

**MINUTES OF JOINT WORKSHOP WITH BASTROP, TX CITY  
COUNCIL AND BASTROP ECONOMIC DEVELOPMENT  
CORPORATION  
MARCH 22, 2018**

The Bastrop City Council and the Bastrop Economic Development Corporation met in a Joint Workshop Meeting on Thursday, March 22, 2018, at 6:30 p.m. at the Bastrop City Hall Council Chambers, located at 1311 Chestnut Street, Bastrop, Texas. Members present for the Bastrop City Council were: Mayor Schroeder, Mayor Pro Tem Schiff and Council Members Jones, Ennis, Nelson and Peterson. Officers present were: City Manager, Lynda Humble and City Secretary, Ann Franklin. Members present for the Bastrop Economic Development Corporation were: Drusilla Rogers, Sam Kier, Kevin Plunkett, Ron Spencer and Kathryn Nash. Staff present: Economic Development Director, Shawn Kirkpatrick.

**CALL TO ORDER**

**Mayor Connie Schroeder called the meeting of the Bastrop City Council to order with a quorum being present at 6:30 p.m.**

**Vice Chair Kevin Plunkett called the meeting of the Bastrop Economic Development Corporation to order with a quorum being present at 6:30 p.m. Chair Camillo Chavez was absent.**

**Council waived Section 4.5. Work Session/Briefings of the Rules of Procedure for the City of Bastrop to allow citizens to speak on item 2A only.**

**WORK SESSION**

- 2A. Discuss default and possible remedy of two (2) agreements between the City of Bastrop and Bastrop Fine Arts Guild and one (1) agreement between the Bastrop Economic Development Corporation and Bastrop Fine Arts Guild.  
**Presentation was made by City Manager, Lynda Humble and Economic Development Director, Shawn Kirkpatrick.**

**Background/Action Summary**

City Manager Lynda Humble stated that she and Mayor Schroeder met with Mark Rose and Patricia Rendulic of the Art Guild regarding the request for HOT Funding. At the time of the meeting with Mark and Patricia regarding the Art Guild's request for HOT Fund the City Manager brought to their attention the three (3) agreements between the City and BEDC that were in default and indicated that no additional funding from the City would be provided until these agreements were cured. The process for curing the default was discussed and the decision for curing rests solely with the Bastrop City Council and Bastrop Economic Development Corporation, Mayor Schroeder suggested a joint meeting to have a collective conversation. Mr. Rose agreed that the Art Guild Board would study the agreement and prepare a plan on how to cure the default. An Art Guild Board retreat was scheduled for late January, Mr. Rose asked if once the retreat had taken place if he could come back and have a meeting with the City Manager and Mayor to make sure that the board's plan to cure met the intent of the three (3) contracts. A meeting was held on February 20<sup>th</sup> which included the Mayor, City Manager and BEDC Director, the goal was to have a proposed plan prepared that met the intent of the contracts and reviewed by the end of February.

The City Council and Bastrop Economic Development Board will need to discuss the parameters of the original agreement and factor in what Mr. Rose is proposing. The

determination as to whether or not the cure proposed is sufficient rests solely with the City Council and Bastrop Economic Development Corporation. Staff is seeking direction from both policy bodies on how they wish to proceed. Once staff has direction from the two policy bodies the direction must go before both policy bodies because staff will either have to initiate a default provision under the existing agreement or staff must create an additional contract to acknowledge the cure provisions that was agreed upon in order to have the Bastrop Art Guild execute the agreement.

Mark Rose, Bastrop Fine Arts Guild made a presentation regarding the Art Guild's default and their plan to cure.

#### CITIZEN COMMENTS

Herb Goldsmith – He stated that the Art Center is now competing against the “struggling Convention and Exhibit Center” because the Lost Pines Art Center is now a “fully functioning indoor event center” and will have outdoor amenities, this website is a well developed event marketing and booking component. He pointed out the features of the Art Center's website and refund timeframe. He stated the Art Center has no constraints, it doesn't say it is for artist conferences or things of that nature, it simply says they have a venue for the public. He stated when the “Policy and Procedures” are clicked on the Bastrop Convention Center website you get three pages of caveat, when you click rates you are told to contact the staff, you cannot book online nor get an estimate. He stated although the Convention Center can host a real convention, there are only four events till the end of August. He urged the listeners to visit the Art Center website because it appears to be able to beat the Bastrop Convention Center on how to market and quickly book rather significant events and still be fluent enough to have small events. As a result the Lost Pines Art Center is a significant competitor to the Bastrop Convention Center for hosting events. Any further funding of the Bastrop Art Center by the City appears to be in conflict with the City's best interest due to the significant change in the Bastrop Art Center's Operation. The Lost Pines Art Center even has a continuous National internet social media marketing via its membership in “Event Up”. Over a Million dollars a year is paid to keep the Bastrop Convention Center operating, if the Bastrop Convention Center could be run more efficiently, more events could be booked. “This business model impacts success.”

Glen Johnson – His comments as follows were based on Mr. Mark Rose's letter. He stated Mr. Rose's letter seems to be slightly different from his presentation today. The agreement between the City of Bastrop and the BEDC with the Bastrop Fine Arts Guild, the contrast requiring compliance, responsibilities laid out in the contract or suffering the consequence of default. The agreements reflect consents set forth by the then City Manager (Mike Talbot) in his August 12, 2014 memorandum to the Council. Mr. Talbot wrote about the provisions and the claw backs of the funding of the Bastrop County Historical Society when it occupied the renovated City building formally holding City offices. His concern regarding the grant to the Bastrop Art Guild was as you may know the City has never provided grant funds of this magnitude to a non-City owned facility. To be enforceable and protective of the City and the Guild alike, careful and complete documentation is critical and necessary. The Art Guild admits it did not notify the City or BEDC of the default as required by the contracts and offered an excuse “sloppy approach to our contractual obligations”. The Art Guild admits in this letter to City Council and BEDC that it is in default and states it will not cure the default. The Art Guild seeks time to do a portion of the project it has not done but wishes to do. However, it states it refuses to complete the project as defined and agreed to in the contracts. It will not employ three (3) people as required by the BEDC contract, which is a major purpose of the BEDC grant, nor will it complete the project as defined in the City and BEDC contracts set forth in the authority and project definition provisions.



The Guild knew that it was not going to complete the projects as defined in the City contracts during the first year of operation, failed to notify the City of that planned permanent default. Apparently the Guild want to retroactively revise its obligations under the contract to reduce its obligations. The retroactive provisions of the contracts were not contemplated in the original agreements, the agreements provided that the Guilds performance subsequent that the Guild successfully initiate and complete development of the project within the timeframe stated and agreed upon herein. That was not done. Successfully operate the project noted herein, that apparently has not been done. And successfully fulfill all contractual obligations without default as specified herein. Both of the agreements for the City the Guilds execution and performance constitutes a valid and binding obligation of the Guild at the time the Guild accepts funding from the City for the project. The Guild acknowledges the City is acting reliance upon the Guilds full and complete performance of all stated conditions, precedence and other performance obligation set forth in making these decisions to commit substantial resources for the project. The BEDC contract is similarly worded performance requirements in its authority section. The Guild admits it defaulted in completion of the project on time, did not announce its default when it became clear it would occur and states it would not complete the project as defined and required by the agreements. The Guild will not hire three (3) employees as required by the BEDC contract because it does not have the money to do so and would not hire three (3) employees even if it had the money. The Guild would not build the efficient apartment nor does it have plans to complete two silos for working artist studios (that is in the letter, not sure if that is still what the position is.).

Bonnie Coffey – She stated that she knows a little about running a 501c3 because for over 17 years she was a city employee who ran a division in the mayor’s office who had a 501c3 organization in City operations. She served on the committee that reviewed and evaluated resumes for the position of the Art Guild Executive Director and made recommendations to the board. Through that process she had the opportunity to observe the leadership and the board of the Guild and interact with them. “As someone who understands the complex nature and boundaries of a 501c3 organization I was concerned by what I saw, that concern moved toward alarm when I attended an Art Guild Board meeting in January 2016. What I saw was a nonprofit board that didn’t have a clue about their fiduciary or corporate responsibilities. As the meeting progressed and I tried to explain to them the importance of fully understanding and observing these responsibilities it became clear to me that not only were they uninformed about what was expected of them, some were downright hostile when I tried to explain their legal obligations. Non-profit boards that do not fulfill their financial and legal responsibilities and obligations should be unacceptable in any and all circumstances. It also sets a precedence that is a dangerous place for both a city and a nonprofit. What happens when a future private groups asks ‘You gave them General Fund money, why not us?’.”

Connor McAnally – He stated that he fully believes in public funding for the Arts, it is an important thing for all communities. “However, it absolutely has to be accountable for the safety of the Arts. The reason being, if an organization gets money and doesn’t fulfill its obligation under a contract with public funds affectively, it brings the Arts in to disrepute, the business of the Arts into disrepute and it makes further public funding for the Arts much more difficult. The City is the patrons of the Arts, representing the citizens who are the patrons of the Arts in this community. Making sure that any money that is public money coming out of tax payer’s pockets that goes into any Arts organization must be accountable and it must be well used. I do not applaud a building going from 3.4 million to 5.6 million. I am appalled that neither the City Council nor BEDC has performed an audit. There is no business plan before the Council at this time. The Community has invested \$500,000 in one downtown business that is a private business, the City does not own it and it is not fulfilling its obligation. The City needs

to enforce the default so that the Arts overall can be protected and when people from the Arts come to the City in the future the City can expect deliverance.”

Direction was given to Bastrop Economic Development staff to:

- Revise the scope
- Review Art Guild’s business plan
- Review audit
- Run an analysis on what FTEs are and a comparison of what the contract calls for and what is in existence.

Direction was given to City Staff:

In Section 2.11 – Project, City of Bastrop agreement with the Arts Guild

- Sentence 3, eliminate the conversion of the silos to working artist studios.
- Sentence 3, eliminate the use of the silo as an efficiency apartment.
- Sentence 3, the City of Bastrop will extend the deadline to September 20, 2018.
- Sentence 4, the City of Bastrop will extend the deadline to July 30, 2018.

The assurance is that the Art Guild will not get any more public money until they have clearly met the purpose of the agreement. The City Manager was asked to work with Mr. Rose to ensure clarity of the revisions to the scope were documented in writing.

Mayor Schroeder recessed the Council Meeting at 9:30 p.m.

Mayor Schroeder called the Council Meeting back to order at 9:40 p.m.

- 2B. Review and discuss the Bastrop EDC Strategic Plan, Updates, and Supplements. This item was withdrawn.
- 2C. Discuss other economic development related issues or concerns and next steps. Discussion was held.

#### ADJOURNMENT

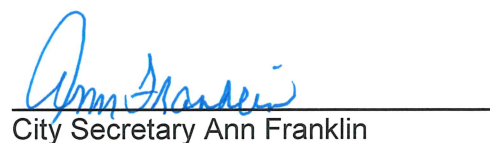
Mayor Connie Schroeder adjourned the Bastrop City Council meeting at 9:47 p.m. without objection.

Vice Chair Kevin Plunkett adjourned the Bastrop Economic Development Corporation meeting at 9:47 p.m. without objection.

APPROVED:

ATTEST:

  
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Mayor Connie B. Schroeder

  
\_\_\_\_\_  
City Secretary Ann Franklin

The Minutes were approved on April 10, 2018, by Mayor Pro Tem Schiff’s motion, Council Member Ennis’ second. The motion was approved on a 5-0 vote.