



BROWNWOOD MUNICIPAL DEVELOPMENT DISTRICT (BMDD)

ANNUAL PLAN OF WORK AND BUDGET

2016 – 2017 BUDGET YEAR

BOARD OF DIRECTORS

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September 20, 2016

BROWNWOOD MUNICIPAL DEVELOPMENT DISTRICT BOARD OF DIRECTORS:

Following is the proposed 2016–2017 Annual Plan of Work and Budget for the Brownwood Municipal Development District (BMDD).

The 2016 – 2017 budget year promises to be an outstanding year for growth, economic development, and community development that will improve our quality of life in Brownwood. Efforts are already underway for new retail development, housing (single family, duplexes, and apartments), and industrial expansion. Community development projects that will enhance our quality of life are also under discussion.

Background

The City of Brownwood conducted an election on May 7, 2016 to terminate the Brownwood Economic Development Corporation (BEDC), a Type A economic development corporation, and concurrently create the Brownwood Municipal Development District (BMDD). The BMDD is funded by a ½-cent sales tax for the purpose of financing economic development, diversifying the economic base of the community, and improving our quality of life.

On June 14, 2016 City Council approved Resolution R-16-11 approving the Dissolution Plan for the Brownwood Economic Development Corporation (BEDC). The Dissolution Plan specified that the BEDC was obligated to continue operations only as necessary to pay the principal and interest on the BEDC's bonds and to meet obligations incurred before the date of the election, and to dispose of the BEDC's assets and apply the proceeds to satisfy the BEDC's bonds and obligations. Any remaining assets of the BEDC were transferred to the City of Brownwood (the "City"), which is the authorizing municipality that created the BEDC, and the existence of the BEDC was terminated. The dissolution plan was signed by Mayor Haynes and BEDC Board President Ryan Reagan and filed with the Texas Secretary of State. (For reference purposes, a copy of Resolution R-16-11 and the Dissolution Plan for the Brownwood Economic Development Corporation are attached since they play a role in this budget and subsequent budgets until the obligations of the BEDC have been completed.)

On June 28, 2016 City Council approved appointments to the Brownwood Municipal Development District (BMDD) Board of Directors. The existing Brownwood Economic Development Corporation (BEDC) Board of Directors were appointed to the BMDD Board of Directors. The officers and directors are listed above in the Board of Directors Section of this document. The new BMDD Board of Directors set about the business of approving bylaws, policies and procedures, and developing an Annual Plan of Work and Budget for the newly formed organization.

On September 12, 2016, the Texas Comptroller of Public Accounts, Glenn Hegar, sent a letter to the City Secretary, City of Brownwood welcoming the BMDD to the local sales tax family. When the BMDD local use and sales tax of ½-cent goes into effect on October 1, 2016, the BMDD will become the 279th Texas special purpose district.

About the BMDD

The creation of the BMDD provides greater flexibility in the way that we can utilize our ½-cent economic development sales tax revenue. We will continue to fund Type A projects, including those already committed to under the Brownwood Economic Development Corporation (BEDC). The Type A sales tax is primarily intended for manufacturing and industrial development to fund land, buildings, equipment, facilities expenditures, targeted infrastructure and improvements for projects including:

- manufacturing and industrial facilities, recycling facilities, distribution centers, and small warehouse facilities;
- research and development facilities, regional or national corporate headquarters facilities, primary job training facilities operated by higher education institutions, job training classes, telephone call centers and career centers not located within a junior college taxing district;
- certain infrastructure improvements that promote or develop new or expanded business enterprises;
- aviation facilities;
- commuter rail, light rail or commuter bus operations;
- port-related facilities, railports, rail switching facilities, marine ports, inland ports; and
- maintenance and operating costs associated with projects.

In addition, the BMDD economic development sales tax can be spent on authorized “development projects,” which include any of the following:

- The MDD tax automatically encompasses any project available to a similarly-sized 4B economic development corporation;
- A convention center facility or related improvements, such as a civic center or auditorium;
- Parking lots for such convention or related facilities; or
- Civic center hotels.

In regard to 4B economic development projects stated in the first bullet point above: The Type B sales tax may be used for any project eligible under Type A rules and several other project types, including quality of life improvements. Type B may pay for land, buildings, equipment, facilities, targeted infrastructure and improvements for:

- professional and amateur sports and athletic facilities, tourism and entertainment facilities, convention facilities and public parks;
- related store, restaurant, concession, parking and transportation facilities;
- related street, water and sewer facilities; and
- affordable housing.

To promote and develop new and expanded business enterprises that create or retain primary jobs, a Type B EDC may fund: To promote and develop new and expanded business enterprises that create or retain primary jobs, a Type B EDC may fund:

- public safety facilities;
- recycling facilities;
- streets, roads, drainage and related improvements;
- demolition of existing structures;
- general municipally owned improvements; and
- maintenance and operating costs associated with projects.

Since the MDD sales tax so closely resembles a 4B economic development sales tax, why didn't Brownwood enact a 4B economic development tax instead?

The advantages that the BMDD has over Type A and Type B are:

- The scope of projects that can be funded with an MDD sales tax is slightly larger than a 4B sales tax.
- The MDD statute does not have the same level of detailed restrictions that the 4B statute does.
- A 4B corporation has a seven-member board. Many 4B cities, particularly smaller cities, find it difficult to locate persons willing to serve on the 4B board.

The Annual Plan of Work and Budget

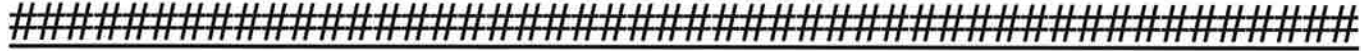
The funding flexibility that the BMDD provides creates some significant challenges in the preparation of the Plan of Work and Budget in our first year of existence. We have some historical data in regard to revenue, the administration of an economic development sales tax organization, and the expenditures we have made in the past for Type A projects that has been utilized in preparation of some parts of the initial budget. However, determining which type of projects we fund and the amount of funds we will budget for each project will be an evolving and ongoing process. A lot of the projects we fund will depend on opportunities that arise throughout the year, as well as on those occasions where we can take advantage of synergisms and momentum in regard to certain projects. Budget projections at this early stage for many of our yet-to-be-determined projects are very imprecise. For those types of projects, we have assigned a very broad category titled Community Development Projects and have allocated dollars to this department. We will then create more specific accounts as the projects are more precisely defined throughout the year.

Principles and Policies

Our Plan of Work and Budget will follow these guidelines:

- The BMDD will continue to be the central contact for economic development activities in Brownwood.
- The BMDD will continue to market Brownwood to industrial, retail, and other prospective businesses.
- The BMDD will remain flexible in regard to how dollars are spent to enhance economic development and our quality of life. Opportunities will be explored as they arise in an ever changing economic environment. The Annual Plan of Work will help determine how dollars are to be budgeted each fiscal year.
- The BMDD Board of Directors and City Council will approve the Annual Plan of Work and budget.
- The BMDD will give priority to projects identified by the City Council that require support. Ideally, these projects will benefit the community as a whole and add to the economy and quality of life in Brownwood.
- The BMDD will set aside funds annually in the budget process to fund traditional Type A projects. Dollar amounts are to be determined and submitted in the annual plan of work. This will include dollars to fund business expansion and retention projects.
- The BMDD has created an escrow fund for the projects initiated under the BEDC until those obligations are completed.

- The BMDD will explore opportunities for Public Private Partnerships.
- The BMDD will pursue additional sources of funding such as grants in addition to funds from the economic development sales tax proceeds.



Budget Summary

CITY OF BROWNWOOD, TEXAS

BROWNWOOD MUNICIPAL DEVELOPMENT DISTRICT 2016 - 2017 BUDGET

**51-BMDD
SUMMARY**

	-----CURRENT YEAR -----	NEXT YEAR -----	
	CURRENT BUDGET	DEPARTMENT	
	(BEDC)	REQUEST	%INCREASE/DECREASE
REVENUE SUMMARY			
SALES TAX	1,770,000.00	1,840,767	3.84%
LICENSE & FEES	3,600.00	36,000.00	90.00%
MISCELLANEOUS	66,000.00	68,000.00	2.94%
*** TOTAL REVENUES ***	1,839,600.00	1,944,767.00	5.41%
EXPENDITURE SUMMARY			
51-B.M.D.D. ADMINISTRATION	254,105.00	277,179.00	8.32%
56-PROPERTY DEVELOPMENT	90,700.00	83,400.00	-8.75%
57-NEW INDUSTRIAL DEVELOPMENT	175,000.00	175,000.00	0.00%
58-NEW COMMERCIAL DEVELOPMENT	175,000.00	350,000.00	50.00%
64-EXISTING INDUSTRY	415,600.00	653,000.00	36.36%
66-MARKETING & PROMOTION	69,000.00	69,500.00	0.72%
67 - SPORTS COORDINATION	0.00	36,500.00	100.00%
68-COMMUNITY DEVELOPMENT PROJECTS	0.00	300,000.00	100.00%
*** TOTAL EXPENDITURES ***	1,179,405.00	1,944,579.00	39.35%
***REVENUES OVER(UNDER) EXPENDITURES ***	660,195.00	188.00	



Revenues

Based on current year sales tax receipts, we anticipate revenues to increase. Sales tax revenue for 2016-2017 is projected to be **\$1,840,767** which is a **3% increase** over our current year sales tax collections, or 3.84% over the \$1,770,000 budgeted amount for the 2015-2016 fiscal year. This corresponds with the City's sales tax revenue budget projections.

We also anticipate **\$36,000 revenue** from the **T.G. Mercer lease** of 15 acres in our industrial park, **\$8,000** from our **interest income on investments**, and **\$60,000** from our **interest income on notes receivable**.

Total revenue of \$1,944,767. The total revenue projected represents an increase of 5.41% over the 2015-2016 budgeted amount of \$1,839,600.

51 - BMDD DEPARTMENT REVENUES		-----CURRENT YEAR -----	NEXT YEAR -----	
		CURRENT BUDGET	DEPARTMENT	
		(BEDC)	REQUEST	%INCREASE/DECREASE
SALES TAX				
4-02-04 SALES TAX REVENUE		1,770,000.00	1,840,767.00 ³	3.84%
	TOTAL SALES TAX	1,770,000.00	1,840,767.00	3.84%
LICENSE & FEES				
4-05-20 LEASE INCOME		3,600.00	36,000.00 ³	90.00%
	TOTAL LICENSE & FEES	3,600.00	36,000.00	90.00%
MISCELLANEOUS				
4-08-23 INTEREST INC - INVESTMENTS		1,000.00	8,000.00 ³	87.50%
4-08-24 INTEREST INC - NOTES REC		65,000.00	60,000.00 ³	-8.33%
	TOTAL MISCELLANEOUS	66,000.00	68,000.00	2.94%
	TOTAL REVENUES	1,839,600.00	1,944,767.00	5.41%

Expenditures

The BMDD expenditures and projects for funding all play a significant role in the economic development and quality of life in Brownwood. Our budget allocations for 2016–2017 fall into these primary categories:

- **51 - BMDD Department Expenditures**
- **56 - Property Development**
- **57 - New Industrial Development**
- **58 - New Commercial Development**
- **64 - Existing Industry**
- **66 - Marketing and Promotion**
- **67 - Sports Coordinator**
- **68 - Community Development Projects**

In our 2016-2017 Budget we have committed to continue the support of our Type A projects and existing industry. We have projected expenditures of \$175,000 for New Industrial Development and \$653,000 to Existing Businesses which includes job training. \$300,000 has been allocated to new Community Development Projects that the BMDD is able to undertake to improve our quality of life.

51 - BMDD Department Expenditures

Budgeted costs for department expenditures of the BMDD are projected to **increase** from \$254,105 in 2015-2016 to **\$277,179 for the 2016-2017 budget year.**

Personnel Services

Personnel Services expenses are expected to **increase** from \$198,305 to **\$212,679**. Increases are due primarily to the addition of **\$26,542 in salary and benefits** for the BMDD portion of the **Sports Coordinator** position. (The salary and benefits of the Sports Coordinator is shared by the BMDD, City, and Chamber of Commerce, with each paying 1/3rd of the salary and benefits. The BMDD is paying for all of the administrative costs in the 2016-2017 budget year.)

In addition, 1/4th of the salary of the **Special Projects and Communication Manager** salary will be reflected in the City 2016-2017 budget since this position will also support the City Manager in communication efforts. The remaining **\$38,886 of salary and benefits** for this position are included in the 2016-2017 budget.

The remaining increases are due to projected **salary increases** of **2% COLA** for city staff, overtime expense for the Sports Coordinator to attend events, and benefit cost increases. The **net effect of the personnel changes and addition** is an increase of **6.76%**.

Supplies

Based on actual expenditures from 2015-2016, **supplies** are expected to **decrease** from \$5,200 to **\$4,300**. This is a **20.93% decrease**.

Contractual

Based on actual expenditures from 2015-2016, **contractual services** are expected to **increase** from \$50,100 to **\$58,400**. The increase is due to not having communications budgeted in 2015-2016, additional professional development costs for the Special Projects and Communication Manager added in the last quarter of 2015, an increase in services and permits, and the addition of **auditing fees of \$4,000**. This is a **14.21% increase**.

Capital Equipment

Apple desktop has been budgeted for the **Special Projects and Communication Manager** since it has better graphics capabilities than the current Microsoft Windows based desktop. The current desktop assigned to this position will be utilized by the Sports Coordinator position. The cost of the Apple desktop is budgeted at **\$1,800**.

The **percentage increase in departmental expenditures** from the 2015-2016 to 2016-2017 is **8.32%**.

51-BMDD
DEPARTMENT EXPENDITURES

	---CURRENT YEAR -----		NEXT YEAR -----	
	CURRENT BUDGET		DEPARTMENT	
	(BEDC)		REQUEST	%INCREASE/DECREASE
PERSONNEL SERVICES				
5-51-01-01 SALARIES	130,845.00		159,336.00 ⁷	17.88%
5-51-01-02 OVERTIME	800.00		3,000.00 ⁷	73.33%
5-51-01-03 RETIREMENT	18,638.00		22,025.00	15.38%
5-51-01-04 SOCIAL SECURITY	10,048.00		12,227.00	17.82%
5-51-01-05 GROUP INSURANCE	13,172.00		11,338.00	-16.18%
5-51-01-07 WORKERSCOMP/UNEMPLOYMEN	338.00		433.00	21.94%
5-51-01-12 NEW PAY ROLL REQUESTS	24,464.00		4,320.00 ⁷	-466.30%
TOTAL PERSONNEL SERVICES	198,305.00		212,679.00	6.76%
SUPPLIES				
5-51-02-09 OFFICE SUPPLIES	1,000.00		1,200.00 ⁷	16.67%
5-51-02-11 FOOD	3,000.00		2,000.00 ⁷	-50.00%
5-51-02-14 EXPENDABLE ITEMS	1,000.00		700.00 ⁷	-42.86%
5-51-02-20 POSTAGE	200.00		400.00 ⁷	50.00%
TOTAL SUPPLIES	5,200.00		4,300.00	-20.93%
CONTRACTUAL				
5-51-03-23 COMMUNICATIONS	0.00		900.00 ⁷	100.00%
5-51-03-26 INDIRECT COSTS	27,000.00		27,000.00 ⁷	0.00%
5-51-03-27 PROFESSIONAL DEVELOPMENT	2,000.00		4,600.00 ⁷	56.52%
5-51-03-28 TRAINING/TRAVEL EXPENSES	9,500.00		8,400.00 ⁷	-13.10%
5-51-03-31 SERVICES / PERMIT FEES	7,600.00		11,500.00 ⁷	33.91%
5-51-03-32 ASSOCIATIONS	2,000.00		2,000.00 ⁷	0.00%
5-51-03-62 AUDITING FEES	2,000.00		4,000.00	50.00%
TOTAL CONTRACTUAL	50,100.00		58,400.00	14.21%
CAPITAL - EQUIPMENT				
5-51-09-79 MISCELLANEOUS EQUIPMEN	500.00		1,800.00 ⁷	72.22%
TOTAL CAPITAL - EQUIPMENT	500.00		1,800.00	72.22%
TOTAL 51-BMDD DEPARTMENTAL EXPENDITURES	254,105.00		277,179.00	8.32%

56 - Property Development

Overall, **property development fees** are projected to **decrease 8.75%** from \$90,700 to **\$83,400**. This is due primarily to a reduction from \$40,000 in building maintenance costs based on actuals to **\$30,000**. **Utility bills** based on actuals **increased** from \$700 to **\$2,400**.

51-BMDD
56 - PROPERTY DEVELOPMENT

	---CURRENT YEAR -----		NEXT YEAR -----	
	CURRENT BUDGET		DEPARTMENT	
	(BEDC)		REQUEST	%INCREASE/DECREASE
CONTRACTUAL				
5-56-03-25 INSURANCE AND BONDS	0.00		1,000.00 ⁷	100.00%
5-56-03-30 UTILITIES	700.00		2,400.00 ⁷	70.83%
TOTAL CONTRACTUAL	700.00		3,400.00	79.41%
MAINTENANCE - BUILDINGS				
5-56-04-35 BUILDINGS & GROUNDS	40,000.00		30,000.00 ⁷	-75.00%
TOTAL MAINTENANCE - BUILDINGS	40,000.00		30,000.00	-75.00%
CAPITAL - BUILDINGS & GROUNDS				
5-56-08-71 LAND AQUISITION-PROP DEV	50,000.00		50,000.00 ⁷	0.00%
TOTAL CAPITAL - BUILDINGS & GROUNDS	50,000.00		50,000.00	0.00%
TOTAL 56-PROPERTY DEVELOPMENT	90,700.00		83,400.00	-8.75%

57 - New Industrial Development

Historically, we have budgeted \$350,000 for new industrial development under the BEDC.

We have now divided the \$350,000 under the BMDD into two parts. **\$175,000** will be budgeted under **New Industrial Development**, and **\$175,000** to **New Commercial Development**.

51-BMDD			
57 - NEW INDUSTRIAL DEVELOPMENT		-----CURRENT YEAR -----	NEXT YEAR -----
		CURRENT BUDGET	DEPARTMENT
		(BEDC)	REQUEST
			%INCREASE/DECREASE
INCENTIVES			
5-57-09-85 INCENTIVES		175,000.00	175,000.00
	TOTAL INCENTIVES	175,000.00	175,000.00
	TOTAL 57-NEW INDUSTRIAL DEVELOPMENT	175,000.00	175,000.00
			0.00%
			0.00%
			0.00%

58 - New Commercial Development

In addition to the \$175,000 allocated to new commercial development, we have added an **additional \$175,000** due to a **new retail development** that is in the early stages and shows real potential. The total amount budgeted for **New Commercial Development** is **\$350,000**.

51-BMDD			
58- NEW COMMERCIAL DEVELOPMENT		-----CURRENT YEAR -----	NEXT YEAR -----
		CURRENT BUDGET	DEPARTMENT
		(BEDC)	REQUEST
			%INCREASE/DECREASE
INCENTIVES			
5-58-09-85 INCENTIVES		175,000.00	350,000.00
	TOTAL INCENTIVES	175,000.00	350,000.00
	TOTAL 58-NEW COMMERCIAL DEVELOPMENT	175,000.00	350,000.00
			50.00%
			50.00%
			50.00%

64 - Existing Industry

An **increase of 36.36%** is projected, primarily due to anticipated costs for a long standing rail project that has been in the preliminary stages, but was not yet contractually committed to in the 2015-2016 budget. This is the **LANI Rail Project** which is anticipated to be **\$400,000 maximum**.

Services and permit fees projections have **increased** from \$7,600 in 2015-2016 to **\$25,000** in 2016-2017 based on actual dollars expended in 2015-2016. This is an **increase of 69.6%**.

Note reduction for job creation is expected to remain the same at **\$28,000**.

Job training expenditures are projected to **remain the same** at **\$120,000**, although there may be some shifts in the way the dollars are expended.

Infrastructure improvements are expected to **decrease** from \$60,000 to **\$30,000**. This is a **decrease of 50%**.

Property acquisitions are expected to **increase** by **60%** from \$20,000 to **\$50,000**. This is in anticipation of a potential residential tract.

51-BMDD
64 - EXISTING INDUSTRY

	-----CURRENT YEAR -----	NEXT YEAR -----	%INCREASE/DECREASE
	CURRENT BUDGET	DEPARTMENT	
	(BEDC)	REQUEST	
CONTRACTUAL			
5-64-03-31 SERVICES / PERMIT FEES	7,600.00	25,000.00 ³	69.60%
5-64-03-50 N/R REDUCTION-JOB CREATION	28,000.00	28,000.00	0.00%
TOTAL CONTRACTUAL	35,600.00	53,000.00	32.83%
INCENTIVES			
5-64-08-30 UNITED INCENTIVE	180,000.00	0.00	0.00%
5-64-08-74 LANI RAIL EXTENSION	0.00	400,000.00	100.00%
5-64-08-64 JOB TRAINING	120,000.00	120,000.00 ³	0.00%
5-64-08-70 INFRASTRUCTURE IMPROVEMENTS	60,000.00	30,000.00 ³	-50.00%
5-64-08-71 PROPERTY ACQUISITIONS	20,000.00	50,000.00	60.00%
TOTAL INCENTIVES	380,000.00	600,000.00	36.67%
TOTAL 64-EXISTING INDUSTRY	415,600.00	653,000.00	36.36%

66 - Marketing and Promotion

Based on actual expenses for 2015-2016, **marketing and promotion** expenses are projected to **increase by .72%** from \$69,000 to \$69,500. **Services and permits fees** have **decreased by \$15,500** based on actuals. This is due to primarily to discontinuing the services of Retail Strategies. However, a **marketing study of \$16,000** is projected to update our market data.

51-BMDD
66 - MARKETING & PROMOTION

	-----CURRENT YEAR -----	NEXT YEAR -----	%INCREASE/DECREASE
	CURRENT BUDGET	DEPARTMENT	
	(BEDC)	REQUEST	
CONTRACTUAL			
5-64-03-31 SERVICES / PERMIT FEES	35,000.00	19,500.00 ³	-79.49%
5-66-03-29 PUBLICATIONS	8,000.00	8,000.00	0.00%
5-66-03-33 INTERNET MARKETING	6,000.00	6,000.00	0.00%
5-66-03-34 MARKETING ALLIANCE	20,000.00	20,000.00	0.00%
5-66-03-35 MARKETING STUDY	0.00	16,000.00 ³	100.00%
TOTAL CONTRACTUAL	69,000.00	69,500.00	0.72%
TOTAL 66-MARKETING & PROMOTION	69,000.00	69,500.00	0.72%

67 - Sports Coordinator

A Sports Coordinator to market our sports facilities is being added. (The salary and benefits of the Sports Coordinator is shared by the BMDD, City, and Chamber of Commerce, with each paying 1/3rd of the salary and benefits. The BMDD is paying for all of the administrative costs in the 2016-2017 budget year.) This was discussed in the **Personnel Services** section. The BMDD portion of the salary and benefits is \$26,542. In addition the BMDD would pay the estimated **administrative costs** for the position totaling **\$36,500** as shown below:

51-BMDD
67 - SPORTS COORDINATOR

	-----CURRENT YEAR -----	NEXT YEAR -----	%INCREASE/DECREASE
	CURRENT BUDGET	DEPARTMENT REQUEST	
SUPPLIES			
5-67-02-09 OFFICE SUPPLIES	0.00	500.00	100.00%
5-67-02-14 EXPENDABLE ITEMS	0.00	2,500.00	100.00%
5-67-02-20 POSTAGE	0.00	500.00	100.00%
TOTAL SUPPLIES	0.00	3,500.00	100.00%
CONTRACTUAL			
5-67-03-23 COMMUNICATIONS	0.00	2,000.00	100.00%
5-67-03-27 PROFESSIONAL DEVELOPMENT	0.00	2,500.00	100.00%
5-67-03-28 TRAINING/TRAVEL EXPENSES	0.00	2,500.00	100.00%
5-67-03-31 SERVICES	0.00	15,000.00	100.00%
5-67-03-32 ASSOCIATIONS	0.00	1,000.00	100.00%
5-67-03-33 MARKETING	0.00	10,000.00	100.00%
TOTAL CONTRACTUAL	0.00	33,000.00	100.00%
67- TOTAL SPORTS COORDINATOR	0.00	36,500.00	100.00%

68 – Community Development Projects

\$300,000 has been allocated for **Community Development Projects** in the 2016-2017 budget. Some projects that have been suggested include but are not limited to:

- Housing - Meetings have already begun with home builders and developers to explore ways that new housing can be increased in Brownwood. The builders and developers have already told us that the first step would be to have an **analysis of the demand for new housing** to be undertaken.
- Events center.
- Parks and recreation.
- Downtown improvements.
- Gateway signage.
- Residential revitalization.

51-BMDD
68- COMMUNITY DEVELOPMENT PROJECTS

	-----CURRENT YEAR -----	NEXT YEAR -----	%INCREASE/DECREASE
	CURRENT BUDGET (BEDC)	DEPARTMENT REQUEST	
CONTRACTUAL			
5-68-03-31 SERVICES / PERMIT FEES	0.00	0.00	0.00%
TOTAL CONTRACTUAL	0.00	0.00	0.00%
PROJECTS			
5-68-08-00 COMMUNITY DEVELOPMENT	0.00	300,000.00	100.00%
5-68-08-01 HOUSING	0.00	0.00	0.00%
5-68-08-02 EVENTS CENTER	0.00	0.00	0.00%
5-68-08-03 PARKS AND RECREATION	0.00	0.00	0.00%
5-68-08-04 DOWNTOWN IMPROVEMENTS	0.00	0.00	0.00%
5-68-08-05 GATEWAY SIGNAGE	0.00	0.00	0.00%
5-68-08-06 RESIDENTIAL REVITALIZATION	0.00	0.00	0.00%
TOTAL INCENTIVES	0.00	300,000.00	100.00%
TOTAL 68-COMMUNITY DEVELOPMENT PROJECTS	0.00	300,000.00	100.00%

Net Cash

As of September 15, 2016, our cash accounts had the following balances:

- Pooled Cash - \$182,855.67
- Investment Pools - \$2,218,354.99
- Escrow - \$1,105,000.00

The pooled cash and cash in investment pools is not reflected in the budget projections, but is shown here to illustrate our cash position for the BMDD, which is a solid start for our new economic and community development organization.

Escrow Account for Financial Obligations

An escrow account was established in accordance with the Dissolution Plan for the Brownwood Economic Development Corporation (BEDC) to pay for the following ongoing project financial obligations:

- | | |
|--------------------------------------|----------------|
| • Leeco | \$340,000.00 * |
| • 3M - MicroPrismatic | \$300,000.00 |
| • 3M - Silk Surface | \$250,000.00 |
| • Wright Asphalt | \$150,000.00 |
| • Ranger College | \$30,000.00 # |
| • B & W Carrier, Inc. (Willie's T's) | \$35,000.00 |
| Total Project FOs | \$1,105,000.00 |

(* - \$100,000 of the Leeco project financial obligation was paid on 9/16/2016.)

(# - \$30,000 was paid to Ranger College on 7/15/2016 to complete this financial obligation.)

The above project financial obligations are not included in the 2016-2017 budget but will be reflected in our financials as reductions to the escrow account as the obligations are paid. Most of these commitments are multi-year, so the escrow account will be in existence until all of the obligations are paid.

Approved and adopted:

Brownwood Municipal Development District

Signed: Rup Reagan
President of the Board

Attest: Jeanice R. Padilla
Secretary

Brownwood City Council

Signed: [Signature]
Mayor

Attest: Christi Wynn
City Secretary

Date: September 27, 2016

Date: September 27, 2016

RESOLUTION NO. R-16-11

A RESOLUTION OF THE CITY OF BROWNWOOD, TEXAS, APPROVING THE DISSOLUTION PLAN FOR THE BROWNWOOD ECONOMIC DEVELOPMENT CORPORATION; AUTHORIZING THE CITY MANAGER AND HER DESIGNEES TO TAKE ANY AND ALL ACTIONS TO FOLLOW THROUGH AND COMPLETE THE PLAN; AND AUTHORIZING THE MAYOR TO SIGN ANY DOCUMENTS NECESSARY TO FOLLOW THROUGH AND COMPLETE THE PLAN, INCLUDING THE ASSIGNMENT AND TRANSFER OF ALL ASSETS OF THE BEDC REMAINING AFTER ITS BONDS, DEBTS AND FINANCIAL OBLIGATIONS HAVE BEEN SATISFIED

WHEREAS, the City of Brownwood held an election on May 7, 2016 to terminate the Brownwood Economic Development Corporation (“BEDC”) and abolish its sales and use tax at the rate of one-half of one percent, and concurrently create the City of Brownwood Municipal Development District with the imposition of a sales and use tax at the rate of one-half of one percent for the purpose of financing development projects beneficial to the District; and

WHEREAS, 389 votes were cast in favor of the proposition and 93 votes were cast against the proposition and therefore the proposition was adopted by the voters of the City of Brownwood terminating the Brownwood Economic Development Corporation, abolishing its sales and use tax at the rate of one-half of one percent, and concurrently creating the City of Brownwood Municipal Development District with the imposition of a sales and use tax at the rate of one-half of one percent; and

WHEREAS, pursuant to Section 504.353 of the Local Government Code, Subchapter G., Section 22.301 et. seq. of the Business Organizations Code and the Bylaws of the BEDC, the BEDC is obligated to wind down the affairs of the BEDC and to continue operations only as necessary to pay the principal and interest on the BEDC’s bonds and to meet obligations incurred before the date of the election, and to dispose of the BEDC’s assets and apply the proceeds to satisfy the BEDC’s bonds and obligations; and

WHEREAS, to effectuate the winding down of the affairs of the BEDC, the City Council and the BEDC must adopt a plan for dissolution for the BEDC; and

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BROWNWOOD, TEXAS:

1. That all matters stated above are found to be true and correct and are incorporated herein by reference as if copied in their entirety.

2. That the City Council hereby approves the plan for dissolution for the BEDC (the "Plan") attached hereto as Exhibit "1."
3. That the City Manager and/or her designated City staff is authorized to take any and all actions to follow through and complete the Plan.
4. That the Mayor is authorized to sign any documents necessary to follow through and complete the Plan, including, without limitation, the documentation necessary to assign and transfer all assets of the BEDC remaining after its bonds, debts and financial obligations have been satisfied.

PASSED AND APPROVED on this 14th day of June, 2016.



STEPHEN E. HAYNES, Mayor

ATTEST:



CHRISTI WYNN, City Secretary



**DISSOLUTION PLAN FOR
THE BROWNWOOD ECONOMIC DEVELOPMENT CORPORATION**

ELECTION TO TERMINATE THE BROWNWOOD ECONOMIC DEVELOPMENT CORPORATION AND CREATE A MUNICIPAL DEVELOPMENT DISTRICT:

The City of Brownwood conducted an election on May 7, 2016 to terminate the Brownwood Economic Development Corporation, a Type A economic development corporation, and create a municipal development district, in accordance with the proposition set out below (the "Proposition"):

PROPOSITION NO. 1

Shall the City of Brownwood Economic Development Corporation (Type A) be terminated with the abolition of its sales and use tax for the promotion and development of new and expanded business enterprises at the rate of one-half of one percent, and concurrently, authorize the creation of the City of Brownwood Municipal Development District with the imposition of a sales and use tax within the incorporated City limits of the City of Brownwood, Texas, which boundaries shall automatically conform to any changes in the corporate boundaries of the City at the rate of one-half of one percent for the purpose of financing development projects beneficial to the district?

389 votes were cast for adoption of the Proposition. 93 votes were cast against adoption of the Proposition. Therefore, the Proposition was adopted by the voters of the City of Brownwood and the BEDC was terminated and a municipal development district was created.

Please find attached the following:

- 1) A certified copy of the ordinance canvassing the results of the election held on May 7, 2016; and
- 2) A certified copy of the ordinance calling for the election to terminate the Type A Brownwood Economic Development Corporation ("BEDC") and create the City of Brownwood Municipal Development District.

WINDING DOWN OF THE BEDC:

Pursuant to Section 504.353 of the Local Government Code, Subchapter G., Section 22.301 et. seq. of the Business Organizations Code and the Bylaws of the BEDC, the BEDC is obligated to continue operations only as necessary to pay the principal and interest on the BEDC's bonds and to meet obligations incurred before the date of the election, and to dispose of the BEDC's assets and apply the proceeds to satisfy the BEDC's bonds and obligations. When the last of the BEDC's bonds and obligations are satisfied, any remaining assets of the BEDC shall be transferred to the City of Brownwood (the "City"), which is the authorizing City that created the BEDC, and the existence of the BEDC shall be terminated.

BONDS, DEBTS AND PROJECT FINANCIAL OBLIGATIONS OF THE BEDC:

The BEDC has the following bonds, debts and financial obligations:

1. Bonds: The BEDC has not issued any bonds but have, by agreement with the City, agreed to pay 34.78% of the City's 2003 Certificate of Obligation for improvements to City streets, including Marketplace Blvd.

Balance Owed on the 2003 CO: \$434,800.00;
BEDC Portion of 2003 CO: \$151,223.00

2. Debts:

1. Citizens National Bank: Loan to pay for the construction of public parks, park facilities and open space improvements; amateur sports and athletic facilities as authorized by election conducted on May 10, 2008:

Balance owed on the Loan: \$1,151,014.87.

2. Texas Capital Fund Project: Under the Texas Capital Fund Program (the "Program"), the City constructed a 27,000 square foot building on a six-acre tract owned by the City and leased the building and property to Barr Fabrication ("Barr"). The building construction was funded by a Texas Capital Fund Loan (the "Loan") in the amount of \$750,000.00. Barr is obligated by the lease between it and the City to pay back the loan through the lease payments. The City is obligated by the terms of the Program to forward the lease payments to the Texas Department of Agriculture ("TDA"), the agency which administers the Program. Once all lease payments have been made to the City (and in turn remitted by the City to the TDA, the City will deed the building and property to Barr. If Barr defaults on the lease payments, the City is obligated to repay the balance of the Loan, which has a current balance of \$457,000.00. The BEDC provided a guaranty to the City to guaranty repayment of the Loan by Barr. The building has been appraised by the Brown County Appraisal District at a value of \$738,000.00. The TDA agreed that it was permissible for the BEDC's guaranty to be released. The City Council hereby agrees to release the BEDC's guaranty obligations.

Plan to pay Bonds and Debts: The City Council and the BEDC Board hereby authorize payment no later than June 30, 2016, through the use of cash on hand, by the BEDC to Citizens National Bank and the City of Brownwood, no later than June 30, 2016, in the total aggregate amount of \$1,302,237.87 to pay in full the above-referenced certificate of obligation and/or debts. Because the BEDC's guaranty obligations have been released, there is no need for provision in the Dissolution Plan for this released contingent debt.

3. Project Financial Obligations

a. Leeco	\$340,000.00
b. 3M - MicroPrismatic	\$300,000.00
c. 3M - Silk Surface	\$250,000.00
d. Wright Asphalt	\$150,000.00
e. Ranger College	\$30,000.00
f. B & W Carrier, Inc.	<u>\$35,000.00</u>
Total Project FOs	\$1,105,000.00

Plan to pay Project Financial Obligations: The City Council and the BEDC Board hereby authorize the BEDC to create and fund a reserve/escrow account no later than June 30, 2016, through the use of cash on hand, to be administered by the City and/or the Brownwood Municipal Development District to pay for ongoing project financial obligations in the amount of \$1,105,000.00.

4. BEDC Operations Expenses/Contingencies

a. BEDC staff salaries, expenses and benefits (through 6/30/2016)	\$10,000.00
b. Future miscellaneous Project expenses/costs, unknown contingencies, including potential claims	\$50,000.00

Plan to pay BEDC Operations Expenses/Contingencies: The City Council and the BEDC Board hereby authorize the BEDC to create and fund a reserve/escrow account no later than June 30, 2016, through the use of cash on hand, to be administered by the City and/or the Brownwood Municipal Development District to pay for BEDC operations expenses/contingencies in the amount of \$60,000.00.

5. BEDC Agreements:

In addition, the BEDC has entered into two Property Management Agreements with the City to manage the Brownwood Industrial District and the Harvey House. There are no monetary obligations imposed upon the BEDC under these agreements. The City Council and the BEDC Board agree that these agreements shall expire effective June 30, 2016.

ASSETS

1. **Cash On Hand:** \$ 4,112,512.98 (prior to payments set forth above in the amount of \$2,467,237.87). Net cash after payments shall be \$1,645,275.11.

2. Real Property:

Description	Deed Records	BCAD
a. 807 Main - Fire Station	Vol. 177 Pg. 325	50350
b. FM 45 E	Vol. 1457 Pg. 355	39173
c. 5.716 acres located at 2804 Stephen F. Austin	Vol. 1298 Pg. 459	51415
d. 1.912 acres located at Drisco Drive	Vol. 171 Pg. 28	51423
e. 0.45 acres located at 809 Booker	Vol. 148 Pg. 422	53702
f. Lot 50x116 located at 808 Booker	Vol. 177 Pg. 325	58704
g. Lot 45x100 located at 810 Booker	Vol. 177 Pg. 325	58705
h. 0.436 acres located at 2808 Stephen F. Austin	Vol. 1308 Pg. 648	66753
i. 0.3359 acres located at 401 FM 45 E	Vol. 15 Pg. 919	20040158
j. 0.3242 acres located at 401 FM 45 E	Vol. 40 Pg. 553	20040357
k. 0.4182 acres located at 401 FM 45 E	Vol. 50 Pg. 266	20040358
l. 0.2610 acres located at 401 FM 45 E	Vol. 40 Pg. 563	20040359

3. Personal Property:

a. Miscellaneous computers, printers, ipads, furniture and office equipment

4. Receivables/Ongoing Performance Agreements:

a. Barr Fabrication	\$220,388.07
b. KJD Enterprises	\$48,000.00
c. Superior (purchase of warehouse)	\$1,136,126.52
d. Ratliff Steel	\$48,865.89
e. VRC Technology	\$89,556.00
f. Loadcraft	\$160,000.00
g. Ingram	\$300,000.00
h. United	Ongoing PA

5. Leases:

Description	Term
1. BEDC lease of hangar from City	Expires 02/28/26
2. BEDC lease of office space to Heritage Helicopter	Expires 12/31/16
3. BEDC lease to TG Mercer	Expires 12/31/16

6. Claims: The BEDC Board does not know of any claims against the BEDC and/or any claims, at this time, that it may assert. Currently, all projects and/or performance agreements are current.

Plan for assets: The City Council and the BEDC Board hereby authorize that all assets of the BEDC, including any revenue received by the BEDC up through the date of termination, remaining after the payment of all bonds, debts, claims and/or obligations of the BEDC, shall be transferred to the City.

FILING CERTIFICATE OF TERMINATION:

Following the payment of all bonds, debts, claims and/or obligations of the BEDC as set out above and the transfer of all assets to the City, the BEDC shall formally terminate by filing a Certificate of Termination with the Texas Secretary of State in compliance with Section 11.101 of the Business Organizations Code.

Following filing of the Certificate of Termination, the BEDC will continue its corporate existence for a period of three (3) years from the effective date of its termination only for purposes of:

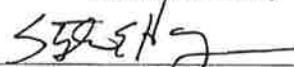
- (1) prosecuting or defending in the BEDC's name an action or proceeding brought by or against the BEDC;
- (2) permitting the survival of an existing claim by or against the BEDC;
- (3) holding title to and liquidating property that remained with the BEDC at the time of termination or property that is collected by the BEDC after termination;
- (4) applying or distributing property, or its proceeds, as provided by Section 11.053 of the Business Organizations Code; and
- (5) settling affairs not completed before termination.

The contingency funds in the amount of \$50,000.00 set aside in the reserve/escrow account established by this Dissolution Plan shall remain in place until the expiration of the three (3) year period of limited corporate existence. Any balance remaining at the expiration of the three (3) year period shall be transferred to the City.

PASSED AND APPROVED on this 14th day of June, 2016 by the City Council, Brownwood, Texas.

PASSED AND APPROVED on this 14th day of June, 2016 by the Board of Directors of the Brownwood Economic Development Corporation.

CITY OF BROWNWOOD, TEXAS



STEPHEN E. HAYNES, Mayor

**BROWNWOOD ECONOMIC DEVELOPMENT
CORPORATION**



RYAN REAGAN, President

