



AGENDA
ECONOMIC DEVELOPMENT ADVISORY COMMITTEE REGULAR MEETING
COUNCIL CHAMBERS
5803 THUNDERBIRD
LAGO VISTA, TX
MARCH 11, 2025 AT 4:00 PM

CALL TO ORDER, CALL OF ROLL

Justin Loucks - Chair

Jeff Flauding - Vice Chair

Philip Wyatt - Secretary

Don Johndrow

Scott Dalglish

Russell Murphy

Corey Wright

CITIZEN COMMENTS

To participate in the citizen comments portion of the meeting, you must submit a completed form. If you are attending the meeting in the City Council Chambers you must complete the form available at that location and provide it to the Economic Development Director prior to the start of the meeting. The form can also be found on the City's website at the link below.

[CITIZEN PARTICIPATION REGISTRATION FORM](#)

STAFF AND COUNCIL LIAISON REPORTS

1. Routine reports from City Council Liaison.
2. Routine reports from City Staff.
3. Chamber of Commerce update - Jennifer Sandoval

DISCUSSION ITEMS

DISCUSSION AND POSSIBLE ACTION ITEMS

4. Discussion, consideration, and possible action on the Economic Development Corporation Type B Bylaws.
5. Discussion, consideration, and possible action on Scope of the Bond Oversight Committee.
6. Discussion, consideration, and possible action on the Community Identity Enhancement project.

7. Discussion, consideration, and possible action on Trophy Signature Homes Agreement.
8. Discussion, consideration, and possible action on TBA Douglas.

CONSENT AGENDA

All matters listed in the Consent Agenda are to be considered routine by the Committee and will be enacted by one motion without discussion. If discussion is desired, that item will be removed from the consent agenda and will be considered separately.

9. Consider approval of February 11, 2025, regular meeting minutes

ADJOURNMENT

IT IS HEREBY CERTIFIED that the above Notice was posted on the Bulletin Board in accordance with Government Code section 551.0411(b) located at all times in City Hall in said City at _____ on the 6th day of March 2025.

Maria Franco, City Secretary

THE CITY OF LAGO VISTA IS COMMITTED TO COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT. REASONABLE MODIFICATIONS AND EQUAL ACCESS TO COMMUNICATIONS WILL BE PROVIDED UPON REQUEST.



Item Cover Page

ECONOMIC DEVELOPMENT ADVISORY COMMITTEE AGENDA ITEM REPORT

DATE: March 11, 2025

SUBMITTED BY: EDAC Chairperson, Economic Development

SUBJECT: Discussion, consideration, and possible action on the Economic Development Corporation Type B Bylaws.

FINANCIAL IMPACT: na

ATTACHMENTS:
[DRAFT_EDC_BYLAWS_NOVEMBER_11__2024.pdf](#)

DRAFT BYLAWS
of
LAGO VISTA ECONOMIC DEVELOPMENT
CORPORATION
A Non-Profit Corporation
Lago Vista, Texas

Section I
OFFICES

1.01. Registered Office and Registered Agent

The Lago Vista Economic Development Corporation (“Corporation”) shall have and continuously maintain in Lago Vista, Travis County, Texas a registered office, and a registered agent whose office is identical with such registered office, as required by the Texas Non-Profit Corporation Act. The Board of Directors may, from time to time, change the registered agent and / or the address of the registered office. Such change shall be reflected in appropriate amendments to documents filed with the Secretary of State’s office as required by law.

The registered office of the Corporation is located at _____. The Registered Agent is its Executive Director, who receives mail at the same address.

1.02. Principal Office

The principal office of the Corporation in the State of Texas shall be located in the City of Lago Vista, County of Travis, and it may be, but need not be, identical with the registered office of the Corporation.

Section II
PURPOSES

2.01. Purposes

The Corporation is a non-profit corporation specifically governed by the Texas Development Corporation Act of 1979, as amended. The purpose of the Lago Vista Economic Development Corporation is to promote, assist, encourage, and develop business, commerce, tourism, economic development activities, and community development projects within the City of Lago Vista, in accordance with the Articles of Incorporation and Chapter 505 of the Texas Local Government Code.

Section III
MEMBERS

3.01. Members

The Corporation shall have no members.

Section IV
BOARD OF DIRECTORS

4.01. Board of Directors

The business and affairs of the Corporation and all corporate powers shall be exercised by or under authority of the Board of Directors (the “Board”), appointed by the City Council of the City of Lago Vista (“City Council”), and subject to applicable limitations imposed by the Texas Non-Profit Corporation Act, the Texas Business Corporation Act, the Articles of Incorporation, or these By-Laws. The Board may, by contract, resolution, or otherwise, give general or limited or special power and authority to the Officers and employees of the Corporation to transact the general business or any special business of the Corporation, and may give Powers of Attorney to agents of the Corporation to transact any special business requiring such authorization.

The Board may plan and direct its work and will be charged with the responsibility of carrying out the Corporation’s programs as adopted and planned by the Board.

4.02. Numbers, Qualifications, Composition, and Term

The authorized number of Directors of this Board shall be seven (7).

The City Council shall appoint the Directors of the Corporation. The number of Directors shall be seven (7). Each Director shall meet the following qualification:

Reside within the corporate city limits of the City of Lago Vista, Texas. If the City Council is unable to find qualified Director(s) that reside within the City, it may seek and appoint a Director(s) that resides within the City’s extraterritorial jurisdiction. If the City is unable to find qualified Director(s) that reside within the City or within the City’s extraterritorial jurisdiction, the City may seek and appoint a Director(s) that resides within the boundaries of the Lago Vista Independent School District.

The City Council shall consider an individual’s experience, accomplishments, and educational background in appointing members to the Board to ensure that the interests and concerns of all segments of the community are considered.

A maximum of (three?) members of the Board may be members of the Lago Vista City Council.

The terms of office for the Directors shall be (2) years. Directors shall be removable at any

time by the City Council.

4.03. Vacancies

In the event vacancies occur on the Board of Directors, the remaining members shall determine potential new Directors, applying the same criteria and qualifications set out in Section 4.02, and shall make recommendations to the City Council of possible replacement members. The City Council shall then appoint replacements from the persons recommended by the Board. In the event the Council rejects all recommendations, the Board shall determine new potential replacements and make additional recommendations to the Council.

4.04. General Duties of the Board

The Board is hereby required to perform the following duties:

1. The Board shall develop an overall economic development plan for the City which shall include and set forth goals which the Board deems necessary to accomplish in compliance with its overall economic development plan. Such plan shall be approved by the City Council of the City of Lago Vista. The overall development plan developed by the Board shall be one that includes the following elements:
 - (a) An economic development strategy to permanently bolster the business climate throughout the City.
 - (b) Strategies to fully utilize the assets of the City which enhance economic development.
 - (c) Identification of strategies to coordinate public, private and academic resources to develop and enhance business opportunities for all citizens of Lago Vista. This plan shall include methods to improve communication and cooperation between the Corporation, the City, and the Lago Vista Chamber of Commerce and other community groups or governmental entities in the City limits.
 - (d) Assurance of accountability of all tax monies expended for its implementation of the overall economic development plan.
 - (e) Identification of strategies and provide for implementation of identified strategies for direct economic development as defined in this Section.
 - (f) An annual work plan outlining the activities, tracks, projects and programs to be undertaken by the Board during the upcoming fiscal year. The Annual Work Plan shall be submitted to the City Council with the Annual Budget as outlined in these By- Laws.
 - (g) The Corporation through its Board shall employ such personnel as may be necessary to discharge the Corporation's Purposes, who shall be governed by the City's personnel policies and procedures. The compensation of all Corporation employees shall be set by the Board in its annual budget and shall be comprised of salary and

benefits commensurate with the City's salary and benefits for similar employees. Employees of the Corporation shall report to and be governed by the Board in the performance of their official duties and shall at all times work cooperatively with the City to maintain a strong partnership. Any costs incurred by the City in administering Corporation personnel, payroll, or benefits shall be reimbursed annually by the Corporation pursuant to a written agreement.

2. The Board shall review and update its overall Economic Development Plan once each year to ensure that the Plan is aligned with the current economic climate and is capable of meeting the City's current economic development needs.
3. The Board shall expend, in accordance with State law, the funds received by it on economic development where such expenditures will have a direct benefit to the citizens of Lago Vista. The Corporation's focus will be primarily in the areas of:
 - (a) Business retention and expansion
 - (b) Formation of new businesses
 - (c) Business attraction
4. The Corporation may also include community development projects (as set out in Chapter 505 of the Texas Local Government Code) in its annual work plan.
5. The Corporation shall make regular reports to the City Council at least three times annually on such dates as determined by the City Council and City Manager. The City may request additional reports with reasonable notice to the Corporation. The regular reports shall consist of (but not be limited to) the following information:
 - (a) An overview of the revenues and expenditures of the Corporation to date;
 - (b) A review of the current accomplishments of the Corporation;
 - (c) An update on current projects being monitored by the Board and staff of the Corporation (which may be delivered in executive session when permitted by law);
 - (d) Any updates to the Corporation's Strategic Plan;
 - (e) Anticipated short term and long-term challenges in achieving the goals of the Strategic Plan.

4.05. Implied Duties

The Corporation is authorized to do that which the Board deems desirable to accomplish any of the purposes or duties set out or alluded to in the Corporation's Articles of Incorporation, these By-Laws, and in accordance with State law.

4.06. Meetings

The Board shall meet at least once each month at a place and time to be determined by the President. Any member of the Board may request that an item be placed on the agenda by delivering the same in writing to the Secretary of the Board or the Executive Director no later than ten (10) days prior to the date of the Board meeting. The President of the Board shall set regular meeting dates and times at the beginning of their term of office.

At the request of any three (3) Directors, a meeting of the Economic Development Corporation shall be called in the absence, inability, or refusal of the President.

Notice of any meeting shall be given to the public in accordance with the requirements of the Texas Open Meetings Act. The notice shall contain information regarding the particular time, date, and location of the meeting and the agenda to be considered. All meetings shall be conducted in accordance with the Texas Open Meetings Act.

The Annual Meeting of the Board of Directors shall be during the month of December of each year.

4.07. Attendance

Regular attendance of the Board meetings is required of all Members. The following number of absences may constitute the need for replacement of a member: three (3) consecutive absences, or attendance reflecting absences constituting 50% of the meetings over a twelve (12) month period. In the event replacement is indicated, the member will be counseled by the President and, subsequently, the President shall submit in writing to the City Secretary the need to replace the Board member in questions.

4.9. Quorum

For the purpose of convening meeting and transacting business, a simple majority of the Directors shall constitute a quorum. If there is an insufficient number of Directors present to convene the meeting, the presiding Officer shall adjourn the meeting without the board taking any action.

4.10. Compensation

The duly appointed members of the Board shall serve without compensation but shall be reimbursed for actual or commensurate cost of travel, lodging and incidental expenses while on official business of the Board in accordance with State law.

4.11. Voting: Action of the Board of Directors

Directors must be present (as defined in the Texas Open Meetings Act) in order to vote at any meeting. Unless otherwise provided in these By-Laws or in the Articles of Incorporation or as required by law, the act of a simple majority of the Directors present at any meeting for which a quorum is present shall be the act of the Board of Directors.

In the event that a Director is aware of a conflict of interest or potential conflict of interest, with regard to any particular vote, the Director shall bring the same to the attention of the meeting and shall abstain from the vote.

4.12. Board's Relationship with City Council

The City Council shall require that the Corporation be responsible for the proper discharge of its duties assigned in these By-Laws. All policies for program administration shall be submitted for Council approval, and the Board shall administer said programs accordingly. The Board shall determine its policies and direction within the limitations of the duties herein imposed by applicable laws, the Articles of Incorporation, these By-Laws, contracts entered into with the City, and budget and fiduciary responsibilities.

Section V **OFFICERS**

5.01. Officers of the Corporation

The elected Officers of the Corporation shall be a President, Vice President, and Secretary. Any two (2) or more offices may be held by the same person, except the office of President.

5.02. Selection and Term of Officers, Holdover

The President and Vice President shall be elected by the Board at its annual meeting and shall serve a term of two (2) years.

5.03. Vacancies

Vacancies in any Office which occur by reason of death, resignation, disqualification, removal, or otherwise, may be filled by the Board of Directors for the unexpired portion of the term of that office, in the same manner as other Officers are elected to the Board.

5.04. President

The President shall be the presiding Officer of the Board with the following authority:

1. Shall preside over all meetings of the Board.
2. Shall have the right to vote on all matters coming before the Board.
3. Shall have the authority, upon notice to the members of the Board, to call a Special Meeting of the Board when in his judgment such meeting is required.
4. Shall have the authority to appoint Standing Committees to aid and assist the Board in its business undertakings or other matters incidental to the operation and functions of the Board.

5. Shall have the authority to appoint Ad Hoc Committees which may address issues of a temporary nature or concern, or which have a temporary effect on the business of the Board.

5.05. Vice President

In the absence of the President, or in the event of the President's inability to act, the Vice President shall perform the duties of the President. When so acting, the Vice President shall have all power of and be subject to all the same restrictions as upon the President. The Vice President shall also perform other duties as from time to time may be assigned by the President.

5.06. Secretary

The Secretary shall keep, or cause to be kept, at the Corporation's registered office a record of the minutes of all meetings of the Board and of any Committees of the Board. The Secretary shall also file the Minutes with the City Secretary and the same to be retained in accordance with the provisions of these By-Laws, or as required by the Texas Open Meetings act or the Texas Public Information Act or other applicable law. The City Secretary shall be custodian of the corporate records and Seal of the Corporation and shall keep a register of the mailing address and street address, if different, of each Director.

5.07. Contracts for Service

The Corporation may, **with approval of the City Council**, contract with any qualified and appropriate person, association, corporation or governmental entity to perform and discharge designated tasks which will aid or assist the Board in the performance of its duties and accomplishment of its Purposes. The Corporation shall follow all City purchasing policies and procedures, unless the Board determines otherwise, in which event the Corporation shall follow all purchasing requirements set out in State law. No contract of the Corporation shall ever be approved or entered into which seeks or attempts to divest the Board of Directors of its discretion and policymaking functions in discharging the duties set forth in these By-Laws.

Section VI **COMMITTEES**

6.01. Qualifications for Committee Membership

Members of Committees shall be appointed by the President and approved by the Board. Committee members need not be members of the Lago Vista Economic Development Corporation unless required by these By-Laws or Board resolution creating the Committee.

6.02. Standing Committees

The President shall have authority to appoint the following Standing Committees of the Board and such other Committees as the Board may deem appropriate for the future.

1. **Budget, Finance and Audit Committee.** This Committee shall have the responsibility of working with City Staff and Corporation employees as necessary in the formation and promotion of the Annual Budget of the Board. The Committee shall present the budget to the Board and, upon approval, shall present, in accordance with these By-Laws, the budget to the City Council. In addition to the preparation of the budget for the Board, the Committee shall monitor all budget expenditures of the Board and keep the Board advised in such matters. The Committee shall further have the responsibility to oversee and work with auditors of the City or outside auditors, when audits of the Corporation or Board are being performed.

6.03. Special Committees

The President may determine from time to time that other Committees are necessary or appropriate to assist the Board of Directors, and shall designate, subject to Board approval, the members of the respective Committees.

No such Committee shall have independent authority to act for or in the place of the Board of Directors with regard to the following matters: amending, altering, or repealing the By-Laws, electing, appointing or removing any member of any such Committee or any Director or Officer of the Corporation; amending the Articles of Incorporation; adopting a plan of merger or adopting a plan of consolidation with another corporation; authorizing the sale, lease, exchange, or mortgage of all or substantially all of the property and assets of the Corporation; authorizing the voluntary dissolution of the Corporation or revoking the proceedings therefore; adopting a plan for the distribution of the assets of the Corporation; or amending, altering, or repealing any resolution of the Board of Directors which by its terms provides that it shall not be amended, altered, or repealed by such Committee.

The designation and appointment of any such Committee and delegation to that Committee of the authority shall not operate to relieve the Board of Directors, or any individual Director, of any responsibility imposed by law.

6.04. Terms of Office of Committee Members

Each member of a Committee shall continue as such until the next annual appointment of the Board of Directors and until his or her successor on the Committee is appointed, unless the Committee shall be sooner terminated or unless such member has ceased to serve on the Board of Directors, or unless such member is removed from such Committee.

Any Committee member may be removed from Committee membership by the President, with Board approval, whenever in their judgment the best interests of the Corporation would be served by such removal.

6.05. Vacancies of Committees

Vacancies in the membership of any Committee may be filled in the same manner as provided with regard to the original appointments to that Committee.

6.06. Ex-Officio Members

At the discretion of the Board of Directors, the President of the Lago Vista Chamber of Commerce may attend all open meetings of the Board of Directors or Committees. This representative shall not have the power to vote in the meetings. Their attendance shall be for the purpose of providing the Chamber perspective on the business of the Corporation and ensuring that information about the meetings is accurately communicated to the Chamber.

The Board may also, in its discretion, provide by resolution for other ex officio persons to attend its meetings.

Section VII **FINANCIAL ADMINISTRATION**

The Corporation shall contract with the City for Financial and accounting services. The Corporation's finance and accounting records shall be maintained according to the requirements of state law.

7.01. Fiscal Year

The fiscal year of the Corporation shall begin on October 1 and end on September 30 of the following year. A budget for the forthcoming fiscal year shall be submitted to, and approved by, the Board of Directors, and the City Council of the City of Lago Vista. In submitting the budget to the City Council, the Board of Directors shall submit the budget on forms prescribed by the City and in accordance with the annual budget preparation schedule as set forth by the City. The budget shall be submitted to the Mayor for inclusion in the annual budget presentation to the City Council. The budget proposed for adoption shall include the projected operating expenses, and such other budgetary information as shall be useful to or appropriate for the Board of Directors and the City Council of the City of Lago Vista.

7.02. Contracts

As provided above, the President and Secretary shall execute any contracts or other instruments which the Board has approved and authorized to be executed, provided that the Board may by appropriate resolution, authorize any other Officer or Officers or any other agent or agents to enter into contracts or execute and deliver any instrument in the name and on behalf of the Corporation. When appropriate, the Board may grant a specific or general Power of Attorney to carry out some action on behalf of the Board, provided, however, that no such Power of Attorney may be granted unless an appropriate resolution of the Board authorizes the same to be done.

7.03. Checks and Drafts

Checks, drafts, or orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Corporation shall be signed or bear the facsimile of one of the following individuals: the President, Vice President or the Secretary of the Economic Development Corporation and by an appropriate City official as required by the financial rules of the City.

7.04. Deposits

All funds of the Corporation shall be deposited by the City in accordance with their depository procedures on a regular basis to the credit of the Corporation in a local bank which shall be federally insured and shall be selected following procedures and requirements for selecting a depository as set forth in Chapter 105 of the Local Government Code.

7.05. Gifts

The Board may accept on behalf of the Corporation any contribution, gift, bequest, or device for the general purposes of the Corporation, or for any specific purposes of the Corporation.

7.06. Purchasing

All purchases made and contracts executed by the Corporation shall be made in accordance with the requirements of the Texas Constitution and statutes of the State of Texas.

7.07. Investments

Temporary and idle funds which are not needed for immediate obligations of the Corporation may be invested in any legal manner provided in the Public Funds Investment Act.

7.08. Bonds

Any bonds issued by the Corporation shall be in accordance with the statute governing this Corporation but in any event, no bonds shall be issued without approval of the City Council after review and comments by the City's bond counsel and financial advisor.

7.10. Uncommitted Funds

Any uncommitted funds of the Corporation at the end of the fiscal year shall be considered a part of the Undesignated Fund Balance.

The Undesignated Fund Balance may be committed for any legal purpose provided the Corporation's Board of Directors and the City Council both approve such commitment. This may include the establishment of a Permanent Reserve Fund which shall be accumulated for the purpose of using the interest earnings of such fund to finance the operation of the Corporation.

Section VIII
BOOKS AND RECORDS

8.01. Books and Records

The Corporation shall keep correct and complete books and records of all actions of the Corporation, including books and records of account and the minutes of meetings of the Board of Directors and of any Committee having any authority of the Board and to the City Council. All books and records of the Corporation may be inspected by Directors of the Corporation, and any information which may be designated as public information by law shall be open to public inspection at any reasonable time. The Texas Public Information Act shall apply to disclosure of public information.

Section IX
SEAL

9.01. Seal

The Board of Directors shall obtain a corporate seal which shall bear the words “Corporate Seal of Lago Vista Economic Development”; the Board may thereafter use the Corporate Seal and may later alter the seal as necessary without changing the corporate name; but these By-Laws shall not be construed to require the use of the Corporate Seal.

Section X
PARLIAMENTARY AUTHORITY

10.01. Amendments to By-Laws

These By-Laws may be altered, amended, or repealed or new Bylaws adopted by the affirmative vote of (5? 6?) of the members of the Board, at any regular meeting, or any special meeting of the Board, provided that notice of such meeting to discuss proposed amendments shall be given to the members of the Board and the general public not less than 7 days prior to such meeting and that such notice shall contain a copy of the proposed amendment or amendments. Said amendments shall be effective only upon approval by the Lago Vista City Council.

Notwithstanding the foregoing, no amendment shall become effective unless and until the City Council approves the amendment.

Section XI
DISSOLUTION

11.01. Dissolution

The Corporation may be dissolved in accordance with applicable State law.

Section XII **INDEMINITY**

12.01. Indemnity

The Board of Directors shall authorize the Corporation to pay or reimburse any current or former Director or Officer of the Corporation for any costs, expenses, fines, settlements, judgments, and other amounts, actually and reasonable incurred by such person in any action, suit, or proceeding to which he or she is made a party by reason of holding such position as Officer or Director; provided, however, that such Officer or Director shall not receive such indemnification if finally adjudicated in such instance to be liable for gross negligence or intentional misconduct in office. The indemnification herein provided shall also extend to good faith expenditures incurred in anticipation of, or preparation for, threatened or proposed litigation. The Board of Directors may, in proper cases, extend the indemnification to cover the good faith settlement of any such action, suit, or proceedings, whether formally instituted or not.

Nothing in this section creates personal liability on the part of Officers and Directors to any extent not otherwise provided by statute or case law.

The Corporation shall indemnify and hold harmless and defend the City of Lago Vista, its officers, agents, and its employees, from and against liability for any and all claims, liens, suits, demands, and/or actions for damages, injuries to persons (including death), property damage (including loss of use), and expenses, including court costs and attorneys' fees and other reasonable costs arising out of or resulting from the intentional acts or negligence, including all such causes of action based upon common, constitutional, or statutory law, or based in whole or in part upon the negligent or intentional acts or omissions of Corporation, including but not limited to its officers, agents, employees, licensees, invitees, and other persons.

The Corporation further agrees that it shall at all times exercise reasonable precautions on behalf of and be solely responsible for, the safety of its officers, agents, employees, licensees, invitees, and other persons, as well as their property, while in the vicinity where activities are being performed. It is expressly understood and agreed that the City of Lago Vista shall not be liable or responsible for the negligence of Corporation including but not limited to its officers, agents, employees, licensees, invitees, and other persons.

It is further agreed with respect to the above indemnity, that City of Lago Vista and Corporation will provide the other prompt and timely notice of any event covered which in any way, direct or indirectly, contingently or otherwise, affects or might affect Corporation or City of Lago Vista, and City of Lago Vista shall have the right to compromise and defend the same to the extent of its own interests. It is further agreed this indemnity clause shall be an additional remedy to the City of Lago Vista and not an exclusive remedy.

Section XIII MISCELLANEOUS

13.01. Relation to Articles of Incorporation

These Bylaws are subject to, and governed by, the Articles of Incorporation and applicable State statutes under which the Corporation is organized.



Item Cover Page

ECONOMIC DEVELOPMENT ADVISORY COMMITTEE AGENDA ITEM REPORT

DATE: March 11, 2025

SUBMITTED BY: EDAC Chairperson, Economic Development

SUBJECT: Discussion, consideration, and possible action on Scope of the Bond Oversight Committee.

FINANCIAL IMPACT: NA



Item Cover Page

ECONOMIC DEVELOPMENT ADVISORY COMMITTEE AGENDA ITEM REPORT

DATE: March 11, 2025

SUBMITTED BY: EDAC Chairperson, Economic Development

SUBJECT: Discussion, consideration, and possible action on the Community Identity Enhancement project.

FINANCIAL IMPACT: N/A



Item Cover Page

ECONOMIC DEVELOPMENT ADVISORY COMMITTEE AGENDA ITEM REPORT

DATE: March 11, 2025

SUBMITTED BY: EDAC Chairperson, Economic Development

SUBJECT: Discussion, consideration, and possible action on Trophy Signature Homes Agreement.

FINANCIAL IMPACT: N/A

ATTACHMENTS:

- [DRAFT Lago Vista Chapter 380 Agreement with SIGNATURE homes_.pdf](#)
- [Copy of Est. Tax Benefits Lago Vista Chapter 380 with Trophy Signature Homes.pdf](#)
- [Trophy Signature Homes.pdf](#)

**CHAPTER 380 GRANT AGREEMENT BETWEEN THE CITY OF LAGO VISTA, TEXAS
AND TSHH, LLC**

This **CHAPTER 380 GRANT AGREEMENT** (“Agreement”) is made by and between The City of Lago Vista, Texas, also referred to as (“Grantor”), and TSHH, LLC, a Texas limited liability company (“Company”), acting by and through their respective authorized officers and representatives.

WHEREAS, the City Council of the City of Lago Vista, Texas (“City Council”) has investigated and determined that it is in the best interest of the City and its citizens to encourage programs, including programs for making loans and grants of public money to promote local economic development and stimulate business and commercial activity in the City pursuant to Chapter 380, Texas Local Government Code, as amended (“Chapter 380”); and

WHEREAS, the Company will be engaged in the business of purchasing building materials for its use on construction projects within the City; and

WHEREAS, the Company has advised that it would like to partner with the City, and that a contributing factor that would induce the Company to purchase items using a Texas Direct Payment Permit and generate economic development and local use tax revenue for the City, that would otherwise not be available to the City, would be an agreement by the City to provide an economic development grant to the Company; and

WHEREAS, the Company desires to purchase and use new building materials within the City that will generate additional economic development and use tax revenue for the City; and

WHEREAS, the City Council has investigated and determined that the Company meets the criteria for providing the grants (hereinafter defined), pursuant to Chapter 380, based on, among other things, the Company: (i) acquiring properties for development, and constructing improvements; (ii) adding taxable improvements to real property in the City; and (iii) creating employment opportunities for the citizens of Lago Vista (collectively, the “Approved Project”); and

WHEREAS, the City has concluded that the Approved Project qualifies for a Grant under Chapter 380; and

WHEREAS, with the approval of this Agreement, the City hereby establishes a program authorized by Chapter 380 to encourage and induce the generation of local use tax; and

WHEREAS, the City has determined that making an economic development grant to the Company in accordance with this Agreement will further the objectives of the City, will benefit the City and the City’s inhabitants and will promote local economic development and stimulate business and commercial activity in the City;

NOW THEREFORE, in consideration of the foregoing, and on the terms and conditions hereinafter set forth, the sufficiency of which is hereby acknowledged, the parties agree as follows:

ARTICLE I
DEFINITIONS

1. For purposes of this Agreement, each of the following terms shall have the meaning set forth herein unless the context clearly indicates otherwise:

“Agreement” shall mean this Chapter 380 Grant Agreement, together with all exhibits, schedules, and attachments that are attached to this Agreement, if any.

“City” and “Grantor” shall mean the City of Lago Vista, Texas.

“Company” shall mean TSHH, LLC, a Texas limited liability company.

“Commencement Date” shall mean March 1, 2025.

“Effective Date” shall mean March 1, 2025.

“Direct Payment Permit” also referred to herein as a “Texas Direct Payment Permit” shall mean that permit issued by the State of Texas authorizing Company to self-assess and pay applicable state and local use taxes directly to the State of Texas related to selected portions of Company’s taxable purchases. Texas Rule 3.288 of the Texas Administrative Code defines the requirements and responsibilities of Texas Direct Payment Permit holders along with any amendments, permutations, or recodifications of such Code or Rules whether renaming such permits or otherwise modifying such provisions.

“Event of Bankruptcy or Insolvency” shall mean the dissolution or termination (other than a dissolution or termination by reason of a party merging with an affiliate) of a party’s existence as a going business, insolvency, appointment of receiver for any part of a party’s property and such appointment is not terminated within ninety (90) business days after such appointment is initially made, any general assignment for the benefit of creditors, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against a party and in the event such proceeding is not voluntarily commenced by the party, such proceeding is not dismissed within ninety (90) business days after the filing thereof.

“Force Majeure” shall mean any delays due to strikes, riots, acts of God, shortages of labor or materials, war, terrorism, governmental approvals, laws, regulations, or restrictions, or any other cause of any kind whatsoever which is beyond the reasonable control of the party.

“Program” shall mean the economic incentive program established by the City pursuant to Chapter 380 of the Texas Local Government Code together with any amendments, permutations, or recodifications of such Code provisions whether renaming such economic incentive or other modifications thereof.

“Program Grant” shall mean the periodic payments paid by the City to the Company in accordance with Section 3 of this Agreement.

“Grant Period” shall mean consecutive six (6) month periods during the term of this Agreement, except that the first Grant Period shall begin on the Effective Date and continue through and include the last day of June 30, 2025 following the Effective Date. For illustration purposes, assume the Effective Date is March 1, 2025 then the first Grant Period would begin on March 1, 2025 and continue through and include June 30, 2025. The next Grant Period would begin on July 1, 2025 and continue through and include December 31, 2025. The final Grant Period for the initial 10-year term of the Agreement would be from January 1, 2034 and end on February 28, 2034.

“Taxable Items” shall have the same meaning assigned by Sections 151.010 and 151.0101, TEX. TAX CODE, as amended.

“Use Tax Receipts” shall mean the City’s **net** receipts from the State of Texas from the collection of one percent (1%) general City use tax imposed by the City pursuant to Chapter 321 of the Texas Tax Code, attributed to the collection of use tax by Company associated with the issuance of Company’s Texas Direct Payment for Taxable Items used or consumed in the City.

“Use Tax Certificate” shall mean a certificate or other statement in a form reasonably acceptable to the City setting forth the Company’s collection of use tax imposed by and received by the City from the State of Texas, for the use of Taxable Items by Company in the City for the applicable calendar month during a Grant Period which are to be used to determine Company’s eligibility for a Grant, together with such supporting documentation required herein, and as City may reasonably request.

ARTICLE II TERM

2.01 Term. The term of this Agreement shall begin on the Effective Date and continue for a ten (10) year period.

2.02 This Agreement shall remain in effect until City has made the Program Grants set forth in Section 3 of the Agreement, or until otherwise terminated under the provisions of this Agreement.

2.03 This Agreement may be extended for an additional period of time on terms mutually acceptable to both parties by a written agreement executed by both parties.

ARTICLE III
ECONOMIC DEVELOPMENT GRANT

3.01 Grant. Subject to the Company's continued compliance with (a) all the terms and conditions of this Agreement, the Grantor agrees to provide Company with an economic development grant from lawful available funds payable as provided herein in an amount equal to 50% of the Use Tax Receipts, as previously defined herein (the "Grant"). The Grant will be paid semi-annually at the end of June and the end of December with the potential exception of the final Grant Period during the ten (10) year period following the execution of the Agreement, commencing March 1, 2025. The Grant will never include any monies the Company pays or owes to the State of Texas for any penalties for late payments, failures to report in a timely manner, and the like, related to the Use Tax Receipts.

3.02 Grant Payment. City shall pay the Grant for the applicable Grant Period within forty-five (45) days after receipt of a Use Tax Certificate from Company following the end of each Grant Period, pursuant to Section 4.01. Company shall submit Use Tax Certificates to City within thirty (30) days following the end of the applicable Grant Period, beginning with the first Grant Period. For illustration purposes, assume the first Grant Period begins on March 1, 2025 and continues through and includes June 30, 2025. Company would submit a Use Tax Certificate to City for the first Grant Period by July 31, 2025 and City would pay the first Grant within forty-five (45) days after receipt of the Use Tax Certificate and after receiving all of the net Use Tax Receipts within the Grant Period. Further assume that the Use Tax Receipts for the first Grant Period equal Five Thousand Dollars (\$5,000.00), then the amount of the first Grant would be Two Thousand Five Hundred Dollars (\$2,500.00).

3.03 Amended Returns and Audits. In the event the Company files an amended use tax return, or report, or if additional use tax is due and owing, as a result of an audit conducted by the State of Texas that increases the Use Tax Receipts for a previous period covered within the term of this Agreement, the Grant payment for the Grant Period immediately following such State-approved amendment shall be adjusted accordingly, provided the City must have received the Use Tax Receipts attributed to such adjustment. As a condition precedent to payment of such adjustment, Company shall provide City with a copy of such amended use tax report, tax return or audit adjustment, and the approval thereof by the State of Texas.

3.04 Refunds. In the event the State of Texas determines that the City erroneously received Use Tax Receipts, or that the amount of use tax paid to the City exceeds the correct amount of use tax for a previous Grant paid to the Company, the Company shall, within thirty (30) days after receipt of notification thereof from the City specifying the amount by which such Grant exceeded the amount to which the Company was entitled pursuant to such State of Texas determination, pay such amount to the City. The City may at its option adjust the Grant payment for the Grant Period immediately following such State of Texas determination to deduct therefrom the amount of the overpayment. As a condition precedent to payment of such refund, the City shall provide Company with a copy of such determination by the State of Texas.

ARTICLE IV
DOCUMENTATION SUPPORTING THE ECONOMIC DEVELOPMENT GRANT

The conditions contained in this Article IV are conditions precedent to the City's obligation to make any Grant payment.

4.01 Use Tax Certificate. During the term of this Agreement, the Company shall within thirty (30) days after the end of each Grant Period, provide the City with a Use Tax Certificate relating to Use Tax Receipts paid during the Grant Period. The City shall have no duty to calculate the Use Tax Receipts or determine Company's entitlement to any Grant for a Grant Period, or pay any Grant during the term of this Agreement until such time as Company has provided the City a Use Tax Certificate for such Grant Period and the City has received the actual Use Tax Receipts from the State of Texas attributable to such calendar months within the Grant Period. Company shall provide such additional documentation as may be reasonably requested by City to evidence, support and establish the use tax paid directly to the State of Texas pursuant to Company's Direct Payment Permit. The Use Tax Certificate for each Grant Period shall at a minimum contain, include or be accompanied by the following:

- a. A copy of all Texas Direct Payment Permit and self-assessment use tax returns and reports during the applicable Grant Period, use tax audit assessments or credits, including amended use tax returns or reports, filed by the Company during the Grant Period showing use tax paid directly to the State of Texas related to Company's operations for the Grant Period; and
- b. Information concerning any refund or credit received by the Company of use tax paid by the Company which has previously been reported by the Company as use tax paid for a previous Grant Period within the term of this Agreement.

Company will provide to City the Use Tax Certificates from time to time pursuant to the terms of the Agreement, which are confidential ("Confidential Information") and, except as otherwise provided herein, may not be disclosed to a third party without the Company's consent. To the extent that any disclosure of the Confidential Information may be required by law, City will use reasonable efforts to inform Company of the request in sufficient time for Company to assert any objection it may have to such disclosure to an appropriate judicial or administrative body or agency.

4.02 Grantor must have received a Use Tax Certificate for the months within the Grant Period for which payment of a Grant is requested, and Grantor must have received the actual Use Tax Receipts for all calendar months within the Grant Period.

4.03 The Company intends to issue its Texas Direct Payment Permit to specific suppliers or vendors that provide large quantities of building materials or other tangible personal property.

4.04 The Company shall provide the City with a true and correct copy of its Texas Direct Payment Permit, which permit shall be kept in full force and effect throughout the term of the Agreement.

4.05 Company or the City shall not have an uncured material breach or default of this Agreement.

ARTICLE V TERMINATION

5.01 This Agreement may be terminated upon any one of the following:

- (a) by mutual written agreement of the parties;
- (b) by Grantor or Company, respectively, if the other party defaults or breaches any of the terms or conditions of this Agreement in any material respect and such default or breach is not cured within thirty (30) days after written notice thereof by the City or Company, as the case may be;
- (c) by Grantor, if any Impositions owed to the City or the State of Texas by Company shall have become delinquent (provided, however, Company retains the right to timely and properly protest and contest any such Impositions);
- (d) by Grantor, if Company suffers an Event of Bankruptcy or Insolvency;
- (e) by Grantor or Company, respectively, if any subsequent Federal or State legislation or any decision of a court of competent jurisdiction declares or renders this Agreement invalid, illegal or unenforceable in a manner that prevents the parties from fulfilling the purpose and intent of this Agreement;
- (f) by Company, if the City does not pay the applicable Grant amount within 45 days of receipt of the Use Tax Receipts as required herein covered by a valid Use Tax Certificate issued by Company or fails to cure this breach within an additional 30 days and so long as the Company is not in default, or;
- (g) expiration of the term, or any subsequent renewal of the term.

The rights, responsibilities and liabilities of the parties under this Agreement shall be extinguished upon the termination of this Agreement except for any rights, responsibilities and/or liabilities that accrued prior to such termination.

ARTICLE VI MISCELLANEOUS

6.01 Binding Agreement. The terms and conditions of this Agreement are binding upon the parties to this Agreement and their respective successors and permitted assigns. This Agreement may not be assigned without the express written consent of Grantor, which consent shall not be unreasonably withheld or delayed.

6.02 Limitation on Liability. It is understood and agreed between the parties that the Company and City, in satisfying the conditions of this Agreement, have acted independently, and City assumes no responsibilities or liabilities to third parties in connection with these actions. The Company agrees to indemnify and hold harmless the City from all such claims, suits, and causes of actions, liabilities and expenses, including the City's reasonable attorney's fees and related expenses, of any nature whatsoever by a third party arising out of the Company's performance of the conditions under this Agreement.

6.03 No Joint Venture. It is acknowledged and agreed by the parties that the terms hereof are not intended to and shall not be deemed to create a partnership or joint venture between the parties.

6.04 Authorization. Each party represents that it has full capacity and authority to grant all rights and assume all obligations that are granted and assumed under this Agreement.

6.05 Notice. Any notice required or permitted to be delivered hereunder shall be deemed received three (3) days thereafter sent by United States Mail, postage prepaid, certified mail, return receipt requested, addressed to the party at the address set forth below (or such other address as such party may subsequently designate in writing) or on the day actually received if sent by courier or otherwise hand delivered sent via fax.

If intended for City, to:

Attn: Taylor Whichard
Lago Vista City Manager
5803 Thunderbird St., Suite 101
Lago Vista, TX 78645

With a copy to:

Attn:

If intended for the Company:

Attn: Jed Dolson
Chief Executive Officer
TSHH, LLC
2805 Dallas Parkway, Suite 400
Plano, TX 75093

With a copy to:

Attn: Neal Suit
General Counsel
TSHH, LLC
2805 Dallas Parkway, Suite 400
Plano, TX 75093

6.06 Entire Agreement. This Agreement is the entire Agreement between the parties with respect to the subject matter covered in this Agreement. There is no other collateral oral or written Agreement between the parties that in any manner relates to the subject matter of this Agreement.

6.07 Governing Law. The laws of the State of Texas shall govern the Agreement; and this Agreement is fully performable in Lago Vista, Travis County, Texas with exclusive venue for any action concerning this Agreement being in a court of competent jurisdiction in Travis County, Texas.

6.08 Amendment. This Agreement may only be amended by the mutual written agreement of the parties.

6.09 Legal Construction. In the event any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect other provisions, and it is the intention of the parties to this Agreement that in lieu of each provision that is found to be illegal, invalid, or unenforceable, a provision shall be added to this Agreement which is legal, valid and enforceable and is as similar in terms as possible to the provision found to be illegal, invalid or unenforceable.

6.10 Recitals. The recitals to this Agreement are incorporated herein.

6.11 Counterparts. This Agreement may be executed in counterparts. Each of the counterparts shall be deemed an original instrument, but all of the counterparts shall constitute one and the same instrument and any such counterparts shall be deemed to be incorporated herein.

6.12 Survival of Covenants. Any of the representations, warranties, covenants, and obligations of the parties, as well as any rights and benefits of the parties, pertaining to a period of time following the termination of this Agreement shall survive termination.

6.13 Sovereign Immunity. The parties agree that the City has not waived its sovereign immunity by entering into and performing its obligations under this Agreement.

6.14 Dispute Resolution. Any controversy or claim arising from or relating to this Agreement, or a breach thereof shall be subject to non-binding mediation, as a condition precedent to the institution of legal or equitable proceedings by any party unless the institution of such legal or equitable proceeding is necessary to avoid the running of an applicable statute of limitation. The parties shall endeavor to resolve their claims by mediation. Grantor and Company shall share the costs of mediation equally. The mediation shall be held in Lago Vista, Texas, unless another location

is mutually agreed upon. Agreements reached in mediation shall be enforceable as settlement agreements in any court having jurisdiction thereof.

6.15 Anti-Boycott Verification. The Company hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Agreement is a contract for goods or services, will not boycott Israel during the term of this Agreement. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable State or Federal law. As used in the foregoing verification, “boycott Israel” means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Company understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Company and exists to make a profit.

6.16 Iran, Sudan and Foreign Terrorist Organizations. The Company represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer’s internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

or

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable State or Federal law and excludes the Company and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Company understands “affiliate” to mean any entity that controls, is controlled by, or is under common control with the Company and exists to make a profit.

6.17 Form 1295. Submitted herewith is a completed Form 1295 in connection with the Company’s participation in the execution of this Agreement generated by the Texas Ethics Commission’s (the “TEC”) electronic filing application in accordance with the provisions of Section 2252.908 of the Texas Government Code and the rules promulgated by the TEC (the “Form 1295”). The City hereby confirms receipt of the Form 1295 from the Company, and the City agrees to acknowledge such form with the TEC through its electronic filing application not later than the 30th day after the receipt of such form. The Company and the City understand and agree that, with the exception of information identifying the City and the contract identification number, neither the City nor its consultants are responsible for the information contained in the Form 1295; that the information contained in the Form 1295 has been provided solely by the Company; and, neither the City nor its consultants have verified such information.

6.18 Company represents and certifies that Company does not and will not knowingly employ any undocumented worker at the Project or on the Property who is not lawfully admitted for permanent resident to the United States or authorized under law to be employed in the United States. If, after receiving any public subsidy from City under this Agreement, Company is convicted of a violation under 8 U.S.C. § 1324a(f), Company shall repay to City an amount equal to all Annual Grant Payments tendered to Company under this Agreement not later than the 120th day after the date the public agency, state or local taxing jurisdiction notifies Company of the violation.

[SIGNATURE PAGES FOLLOW]

EXECUTED as of the ____ day of _____, 2025.

THE CITY OF LAGO VISTA, TEXAS

By: _____
Taylor Whichard, City Manager

ATTEST:

Maria Franco, City Secretary

EXECUTED as of the ____ day of _____, 2025.

TSHH, LLC
a Texas Limited Liability Company

By: Jed Dolson

By: _____
Name: Jed Dolson _____
Title: Chief Executive Officer _____

ACKNOWLEDGMENTS

STATE OF TEXAS §

§

CITY OF LAGO VISTA §

This instrument was acknowledged before me on the _____ day of _____, 2025 by Taylor Whichard, City Manager of The City of Lago Vista, Texas, on behalf of said city.

Name: _____

Notary Public, State of Texas

My commission expires: _____

STATE OF TEXAS §

§

CITY OF PLANO §

This instrument was acknowledged before me on the _____ day of _____, 2025 by Jed Dolson, Chief Executive Officer of TSHH, LLC, a limited liability company, on behalf of said company.

Name: _____

Notary Public - State of Texas

Trophy Signature Homes

City Name	Lago Vista
City Rate	1.00%
City Code	2227123
Contact Name	Taylor Whichard
Contact Title	City Manager
Street Address	5803 Thunderbird, Ste. 101
City, State, Zip Code	Lago Vista, TX 78645
Phone Number	512-267-1155 ext. 100
Email Address	taylor.whichard@lagovistatexas.gov

Contact Name	Eric Zeno
Contact Title	Economic Development Director
Contact Phone Number	512-267-1155 ext. 102
Contact Email	ezeno@lago-vista.org

Est. # of Undeveloped Lots (Lakeside at Tessera)	191	
Est. Ave Sales Price - 2024	\$550,000.00	Total Est Materials
Direct Materials (22% of home sales price)	22.00%	to be acquired
Ave Dir Mat Purch / House (today)	\$121,000.00	\$23,111,000.00
Ave Local City Sales Tax/ House	\$1,210.00	
Ave Sales Tax Grant / House	\$605.00	
Ave Sales Tax Rcvd City / House	\$605.00	
Agreement Term / Length	10 years	
Grant Amount / Percentage of 1% General City Sales Tax for Future Direct Payment Permit Purchases	50% of 1% General Fund	

Estimated Benefits for the Agreement - Trophy Signature 0.5% Total Trophy Signature Est Sav - Thru Buildout

Existing Undev. Lots / Current Mat. Prices (0% Inflation)	\$115,555.00
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Estimated Benefits for the Agreement - City 0.5% Total City Est Sav - Thru Buildout

Existing Undev. Lots / Current Mat. Prices (0% Inflation)	\$115,555.00
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Existing Undev. Lots/Mat. Price Incr 5% Annually	\$147,407.74
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Existing Undev. Lots/Mat. Price Incr 8% Annually	\$173,274.72
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Note: Based on NO future undeveloped lot purchases/development during 10-year 380 Agreement (ie: most conservative)

DOUG DUFFIE, LLC

BUSINESS & TAX CONSULTING / PLANNING

Texas Local Sales Tax Sourcing on Homebuilder Building Materials

Since 1979, the State of Texas has required retailers of tangible personal property, including building materials, such as lumber, trusses, siding, doors, brick, stone, windows, appliances, drywall, etc., to collect and remit sales tax from customers based on the supplier's place of business.

Chapter 321 of the Texas Municipal code defines a place of business of a retailer as follows:

"Place of business of the retailer" means an established outlet, office, or location operated by the retailer or the retailer's agent or employee for the purpose of receiving orders for taxable items and includes any location at which **three or more orders are received by the retailer during a calendar year**. A warehouse, storage yard, or manufacturing plant is **not** a "place of business of the retailer" unless at least three orders are received by the retailer during the calendar year **at the warehouse, storage yard, or manufacturing plant**.

Based on current law, local sales taxes are NOT collected based on where materials are delivered, so Cities without large retailers of building materials with "places of business" inside City limits, will NOT receive new local sales taxes from materials used to construct new homes. However, if a homebuilder voluntarily agrees to obtain a Texas Direct Payment Permit and to self-assess and pay state and local use taxes based on where materials are first used to construct new homes, Cities can benefit by receiving new local sales/use taxes while **NOT** incurring new costs.

Homebuilders sell improvements to real property, which is not subject to Texas sales tax, and they are not required to obtain sales/use tax permits or to file sales/use tax returns each month, so obtaining a **Texas Direct Payment Permit is VOLUNTARY, NOT REQUIRED**. When a homebuilder accepts liability for paying sales/use taxes on building materials at job sites using a Direct Payment Permit, they must make significant changes to accounting systems to track materials to job sites, compute local taxes due at various locations, file monthly sales/use tax returns and pay taxes each month and be subjected to sales/use tax audits; none of which is required if they merely pay sales tax to suppliers at the supplier's place of business. These new costs can easily exceed \$1MM or more for larger builders with complex accounting systems.

A homebuilder must fulfill **all obligations of a Chapter 380 Agreement** before receiving any benefits, in the form of grants, from a City, including:

- 1) self-assessing and paying new local sales taxes to the City, then confirming amounts remitted on a semi-annual basis to the City by providing copies of confidential tax returns. Using **semi-annual** grants prevents a City from paying **monthly** grants when a homebuilder's tax returns are legally due and paid; which results in 2 grants per year, versus 12.
- 2) the City must receive new local sales/use tax allocations from the Comptroller and
- 3) the City retains the ability to adjust grants if any local taxes are overpaid or underpaid during the term of the Agreement (as a result of future audits or adjustments).

PHONE

EMAIL

Since all obligations and almost all costs are placed on a homebuilder to receive a grant using this approach, the grants typically represent a larger percentage of local taxes since **costs** are disproportionately placed on a homebuilder.

City grants often range between 80% to 100% of a **1% General Fund tax** (with NO grants due from a City's CDC or EDC portion of taxes), or alternatively, 40% - 50% of a **2% General Fund tax**, which allows new tax revenues to be generated for the City with very few costs.

Future sales/use tax revenues are often split where roughly 50 - 60% of future tax revenues are retained by a City, but where **almost ALL costs and obligations are placed on a homebuilder**. These costs include:

- 1) filing for and obtaining a Texas Direct Payment Permit, then issuing exemption certificates to specific suppliers to prevent suppliers from collecting / remitting taxes on future purchases;
- 2) modifying current accounting systems / processes to allow suppliers to be paid for materials without sales tax, then tracking state and local taxes due on all materials to individual job sites;
- 3) reporting and paying state and local sales taxes and filing Direct Payment Permit tax returns once per month with the Comptroller's Office as opposed to paying taxes directly to suppliers;
- 4) due to the level of taxable purchases (often 10's of millions of dollars per year or more) almost all Direct Payment Permit holders are subjected to future Comptroller audits, which would not be required if homebuilders paid sales taxes directly to suppliers.
- 5) Accumulate and send semi-annual invoices (Use Tax Certificates) including copies of confidential sales/use tax returns for each month within a semi-annual grant period to a City and allow the City to ensure **receipt** of all local taxes within the grant period, from Comptroller local tax allocations, before the City is required to pay any grant to a homebuilder.
- 6) a homebuilder is also required to pay all state and local taxes to the Comptroller, then request a semi-grant based on 98 cents per dollar of local taxes paid. The Comptroller assesses a 2% fee **to the City** to audit taxpayers on the City's behalf, including any homebuilder. Effectively, a homebuilder pays a 2% fee to be audited for proper compliance with Texas sales/use tax requirements while Cities pay grants based on the "net" local taxes received.

Due to the excessive costs placed on a homebuilder for the items above, there is little risk for a City to enter into a Chapter 380 Agreement with a homebuilder since almost all risks and all costs are placed on a homebuilder. If a homebuilder does not fulfill all of its obligations identified within a Chapter 380 Agreement, **NO** grants are due from the City.

Terms and conditions of the Chapter 380 Agreement almost always represent 10 years to help a homebuilder recover many of the up-front and significant costs over-time while a City has few, if any, up-front costs to recover. As a result of tax sharing agreements, a City can receive new local sales/use taxes a City would not otherwise receive if sales taxes continue to be paid to a supplier based on the supplier's place of business.



Item Cover Page

ECONOMIC DEVELOPMENT ADVISORY COMMITTEE AGENDA ITEM REPORT

DATE: March 11, 2025

SUBMITTED BY: EDAC Chairperson, Economic Development

SUBJECT: Discussion, consideration, and possible action on TBA Douglas.



Item Cover Page

ECONOMIC DEVELOPMENT ADVISORY COMMITTEE AGENDA ITEM REPORT

DATE: March 11, 2025

SUBMITTED BY: EDAC Chairperson, Economic Development

SUBJECT: Consider approval of February 11, 2025, regular meeting minutes

FINANCIAL IMPACT: na

ATTACHMENTS:
[EDAC February 11 2025 Minutes.pdf](#)

Lago Vista, TX
Economic Development Advisory Committee

Meeting Minutes
Tuesday, February 11, 2025

CALL TO ORDER

On the 11th day of February 2025, the Economic Development Advisory Council held a regular meeting at 4:01 p.m. in Council Chambers at 5803 Thunderbird, Lago Vista, Texas and was called to order by Committee Chair Justin Loucks.

IN ATTENDANCE

Justin Loucks, Chair / Jeff Flauding, Vice Chair / Philip Wyatt, Secretary / Russell Murphy, Member / Scott Dalglish, Member / Don Johndrow, Member / Norma Owen, City Council Liaison / Eric Enzo, Director of Economic Development / Jennifer Sandoval, North Lake Travis Chamber of Commerce

CITIZEN COMMENTS FOR NON-AGENDA ITEMS

No citizen participation

STAFF AND COUNCIL LIAISON REPORTS

1. City Council Liaison Norma Owen reported the Council's continued desire to receive EDAC's recommendations for the Part B EDC Bylaws.
2. City Staff Eric Enzo reported having attended the ISCS@Red River, and that January municipal sales tax receipts were lower from the same period the year prior.
3. Chamber of Commerce update – Jennifer Sandoval reported the Chamber is in Round 2 of the NLT Chamber Finalists with winners being announced at their awards luncheon February 19, 2025. Jennifer further highlighted upcoming events including a ribbon cutting at Lakeside Fellowship's new place of worship February 20, and the Chamber's Casino Night February 22.

COMMITTEE ITEMS

1. Discussion on the Economic Development Corporation Type B Bylaws continued with EDAC Member Don Johndrow expressing several points of consideration for the committee to include in its final recommendations. Vice Chair Jeff Flauding suggested limiting the new EDC Board of Directors to members not also serving on the City Council while maintaining an ex officio membership of a Council Liaison. Most EDAC members present expressed support for his suggestion.

2. Discussion and consideration of the Community Identity Enhancement project again focused on the need to include the community in the process and Justin Loucks was interested to know who ran the campaign to create the city flag. Eric Enzo to determine who was involved in the flag project and provide the related information to EDAC. Scott Dalglish further suggested that looking at previous successful ventures from other communities has merit.
3. Discussion and consideration of the Scope of the Bond Oversight proposal led off with Justin Loucks reporting he had attempted to gather information regarding City Council's prior bond oversight procedures but had difficulty locating any specific information. Council Liaison Norma Owen referred members to a financial presentation made to City Council, and available in the meeting packet for Council's January 16, 2025, meeting and would be relevant to the information being sought. Norma also stated Council's strategic planning sessions are upcoming which will also include specific presentations related to municipal budgets and bonding and will soon be available.
4. Chairman Loucks suggested that further consideration of specific subcommittees and the development of a Workplan Schedule be placed on hold pending the furtherance of the EDC and how the current EDAC becomes a part of that process.
5. Referring to previous discussions on the Community Identity Enhancement project, Member Don Johndrow suggested reviewing Peter Kageyama's presentation based on his book *For the Love of Cities: The love affair between people and their places*.

CONSENT AGENDA

Justin Loucks asked for a Motion to Approve the January 14, 2025, regular meeting minutes (the only item for consideration on the Consent Agenda). Motion was made by Russell Murphy and seconded by Scott Dalglish the Minutes were approved by unanimous consent.

ADJOURNMENT

Committee Chair Justin Loucks adjourned the meeting at 5:13 p.m.

Respectfully submitted,

Justin Loucks, Chair

ATTEST:



Philip Wyatt, Secretary