

**CITY OF KERRVILLE, TEXAS ECONOMIC IMPROVEMENT CORPORATION
SPECIAL MEETING**

MAY 25, 2017

On Thursday, May 25, 2017, a special meeting of the members of the City of Kerrville, Texas Economic Improvement Corporation, was called to order at 4:00 p.m. by Gary Cochrane, President, in the Council Chambers at City Hall, at 701 Main Street, Kerrville, Texas.

Members Present:

Gary Cochrane, President
Kenneth Early
Delayne Sigerman
Paul Stafford
Mary Ellen Summerlin
James Wilson

Members Absent:

Sheri Pattillo, Vice President

City Executive Staff Present:

Mark McDaniel, City Manager
E.A. Hoppe, Deputy City Manager
Mike Hayes, City Attorney
Cheryl Brown, Deputy City Secretary

Visitors Present: Visitor list available in the City Secretary's Office for the required retention period.

1. CONSIDERATION AND POSSIBLE ACTION:

1A. Amendments to Economic Development Grant Agreements 2012-03 and 0213-02, between Fox Tank Company, Inc. and the City of Kerrville, Texas Economic Improvement Corporation.

Ms. Summerlin moved for the EIC to go into executive closed session under Sections 551.071 and 551.087 of the Texas Government Code; motion was seconded by Ms. Sigerman and passed 6-0 to discuss the following matters:

Section 551.071 and 551.087:

Economic Development Grant Agreement between Fox Tank Co., Inc. and the City of Kerrville Economic Improvement Corporation.

2. EXECUTIVE SESSION:

The EIC adjourned the open session at 4:01 p.m., and convened in closed executive session at 4:01 p.m.

At 4:31 p.m. the EIC reconvened in open session. Mr. Cochrane announced that no action had been taken in Executive Session.

3. POSSIBLE ACTION FOR ITEMS DISCUSSED IN EXECUTIVE SESSION:

Mr. Cochrane reported that the EIC has directed staff to make recommendations to the EIC to amend the contracts with Fox Tank.

Mr. Hayes went over the deal points, and suggested amendments for both of the Fox Tank/EIC Agreements, which will mean two amendments will need to be completed. The amendments will be as follows (taken from the document provided to the EIC by staff, titled "Potential Fox Tank Agreement Amendments):

Fox Tank Requests:

- Allow Fox Tank to include in its employment total sales personnel on the Fox Tank payroll and contract labor employees that depend entirely on Fox Tank for their income that represent the business interests of the Kerrville Project (Agreement II Article II Section B.4 and Agreement I Article II Section D)

City of Kerrville/KEDC/EIC requests:

- Report all payroll totals to KEDC monthly, along with a sworn affidavit. Submit State Comptroller payroll information quarterly (Agreement I Article II Section E and Agreement II Article II Section C)
- Agree to improve landscaping and screening of storage, manufacturing and facilities from the view along Highway 27 in a manner acceptable to the City but that is reasonable in terms of what is practical with regard to height and percentage of view that is screened. (Agreement I and II Article II).
- Move key points-of-sale to the Kerrville facility to maximize the local sales tax contribution. Report both Kerrville and Albany sales tax submittals to the KEDC monthly (Agreement I Article II and Agreement II Article II).
- Submit a complete petition for annexation to the City by July 31, 2017, including the survey work necessary to distinguish the portion of the Fox Tank property not currently included in the City limit (Agreement I Article II Section B and Article I Section A).

Additional staff recommendation:

- Allow Fox Tank to take an average of their monthly employment numbers during the calendar year to determine whether Fox Tank has met its employment obligation for the year, rather than a "snapshot" of December or the end of each quarter (Agreement II Article II Section B.4 and Agreement I Article II Section D).
- Subsequent average monthly employment for 2015 was 90 employees and 80 employees for 2016. Allow for penalty funding of \$10,000 to be paid by December 31, 2017 with regard to 2016 employment numbers (Agreement II Article I).

Ms. Summerlin moved to authorize the amendments, and Mr. Cochrane to execute both contracts, once finalized by the City Attorney. Mr. Wilson seconded.

Mr. Cochrane asked Mr. O'Connor from KEDC if he had any comments. Mr. O'Connor stated that Mr. Fox appreciated the work that the EIC was doing to amend the contracts. He asked if the EIC would allow the City Attorney to make minor modifications to the wording of the amendments pursuant to negotiations with Mr. Fox.

Mr. Hayes recommended that the amendments listed above remain intact, with possible minor adjustments to language.

Ms. Summerlin amended her motion to include, at the discretion of the City Attorney and the current President of the EIC, minor adjustments as mentioned. Mr. Wilson's second stood, and the motion passed 6-0.

4. ADJOURNMENT.

Mr. Cochrane adjourned the meeting at 4:40 p.m.

APPROVED: 06/19/2017

/s/

Gary Cochrane, President

ATTEST:

/s/

Cheryl Brown, Deputy City Secretary