

CITY OF LAREDO

SPECIAL CITY COUNCIL MEETING

A-2015-SC-08
CITY COUNCIL CHAMBERS
1110 HOUSTON STREET
LAREDO, TEXAS 78040
SEPTEMBER 28, 2015
12:30 P.M.



DISABILITY ACCESS STATEMENT



Persons with disabilities who plan to attend this meeting and who may need auxiliary aid or services are requested to contact Gustavo Guevara, City Secretary at (956) 791-7308 at least two working days prior to the meeting so that appropriate arrangements can be made. The accessible entrance and accessible parking spaces are located at City Hall, 1100 Victoria Ave.

Out of consideration for all attendees of the City Council meetings, please turn off all cellular phones and pagers, or place on inaudible signal. Thank you for your consideration.

I. CALL TO ORDER

II. PLEDGE OF ALLEGIANCE

III. ROLL CALL

IV. RESOLUTIONS

1. **2015-R-93** Authorizing the City Manager to amend and execute an addendum to phase one (1) of an Economic Development Agreement between the City of Laredo and the El Portal Center, L.L.C. ("EPC"), an Illinois Limited Liability Company. The amendment would be for the purpose of increasing the term of sales tax receipts from ten to twelve years and to change the terms of certain parking lots. The City will provide said economic incentive as part of its Economic Development Program in accordance with Article III, Section 52-A of the Texas Constitution and Chapter 380 of the Texas Local Government Code.

V. EXECUTIVE SESSION

The City Council hereby reserves the right to go into executive session at any time during this public meeting pursuant to section 551.087 of the Texas Government Code, or if such is requested by the City Attorney or other legal counsel for the City pursuant to his or her duty under Section 551.071(2) of the Texas Government Code, to consult privately with his or her client on an item on the agenda, or on a matter arising out of such item.

VI. ADJOURNMENT

This notice was posted at the Municipal Government Offices, 1110 Houston Street, Laredo, Texas, at a place convenient and readily accessible to the public at all times. Said notice was posted on Friday, September 25, 2015 at 12:00 p.m.

Gustavo Guevara, Jr.
City Secretary

City Council-Special

Meeting Date: 09/28/2015

Initiated By: Cynthia Collazo, Deputy City Manager

Staff Source: Rosario Cabello, Finance Director and Zone Nguyen

SUBJECT

2015-R-93 Authorizing the City Manager to amend and execute an addendum to phase one (1) of an Economic Development Agreement between the City of Laredo and the El Portal Center, L.L.C. ("EPC"), an Illinois Limited Liability Company. The amendment would be for the purpose of increasing the term of sales tax receipts from ten to twelve years and to change the terms of certain parking lots. The City will provide said economic incentive as part of its Economic Development Program in accordance with Article III, Section 52-A of the Texas Constitution and Chapter 380 of the Texas Local Government Code.

VENDOR INFORMATION FOR COMMITTEE AGENDA

N/A

PREVIOUS COUNCIL ACTION

None.

BACKGROUND

On September 2, 2014 the City of Laredo and EPC entered into a 380 agreement for the purposes of economic development in the downtown area. EPC owns approximately seven (7) acres of property located at 1600 Water Street in the City. EPC proposes to redevelop the existing retail center located on the Property into a retail outlet shopping mall, and (ii) operate and maintain the redeveloped retail outlet shopping mall along with associated infrastructure.

EPC desires to construct the retail outlet shopping mall in two phases. EPC agrees to construct the first phase of the retail outlet shopping mall, expected to consist of approximately 358,000 square feet, of net leasable space to be occupied by approximately 80 retail tenants. EPC also expects to construct additional retail space, as a second phase to the retail outlet shopping mall, which is expected to contain approximately 100,000 additional square feet of leasable space to be occupied by approximately twenty five (25) retail tenants.

The project will generate approximately 1,000 jobs during construction. 1,200 new permanent employment positions in the City, and approximately 1,600 seasonal jobs once the Project is opened. EPC has requested that the City provide economic development grants to provide funding to offset development costs and thereby facilitate the achievement of City economic development goals. The City desires to enter into this

Agreement in order to maintain and/or enhance the business, commercial and/or industrial economic and employment base of the City to the long-term interest and benefit of the City and in accordance with Chapter 380 of the Texas Local Government Code (“Chapter 380).

The City desires to encourage business expansions within the City that will add to the property tax base and generate additional sales taxes and other revenues for the City.

The promotion of the expansion of businesses within the City will promote economic development, stimulate commercial activities, create additional jobs and generate additional sales taxes, and enhance the property tax base and economic vitality of the City; and,

The City is authorized by the Texas Constitution, Article III, §52-a, and Texas Local Government Code, Chapter 380 to provide economic development grants to promote local economic development and to stimulate business and commercial activity in the City.

Due to the increased government infrastructure work and construction activity in and around Laredo, EPC has encountered an unexpected substantial increase in the costs – both labor and materials – for the construction of the retail shopping outlet mall; and,

Webb County has expressed interest in supporting the construction of the retail shopping outlet mall by way of entering into an Economic Development Performance and Grant Agreement with EPC to provide sales tax rebate; and

The City, as part of its economic development program is willing to increase the economic incentives to EPC in conjunction with Webb County to support the Project, as set forth in the attached Exhibit “A” and incorporated herein as if fully set forth at length; and

In return consideration, EPC has agreed to modify the allotment and terms for certain parking locations surrounding the retail shopping outlet mall to allow the properties to remain under the control of the City until such parking is necessitated.

COMMITTEE RECOMMENDATION

N/A

STAFF RECOMMENDATION

That Council approve this resolution.

Attachments

Resolution

RESOLUTION NO. 2015-R-93

AUTHORIZING THE CITY MANAGER TO AMEND AND EXECUTE AN ADDENDUM TO PHASE ONE (1) OF AN ECONOMIC DEVELOPMENT AGREEMENT BETWEEN THE CITY OF LAREDO AND THE EL PORTAL CENTER, L.L.C. ("EPC"), AN ILLINOIS LIMITED LIABILITY COMPANY. THE AMENDMENT WOULD BE FOR THE PURPOSE OF INCREASING THE TERM OF SALES TAX RECEIPTS FROM TEN TO TWELVE YEARS AND TO CHANGE THE TERMS OF CERTAIN PARKING LOTS. THE CITY WILL PROVIDE SAID ECONOMIC INCENTIVE AS PART OF ITS ECONOMIC DEVELOPMENT PROGRAM IN ACCORDANCE WITH ARTICLE III, SECTION 52-A OF THE TEXAS CONSTITUTION AND CHAPTER 380 OF THE TEXAS LOCAL GOVERNMENT CODE.

WHEREAS, On September 2, 2014 the City of Laredo and EPC entered into a 380 agreement for the purposes of economic development in the downtown area; and,

WHEREAS, EPC owns approximately seven (7) acres of property located at 1600 Water Street in the City; and,

WHEREAS, EPC proposes to redevelop the existing retail center located on the Property into a retail outlet shopping mall, and (ii) operate and maintain the redeveloped retail outlet shopping mall along with associated infrastructure; and,

WHEREAS, EPC desires to construct the retail outlet shopping mall in two phases; and,

WHEREAS, EPC agrees to construct the first phase of the retail outlet shopping mall, expected to consist of approximately 358,000 square feet, of net leasable space to be occupied by approximately 80 retail tenants; and,

WHEREAS, EPC also expects to construct additional retail space, as a second phase to the retail outlet shopping mall, which is expected to contain approximately 100,000 additional square feet of leasable space to be occupied by approximately twenty five (25) retail tenants; and,

WHEREAS, the project will generate approximately 1,000 jobs during construction and 1,200 new permanent employment positions in the City, and approximately 1,600 seasonal jobs once the Project is opened; and,

WHEREAS, EPC has requested that the City provide economic development grants to provide funding to offset development costs and thereby facilitate the achievement of City economic development goals; and,

WHEREAS, the City desires to enter into this Agreement in order to maintain and/or enhance the business, commercial and/or industrial economic and employment base of the City to the long-term interest and benefit of the City and in accordance with Chapter 380 of the Texas Local Government Code (“Chapter 380); and,

WHEREAS, the City desires to encourage business expansions within the City that will add to the property tax base and generate additional sales taxes and other revenues for the City; and,

WHEREAS, the promotion of the expansion of businesses within the City will promote economic development, stimulate commercial activities, create additional jobs and generate additional sales taxes, and enhance the property tax base and economic vitality of the City; and,

WHEREAS, the City is authorized by the Texas Constitution, Article III, §52-a, and Texas Local Government Code, Chapter 380 to provide economic development grants to promote local economic development and to stimulate business and commercial activity in the City; and,

WHEREAS, due to the increased government infrastructure work and construction activity in and around Laredo, EPC has encountered an unexpected substantial increase in the costs – both labor and materials – for the construction of the retail shopping outlet mall; and,

WHEREAS, Webb County has expressed interest in supporting the construction of the retail shopping outlet mall by way of entering into an Economic Development Performance and Grant Agreement with EPC to provide sales tax rebate; and

WHEREAS, the City, as part of its economic development program is willing to increase the economic incentives to EPC in conjunction with Webb County to support the Project, as set forth in the attached Exhibit “A” and incorporated herein as if fully set forth at length; and

WHEREAS, in return consideration, EPC has agreed to modify the allotment and terms for certain parking locations surrounding the retail shopping outlet mall to allow the properties to remain under the control of the City until such parking is necessitated.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LAREDO THAT:

Section 1. It hereby authorizes and approves the Addendum to the Economic Development Performance and Program Grant Agreement between the City of Laredo, Texas and El Portal Center L.L.C.

Section 2. It hereby authorizes the City Manager to execute all related documents.

PASSED BY THE CITY COUNCIL AND APPROVED BY THE MAYOR ON THIS THE
28nd DAY OF SEPTEMBER, 2015.

ATTEST:

PETE SAENZ
MAYOR

GUSTAVO GUEVARA, JR.
CITY SECRETARY

ATTEST:

APPROVED AS TO FORM:

DOANH "ZONE" T. NGUYEN
ASST. CITY ATTORNEY

ATTACHMENT A

OPTIONS FOR ADDED \$6.6M @ NPV - COUNTY PARTICIPATION @50%												
	(1)						(2)					
	50%			City			50%			City		
	Projected	County	Amount	Projected	Participation	Amount	Projected	County	Amount	Projected	Participation	Amount
Year	County Rev	Participation	to County	City Rev	No Cap	to City	County Rev	Participation	to County	City Rev	Modified Cap	to City
1	670,388	335,194	335,194	1,340,775	1,340,775	0	670,388	335,194	335,194	1,340,775	1,300,000	40,775
2	687,147	343,574	343,574	1,374,294	1,374,294	0	687,147	343,574	343,574	1,374,294	1,350,000	24,294
3	704,326	352,163	352,163	1,408,652	1,408,652	0	704,326	352,163	352,163	1,408,652	1,400,000	8,652
4	721,934	360,967	360,967	1,443,868	1,443,868	0	721,934	360,967	360,967	1,443,868	1,400,000	43,868
5	739,983	369,991	369,991	1,479,965	1,479,965	0	739,983	369,991	369,991	1,479,965	1,400,000	79,965
6	758,482	379,241	379,241	1,516,964	1,516,964	0	758,482	379,241	379,241	1,516,964	1,500,000	16,964
7	777,444	388,722	388,722	1,554,888	1,554,888	0	777,444	388,722	388,722	1,554,888	1,500,000	54,888
8	796,880	398,440	398,440	1,593,760	1,593,760	0	796,880	398,440	398,440	1,593,760	1,500,000	93,760
9	816,802	408,401	408,401	1,633,604	1,633,604	0	816,802	408,401	408,401	1,633,604	1,600,000	33,604
10	837,222	418,611	418,611	1,674,444	1,674,444	0	837,222	418,611	418,611	1,674,444	1,600,000	74,444
11	858,153	429,076	429,076	1,716,305	1,716,305	0	858,153	429,076	429,076	1,716,305	1,700,000	16,305
12	879,607	439,803	439,803	1,759,213	713,500	1,045,713	879,607	439,803	439,803	1,759,213	1,358,400	400,813
Nominal		\$4,624,183	\$4,624,183		\$15,021,214	\$1,045,713		\$4,624,183	\$4,624,183		\$17,608,400	\$888,332
NPV @5% rate		\$3,366,895	\$3,366,895		\$12,885,287	\$582,292		\$3,366,895	\$3,366,895		\$12,885,280	\$582,299
					\$3,366,895						\$3,366,895	
					\$16,252,182						\$16,252,175	
Current rec					-\$9,652,168						-\$9,652,168	
Add'l amount					\$6,600,014						\$6,600,007	