

Legislation Text

File #: 19-260, **Version:** 1

Presenter/Contact
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SUBJECT:

Approval of a resolution recommended by the New Braunfels Economic Development Corporation to enter into a Second Amendment with CBE Companies Inc. to extend its lease until 2021, reduce the grant payment to \$225,000, and reduce target employment for 2018 to 446 full-time positions.

BACKGROUND / RATIONALE:

In December 2014, the NBEDC approved a grant payment of up to \$250,000 to CBE Companies, Inc. if it met employment thresholds by certain deadlines. The NBEDC approved and amended terms to require the Company to employ at least four hundred (400) full-time employees on or before December 31, 2016 and at least five hundred (500) full-time employees on or before December 31, 2018. The first amendment to the agreement extended the deadline to meet the five hundred (500) employee minimum one year from December 31, 2017 to December 31, 2018.

A compliance review performed in January and February 2019 determined that the Company did not meet the 500 employee minimum. The company had 446 employees as of December 31, 2018 and maintained between 390 and 512 employees during 2018.

The proposed amendment to the contract proposes the following:

- Reduces the minimum employment figure to 446 employees by December 31, 2018;
- Reduces the maximum grant payment from \$250,000 to \$225,000; and
- Requires a renewal of CBE's lease until 2021 to be eligible for the payment.

The renewal of the lease is a new condition required by the NBEDC in order to be eligible for the grant funds. The Company notified the property owner of its intent to renew (attached) its lease through July 31, 2021.

ADDRESSES A NEED/ISSUE IN A CITY PLAN OR COUNCIL PRIORITY:

X	Yes	City Plan/Council Priority:	Strategic Priorities: 12 - Work with existing entities to ensure balanced economic development
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FISCAL IMPACT:

This amendment reduces the NBEDC'S funding from \$250,000.00 to \$225,000.00. There are sufficient funds available in the FY 18-19 budget to approve this resolution.

COMMITTEE RECOMMENDATION:

The Board of Directors approved this second amendment at a public meeting held on February 21, 2019.

STAFF RECOMMENDATION:

Staff recommends approval of the resolution.

Attachments:

Resolution

Second Amendment to CBE Agreement with NBEDC

Intent to Renew Lease Agreement

Affidavit of Curt Martin, CBE

NBEDC/CBE 2014 Agreement