

October 13, 2025

Mayor and City Council
1209 Fiorella
City of Castroville, Texas 78009

Re: Bond Counsel Representation

Dear Mayor and Council:

The Mayor has placed on the October 14, 2025 agenda request to terminate my firm's professional services contract due to a "potential/perceived" conflict of interest relating to tax increment reinvestment zones and public improvement district agreements with developers. Such an insinuation is not only deeply insulting, but also contrary to the entire basis on which my firm and I have built and maintain our legal practice.

Rather than contacting me to discuss his concerns, the Mayor chose to place this item on the agenda and include as a backup a statement indicating his perception. Had he granted me the professional courtesy of notice, I would have shared with the Mayor that -

- To avoid even the "perception" of a conflict of interest, neither me nor my firm represents private developers; our focus is municipal representation.
- The only third-party tax increment reinvestment zone agreements the City has entered into are with other **political subdivisions** – the County, the ESD, and the Hospital District – the result of which is **delivery to the City** of \$17 million in tax revenues it was otherwise not entitled.
- My preparation of development agreements with developers, including those that contemplate creation of public improvement districts and issuance of bonds, only served to negotiate and document the legal provisions of business terms which were negotiated and agreed upon by City staff and elected officials; actual issuance of PID bonds remains subject to Council discretion and, if the City so chooses, City bond counsel is legally required to facilitate such an issuance.
- Over the course of my representation I regularly decline fees for City-requested legal services that were deservedly owed by the City.
- Over the past three years, I (through my firm and my local non-profit corporation) have donated to the City over \$80,000 in cash to improve the swimming pool at Regional Park and to turn Lions Park into a usable play area, as well as five acre feet of water rights to permit operation of the splashpad and to water the field at Lions; this past summer, my family and I rebuilt the backstop at Lions.



If the Mayor's allegation of perceived or potential conflict stems from my private involvement in renovations to downtown area buildings and business, this involvement is well-known, was regularly disclosed to past City Councils, and was acknowledged by Council prior to my delivery of legal services (including the City's creation of a commercial tax increment reinvestment zone that includes the entire downtown area and north of Highway 90 to the City's western boundary). As evidence, the Council's publicly approved proclamation of support of the downtown development effort is included with this letter.

As a member of the American College of Bond Counsel, I have a skill set that is widely recognized in my industry as both distinguishable and unique. Castroville, as a community facing growth-related challenges, had and continues to have a need for the skill set I possess. When asked by prior elected officials and administration to assist with these challenges, I gladly accepted because of how deeply I care about this community – but this was never a representation that I sought out, nor is it one for which I am now willing to fight. Though it is clear to me that skills such as mine are and will continue to be needed by the City, neither my firm nor I will be involved with the provision of those services, as this letter serves as notice of my firm's immediate resignation as the City's bond counsel.

My decision regarding this matter is in absolutely no way intended to lend even the smallest level of credence or credibility to any accusation concerning intent behind my actions or my integrity. I have done this long enough to understand that election outcomes or policy changes often result in staff and consultant turnover. Fine...it happens. Alleging something more nefarious, though objectively false, as justification for a desired change is in fact evidence of the very offense of which I am now "perceived" of committing.

Whether known or appreciated, my firm and I have long served an important role to the City. As a resident and taxpayer, I certainly hope the City's determination to entrust these very important matters of growth management and debt issuance to the hands of professionals with no personal connection to this community, knowledge of its history, or vested interest in its future works to the benefit of its citizens. Since **perceived** – and not actual -conflict of interest based on developer involvement is the cited reason for seeking my termination, I can only trust that exclusive representation of municipalities – and not also private developers (which would result in **actual** conflict of interest) – will be a condition of any request for proposals seeking my replacement. I wish the City luck in this effort as, to my knowledge on the basis of my 25-years of professional experience, my firm and its 106-year history of municipal representation is the only Texas bond counsel firm possessing the requisite level of experience that can truthfully make this claim in the face of such a requirement.

Respectfully,

Clay Binford
Partner



PROCLAMATION

WHEREAS, Castroville City Council supports the efforts of the group of local residents and business owners participating in the Castroville Downtown Redevelopment Fund who are investing time, money, and effort to improve and enhance Castroville's historic downtown; and

WHEREAS, this group is investing in buildings and improvements to revitalize Castroville's historic downtown for regional and local enjoyment by protecting and enhancing the city's original architecture, and the purpose is to create in downtown Castroville a strategic mix of dining, retail, office, entertainment, and residential experiences ; and

WHEREAS, charm is the guiding principle which pervades all the group's design decisions; they will renovate using the architectural style that our Castroville ancestors would recognize; they intend to build with quality materials, mindful of our great, great grandchildren; they believe neighborhoods are welcoming when they have safe, walkable, and beautiful streetscapes, and they endeavor for their spaces to foster community, offering platforms for shared, public enjoyment of arts and culture; and

WHEREAS, they are patient capital that thinks in decades and generations and are not distracted by short term financial gains misaligned with this vision; and

WHEREAS, the city does not anticipate burdening existing citizens with higher taxes or utility bills to support this effort, but will otherwise assist in achieving the revitalization of downtown Castroville however possible; and

WHEREAS, any improvements to public utilities or other infrastructure will go through proper procedures and approvals; and

WHEREAS, the city encourages other individuals and groups to explore how they too can enhance and improve areas of Castroville needing attention and will support them with equal enthusiasm; and

NOW THEREFORE, I, Darrin Schroeder, Mayor and the City Council of the City of Castroville, do support the efforts of the people involved in the Castroville Downtown Development Fund.

This the 28th day of September, 2021



DARRIN SCHROEDER

Mayor