hall, located at 1716 West Main Street, Gun Barrel City, Texas, on Tuesday, March 24, 2015 at 6:30 p.m.

Mayor Braswell called the meeting to order at 6:30 p.m. and gave the invocation. The Pledge of Allegiance followed. Roll was called and a quorum established.

Council Member - Rodney Bevill: Present

Council Member - Ronald Wyrick: Present

Council Member - Dennis Baade: Present

Council Member - Marty Goss: Present

Mayor - Jim Braswell: Present

Council Member - Carol Calkins: Present

00:01:53

Mayor Braswell read the Child Abuse Awareness Proclamation. Scott McKee, County Attorney, recognized Susan and Jessica who volunteer and help him with the Go Blue and the Kids Are Heroes programs. He thanked the Mayor and Council for adopting the proclamation for Child Abuse Awareness.

Citizen Presentations: (Limited to 3 Minutes)

00:11:35

Mike Gallagher, 112 Wild Grove Drive, made comments on three issues. Number 1, a reminder of the group he represents Stand. Their vision was to bring Christ healing unity for our community. The mission: encouraging our community through prayer, servant action while proclaiming Biblical health. Their website was www.stand4ccl.com Number 2, the use and the appreciation of the pavilion. Stand would meet at the pavilion Saturday, March 28 from 10 – 11 a.m. He thanked the Council for the use of the facility. Number 3, the proposed agenda item as it relates to the farmer's market. While he had reservations about earlier proposals for the farmer's market, but as he understood it fully he felt good about it. The questions he had were: #1 – Who cleans up after the event? #2 – Who's liable for accidents or food poisoning? #3 – Who's responsible for security?

00:15:16

David Skains, EDC President, at the last meeting they voted on the demolition of Brawner Hall. He knew there had been some concerns about that and that it might increase the rates of homeowner's insurance because it was a fire department sub-station. That was not true. It would be illegal for the EDC to own a municipal building for use of a fire station. If it is being used for that, then we have a much more serious problem and it would need to be addressed immediately. Second, tonight there would be discussion about the farmer's market which came to the EDC at the last meeting. He wanted to be clear, as he was in their meeting, that this was a separate farmer's market from the one that the EDC's working on. The differences being that the EDC

had been working with Mr. Brian Cruz who was a professional who was going to run that market, leasing the property from the EDC. He was going to monitor the items being sold and make sure they didn't have a flood of one particular item and not enough of the others, things of that nature. This would be run by Councilman Ron Wyrick. So we're not sure what the shopping experience will be like. Skains thought Mr. Gallagher asked some very good questions. Who's going to do the clean up? Who's going to cover the cost of farmer's market? We've been asked to cover \$2500 for marketing. In order for the EDC to do that, we would expect the same as we would for any project, for a completed packet to come back to the EDC Board, and that would include all the things that the City Council has required from all other packets, the business plan, the financials, we would do a background check, a credit check, the whole kit and caboodle, just as we are required to do on any project that we bring back to the City Council for approval. The way he understood this if the City Council approved it, it would have to come back to the EDC Board and then once they approved it, if they did so, which he strongly supported a farmer's market in Gun Barrel City, it would come back to the Council again for us to appropriate the money. They would also need to know who they were going to write the check to. There were a lot of details to work out and he hoped the Council would be able to work all those details out.

ITEM # 1: Consent Agenda: All matters listed under 'Consent Agenda' are considered to be routine by the City Council and will be enacted by one motion. There will not be separate discussion of these items. If discussion is desired, that item will be removed from the consent agenda and will be considered separately. Consider approving the **minutes** of the **February 2 & 24 and March 2, 2015 Council meetings** and the following **February reports**:

Financial – Budget vs. Actual Expenses–Year to Date
Municipal Court – traffic and non-traffic court activity
Police Department – number of cases filed and cleared
Dispatch Report – calls for service
Animal Control – number of complaints, impoundments and citations
Fire Department/Fire Marshal – number of incidents, investigations & mutual aid
Street & Park Department – cost break down of monthly street repairs & park expenses
Building Official – number of inspections and associated fees
Code Enforcement – break down of violations
EDC January 20, 2015 minutes and January financial reports

00:18:23

Calkins asked to remove the March 2 minutes, the police report and the financials from the Consent Agenda.

Council Member - Carol Calkins: Motion to accept all other Consent Agenda items.

Council Member - Marty Goss: 2nd

Council Member - Rodney Beville: Approve

Council Member - Ronald Wyrick: Approve

Council Member - Dennis Baade: Approve

Council Member - Marty Goss: Approve

Mayor - Jim Braswell: N\A

Council Member - Carol Calkins: Approve

Council Member - Carol Calkins: Motion to accept the minutes as corrected for the March 2, 2015 minutes on pages 5 and 7 to reflect council members Bevill and Baade as being absent as opposed to voting approved.

Council Member - Dennis Baade: 2nd
Council Member - Rodney Bevill: Approve
Council Member - Ronald Wyrick: Approve
Council Member - Dennis Baade: Approve
Council Member - Marty Goss: Approve
Mayor - Jim Braswell: N\A
Council Member - Carol Calkins: Approve

Council Member - Carol Calkins: Motion to accept the police report to reflect the corrected numbers for the call activity which was a line item in the police report, it was a typographical error and it has been corrected and that report was circulated to council members today.

Council Member - Marty Goss: 2nd
Council Member - Rodney Bevill: Approve
Council Member - Ronald Wyrick: Approve
Council Member - Dennis Baade: Approve
Council Member - Marty Goss: Approve
Mayor - Jim Braswell: N\A
Council Member - Carol Calkins: Approve

Council Member - Carol Calkins: Motion that we accept the February report of the sinking fund as distributed today as the January report was inadvertently included in the packet.

Council Member - Marty Goss: 2nd
Council Member - Rodney Bevill: Approve
Council Member - Ronald Wyrick: Approve
Council Member - Dennis Baade: Approve
Council Member - Marty Goss: Approve
Mayor - Jim Braswell: N\A
Council Member - Carol Calkins: Approve

Calkins stated, I have analyzed our financials to date, and am concerned about where we will be at year-end. I made several tests of the projected numbers, I have met with our City Treasurer and our City Manager and I would like to recommend that the Council convene a mid-year budget workshop as suggested in the September 2014 budget workshop by Councilman Bevill and which was agreed to by the City Manager and Treasurer to determine if we need to make any mid-year adjustments. Mayor Braswell, I request that you call a special workshop meeting to discuss the 2014-2015 budget.

Mayor Braswell said he would meet with the City Secretary and the City Manager and they would set a date and a time for that budget workshop and review.

ITEM # 2: Discuss and/or take action to authorize the City Manager to proceed forward with an application to the USDA's Community Facilities Direct and Guaranteed Loan Program for

funding in the form of low interest loans, guaranteed loans and grants used to develop or improve essential facilities and equipment in rural communities. **(City Manager)**

00:23:59

Mike Howell explained that USDA had been awarded over \$60 million in funding to be dispersed for community facility projects throughout Texas in rural areas and towns of up to 20,000 in population. The funds would be available in the form of low interest loans, guaranteed loans and grants. The funds could be used for a community center, public safety and public service facilities.

The application process was a two-part process. First the City would submit a pre-application to see if the City would even qualify for the funds. This would be a long-term long and it could be carried out to a maximum of 40 years. Qualification for the loan is based on poverty rate level and the low to median income of the area. There were three levels of interest rates - poverty, intermediate and market value. Our rate, for this area, was about 4.75%. At this time, there hadn't been a lot of applications. This was a rolling grant and you could apply at any time during the year. There wasn't any urgency in getting it in. The smaller communities receive the higher priorities. There was no point system in this guaranteed loan. It could take up to a year for this to go through. There was no limit to the number of project applications that could be submitted. They were looking at 8 months from the time you submit until you get a letter of consideration and acceptance.

Howell said he had the application packet on his computer. If Council decided to proceed, he could start the pre-application process immediately.

Baade commented that they had not had their strategic planning meeting. This covers a lot of territory. He felt we needed to take our time and research this and decide what the City really needed before they move ahead. This needed to be looked at in terms of strategic planning.

Council Member - Marty Goss: Motion to authorize the City Manager to proceed forward with an application to the USDA's Community Facilities Direct and Guaranteed Loan Program for funding in the form of low interest loans, guaranteed loans and grants used to develop or improve essential facilities and equipment in rural communities.

Council Member – Dennis Baade: 2nd

Council Member - Rodney Bevill: Approve

Council Member - Ronald Wyrick: Approve

Council Member - Dennis Baade: Approve

Council Member - Marty Goss: Approve

Mayor - Jim Braswell: N/A

Council Member - Carol Calkins: Disapprove

ITEM # 3: Discuss and/or take action to proceed with the farmer's market at City Park with Ron Wyrick acting as liaison. **(Goss)**

00:36:06

Goss said he had approached the EDC at their last meeting. He wasn't asking for a project only \$2,500 out of their Marketing line item for advertising and signage. Because it was under \$10,000, a project wasn't necessary.

The farmer's market would be open on Saturdays from 7 a.m. to Noon unless there was a conflict. Trash clean up would be done by the parks department. We hope the people will police themselves. If not, the City would address it. The umbrella insurance policy for the City will cover liability if someone should fall.

Council Member - Marty Goss: Motion to proceed with the discussion on the farmer's market.

Council Member – Ron Wyrick: 2nd

Baade asked if there would be anyone from the City coordinating this event. Was there going to be port-a-potties? Goss said the bathrooms at the park would be open. Baade was really concerned about the clean-up. Goss said Ron Wyrick would be there overseeing the project. Code Enforcement would be there to make sure the rules are followed.

Calkins said she supported the concept of a farmer's market. However, she was concerned about several issues. Since the Council had held the EDC to such high standards of packaging a project complete with a background check, financial statements, business plans, insurance requirements, etc. shouldn't we also have a similar packet to review for a project proposed by a Council member? After having just spoken on the City's financial situation and having reviewed the budget workshop held last September and the budget line items, she couldn't find any mention of the Council discussing a farmer's market in the budgeting process. Once the budget is approved, the funds are appropriated and designated specifically for those line items. Hence, we should have a budget outlining the cost including labor costs of City employees for administration. Will there be overtime? Advertising costs? Set-up? Clean-up? Security? Will the vendors have to get special use permits? Will there be revenue to off-set the costs? Will the vendors have to buy a spot?

In the last Council meeting, Councilman Goss, when referring to a city run farmer's market, said quote "We will hire someone to run it." So that cost would also needed to be included as well as that contract. I will note that if this project is not going to break even, I cannot support it due to our budget situation. Calkins was concerned about a Council member running a farmer's market. If that is in fact true, will Councilman Wyrick be the point person on this event? Will he be negotiating with the vendors? Our Charter states specifically that all communications with City staff has to go through the City Manager. Can a City Council member where two hats - one as a Council member and one as a key person responsible for the farmer's market? I don't know but it sure seems like an inherent conflict to me. Have you gotten our attorney's clearance that a Council member can serve in this role?

If the market goes south, who's responsible for shutting it down? Will the vendors carry their own insurance? Who will vete these vendors to insure that State standards are met and that the produce is locally grown? Calkins wasn't interested in supporting a vendor who is going to Dallas buying in bulk and repackaging and holding forth that this is locally grown produce. She

concluded her statement by saying, as a Council member, she needed more information before she could reasonably be expected to vote on this agenda item.

Wyrick said City staff had been helping him pull together the vendor application and permit card. He apologized for not getting those to the Council members but he had just received them prior to the meeting.

Calkins didn't understand how a project that had not been approved by this Council, where people can go ahead and it's not been budgeted, so we are already using City staff time and our staff are already overworked and we don't even have enough staff to handle the stuff we've got going on and yet we are using their time for a project that has not been budgeted. While Councilman Wyrick says that all we are asking for is money for advertising that is not in fact true because you are using the labor costs of the City. So whatever time that our maintenance department, our code enforcement, our planners, all those people have job descriptions and you all set a budget and that budget had specific line items that they were supposed to work on this year and this was not one of them. So if you're going to come up with a budget for this you need to include the labor costs not just advertising costs.

Goss suggested the Code Enforcement person covering the farmer's market work half a day on Friday and a half a day on Saturday. The cost of labor would remain the same. We're not running up the cost of anything. The pavilion was there, trash cans were there, it would involve a minimal amount of effort to allow citizens to sell vegetable out of their gardens. It was a farmer's market with a minimal amount of effort. He didn't think the budget would collapse.

Braswell felt they all wanted a farmer's market but there was much more involved than what we were talking about.

[Council Member - Marty Goss: Motion to proceed with the farmer's market at City Park with Ron Wyrick acting as liaison.](#)

[Council Member - Rodney Bevill: 2nd](#)

[Council Member - Rodney Bevill: Approve](#)

[Council Member - Ronald Wyrick: Approve](#)

[Council Member - Dennis Baade: Disapprove](#)

[Council Member - Marty Goss: Approve](#)

[Mayor - Jim Braswell: N/A](#)

[Council Member - Carol Calkins: Disapprove](#)

ITEM # 4: Update by Mayor Pro-tem Dennis Baade and City Manager on the Texas Capital Fund Grant and Country Place Homes. **(Baade / City Manager)**

[00:51:21](#)

Baade gave a brief background regarding Country Place Homes, an assisted living facility, who had purchased 2.06 acres of land from the EDC on Church Street. It was going to be a 22 unit facility and they were also going to do home health care. The City put in Church Street which also benefited the Affordable Senior Housing Facility with 80 units.

Since Country Place closed on the property, the City Manager had found a \$400,000 grant through the Texas Capital Fund. The grant expires January 2017. The City agreed to put up a \$200,000 letter of credit and Country Place Living was going to do the same. The City had done their letter of credit six months ago but Country Place Living had not been able to get their letter of credit done. With this grant, the City was going to pave North Luther Lane to go north next to the assisted living facility and the affordable senior living facility. The State had required that you have a bond in the amount of \$400,000 to match the funds requested in case the road was not completed and the jobs were not created.

The problem was that the Texas Department of Agriculture had not done this in the past. This was something new they were trying to do to ensure that the project would be completed. Due to the difficulty of getting things accomplished, the State had relaxed their requirements. The City currently had a two-year letter of credit in the amount of \$200,000. The interest on that for the full term was \$8,000. Texas Capital Fund had also relaxed some of the requirements around creating jobs. Now, in addition to using the \$400,000, you can also use the cost of any new structure that you're going to put up. So we were going to try to renegotiate this with the State and get better terms on the grant so we don't have these restrictions. Country Place Living didn't want to put up the \$200,000 letter of credit because they had become aware of the new State regulations.

Country Place would still have to create 20 full time jobs, eleven of which had to be low to middle income and the jobs would have to be funded during the term of the agreement. Another requirement was that the company would have to inject the amount of the grant, \$399,999, but now it's not just wages. They can use the cost of constructing the building.

The City would not release their letter of credit until the State gave us permission under the grant. We were trying to negotiate better terms.

This was not an action item so no motion could be made. It would have to come back to the Council at a later date.

[00:57:48](#)

Gary Traylor of Traylor and Associates addressed the Council. They were the City's grant consultants on this project. During dependency of this grant, the State relaxed a policy that they had temporarily put in place. If you wanted to use these grant funds, you had to put up a performance bond in the amount of the grant. After two years of trying to implement projects around the State, the State discovered that the requirement was very objectionable on the part of businesses that were injecting millions of dollars in private investments in the project. Country Place would probably have a private investment of 3 million dollars or more.

The City had three different performance measures that it will be graded on in the implementation of this grant. First, did the company create 20 jobs or not? If not, there is a financial deficiency that would exist. There would be a repayment liability for the number of jobs that were not created. Second, the 36-month contract period began January 2014 so we are now about 15 months into the grant period. The concern is that there will be a shorter amount of time to hire employees and pay up to \$400,000 in wages which was to count towards the match.

What they have proposed is the broadening of the original performance measures. They've asked number one that from a legal standpoint that they be allowed to count jobs that will be hired by two separate legal entities. One is the entity that is operating the assisted living facility, 13 to 15 employees, and the second entity that has a common bond of ownership with the operating entity which is the home health care operation. They are trying to provide a continuum of care. If they have patients in the facility that leave and return to their homes, they will be able to continue to receive certain home health care services in their own residence.

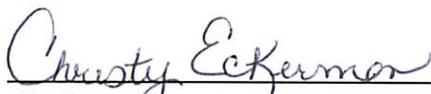
The other thing they were asking was that as a result of broadening these performance measures and as a result of the State itself having discontinued the requirement of bonds for all new grants that are being awarded in Texas, they don't see a benefit to anyone, either for the company or the City, to be required to escrow funds against a potential default that is made less likely by the broadening of these performance measures.

What they are proposing is having the City file a request to the State that the City be relieved of the requirement of these bonds for this project and then to also have the other measures that Traylor had mentioned included in a restated or amended grant contract with the City of Gun Barrel City.

What Country Place had indicated to Traylor about the Gun Barrel City project was that they would love to move forward in Gun Barrel City they just don't feel that it is in their best interest to do so the way the deal is currently structured. Country Place did authorize Mr. Traylor to tell the Council that if these changes are acceptable to the City, that Country Place could break ground within 30 days of receiving the City and the State's approval of what they're asking. That was the message Country Place Homes had asked Mr. Traylor to deliver to the Council tonight.

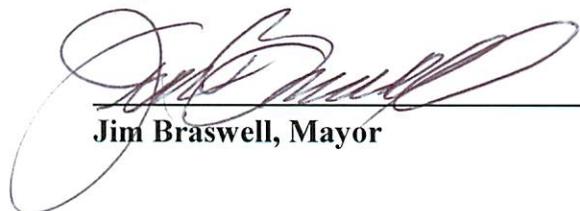
The meeting adjourned at 7:36 p.m.

Attest:



Christy Eckerman, City Secretary

Approved:



Jim Braswell, Mayor