

**MINUTES OF THE
KAUFMAN ECONOMIC DEVELOPMENT CORPORATION
BOARD OF DIRECTOR'S MEETING
TUESDAY, FEBRUARY 2, 2016 at 6:00 p.m.
Kaufman City Hall
209 S. Washington
Kaufman, TX 75142**

PRESIDENT	ROY FERRELL
VICE-PRESIDENT	BARRY RATCLIFFE
SECRETARY/TREASURER	CARL STAPP
MEMBER	LISA PARKER
MEMBER	CURTIS SNOW

President Roy Ferrell called the meeting to order at 6:03 p.m. on Tuesday, February 2, 2016. Board members present were Carl Stapp, Roy Ferrell, Barry Ratcliffe, Lisa Parker and Curtis Snow. President Ferrell declared a quorum present. Also present were Executive Director Lee Ayres and Secretary Jo Ann Talbot.

1. **CONSIDER APPROVAL OF THE DECEMBER 8, 2015 MEETING MINUTES.**

Board member Stapp moved to approve the December 8, 2015 meeting minutes. Board member Ratcliffe made the second. All voted AYE and the motion carried.

2. **REVIEW/ACCEPTANCE OF DECEMBER, FINANCIAL STATEMENTS.**

Board member Stapp reminded the board that he had some questions/suggestions about the format of the financial statements last month. Executive Director Ayres said that there was nothing we can do about revenues and net income showing up as negative numbers. However, he said city staff was able to easily change a column from percent of budget unused to percent of budget used. After some other discussion, Board member Stapp moved to accept the December 2015 financial statements. Board member Ratcliffe made the second. All voted AYE and the motion carried.

3. **DISCUSSION/ACTION ON MODIFYING LOT PRICES AT BUSINESS PARK.**

Executive Director Lee Ayres stated the business park seems to be getting quite a bit of attention recently. He reported he was working 5 suspect/prospects simultaneously. One is more than 15 months old, but still good. Another made contact about 10 months ago and recently contacted Mr. Ayres.

Executive Director Ayres reminded the board that all offers to purchase lots are brought to the board, for acceptance, rejection or negotiation. He reported the board needed to have some discussion to make sure staff was on the same page as the board with our lot "*asking prices*" for future prospects.

Executive Director Ayres went on to say, if he recalls correctly, in 2000, the KEDC board had about \$15,000 per acre invested in the business park. That included the cost of the land, water lines, sewer lines, concrete streets, storm sewer and drainage, monument sign, flag poles, irrigation system. As buildings were built we had to add electricity, a streetlight, gas service, on two lots we added fencing and one lot we added a sidewalk. That has pushed our investment per acre to about \$16,500. Once the new entrance and new road to the park, the investment per acre will grow to about \$21,000 per acre.

Some of the main reasons communities have business parks is to keep the price of land reasonable, have shovel ready sites available and have control on building standards.

Historically, the business park lot sales have averaged \$31,700 per acre. But most lots were MEDIUM sized, in the 1.5 to 7.5 acre range. The larger the lot or acreage, the lower the price per acre. KEDC purchased the land next to County Law Enforcement Center fronting US 175 for about \$6,700 per acre. It was 42.6 acres. One acre is about 43,600 square feet.

Executive Director Ayres reported he understands commercial land, fronting US 175 in Kings Fort Market Center in SMALLER TRACTS (35,000 sf to 40,000 sf) is priced around \$8.50 per square foot or \$370,600 per acre (Walmart did not pay that, but Whataburger probably did). The Dairy Queen lot (35,000 sf) probably sold for \$11.00 psf. Lots on South Washington between town square and Taco Bell are asking \$10.00 per square foot, but none are selling.

Executive Director Ayres then presented a Proposed Lot Pricing Schedule for the board to consider. After some discussion, Board member Snow suggested we might increase the prices on Lots 9, 10 and 11 to \$43,560 per acre or about \$1 per square foot. After further discussion Board member Snow moved to approve the proposed lot pricing schedule with changes in the asking prices for lots 9, 10 and 11 from \$25,000 per acre to \$43,560 per acre. Board member Stapp made the second. All voted AYE and the motion carried.

4. DISCUSSION/ACTION ON SPECULATIVE BUILDING.

Executive Director Ayres reported that two plus years ago he contacted three companies that were interested in working on a spec building in the business park. One, who provided some real basic information 5 years ago and is out of business now. Another did not return calls. Executor Director Ayes meet with representatives of Nucor Steel, Tom Batterbee, CEO and Larry Beavers his number two guy. Mr. Ayres was inquiring about a metal building with a brick, block or stucco exterior.

They suggested KEDC look more at Tilt-Wall and at a new product, Insulated Metal Panels with a textured, stucco like exterior. The samples looked really nice.

They introduced me to a North Dallas contractor. The contractor and Mr. Ayres met in January, 2 years ago, to discuss a 100,000 sf version (expandable to \$150,000 or more) and a 50,000 sf (expandable to 100,000 sf or more) in both tilt wall and insulated/textured panels.

Below is the project scope that would be used for each scenario including plans, engineering, site work, utilities, site improvements, foundation, walls, roof, glass, doors, etc.

Also below is the round number total pricing for each of the options. Ayres reminded the group that these are old numbers now:

	Insulated Metal	Tilt-Wall	Combination
100,000 sf	\$2.778 M. \$27.28 per sf	\$2.881 M. \$28.82 per sf	\$2.718 M. \$27.18 per sf
50,000 sf	\$1.797 Million \$35.96 per sf	\$1.875 Million \$37.50 per sf	n/a n/a

The project scope includes about 40% of the flooring being poured, unit heaters included, includes driveways and parking but no plumbing inside the building, electrical only to the building and some lighting, no sprinklers (but includes sprinkler prep), no insulation, no air conditioning and a few other things omitted. But the contractor said it is about 90% complete.

KEDC proposed putting the building in the northwest corner of the park. KEDC have 4 small lots that are not accessible now (part of future phase) that Mr. Ayres propose to re-plot with lot number 18 and adding 3 other lots and part of the street an cul-de-sac to make one large lot. A lot this size could handle about 200,000 sf of building(s). This would require KEDC to re-route drainage and the cost for that IS included in the estimates.

A \$3 Million dollar building with 10% down and 20 year term would cost \$16,360 per month or just under \$200,000 per year.

Mr. Ayres recommended for the board to decide if they wanted to take the next step to find an Architect to design the building. Mr. Ayres reported that the design work would cost approximately \$18,000 to \$25,000.

Mr. Ayres offered the following reasons to proceed now:

North Texas is running out of buildings. Kaufman is totally out of buildings over 9,000 sf.

North Texas Economy is still smoking hot. May get it leased or sold before it is finished.

A community should have at least on nice large building vacant (in inventory). It generates considerably more prospect visits.

Next Mr. Ayres suggested reasons not to proceed now:

Because North Texas is out of buildings, more firms are realizing they have to build themselves.

North Texas Economy could collapse any minute.

KEDC is financially "stretched" for another 3 years because of the commitment to 380 agreement for Kings Fort infrastructure and the \$400,000 incentive commitment we have to Tables Manufacturing. After March, KEDC will owe three more payments of just under \$300,000 each on the 380 agreement.

Staff Recommendation:

Mr. Ayres would really love to see Kaufman do a Spec Building. However, Mr. Ayres recommendation is push this off for now because we cannot afford it. But make it your top priority in FY 2018.

Discussions were held about cost of an architect developing plans and engineering costs.

After some additional discussion there seemed to be a consensus to move forward a small step and at least find out what it might cost for an architect to design the building.

Board member Snow moved that we put together a "Request for Proposal" for Architects according to the project scope mentioned above for a speculative building. Board member Ratcliffe made the second. All voted AYE and the motion carried.

5. DISCUSSION/ACTION ON CURB CUT AND DRIVE FOR US 175 PROPERTY.

Executive Ayres reported he had been under the impression that somewhere down the road TXDOT would have some plans to extend the US 175 east bound frontage road past the County Law Enforcement Center at least Fair Road. The issue is important for KEDC to have access to the property next to the County Law Enforcement Center. Mr. Ayres did some research last fall and could not find it on any TXDOT short or long range plans. Mr. Ayres learned the City Manager was meeting with TXDOT local and area engineers about some other matters a few weeks ago. Mr. Ayres reported the City Manager inquired if plans to extend the frontage road could be added to their planning. After that meeting, City Manager Mike Slye informed Mr. Ayres there were no plans to extend the frontage road and there would be no plans in the future to extend it. City Manager Mike Slye reported that TXDOT would let KEDC have a drive way to the property from the highway.

After some discussion, Board member Snow moved and seconded by Board member Stapp to authorize Mr. Ayres to obtain cost estimates on constructing an access driveway to the KEDC property and bring it back to the board for

evaluation. Chairman Ferrell called for a vote with all voting AYE, the motion carried.

6. CONSIDER ASKING PLANNING AND ZONING COMMISSION AND CITY COUNCIL TO AMEND THE PLANNED DEVELOPMENT (PD) AT BUSINESS PARK TO ALLOW POLE SIGNS PER CURRENT CITY ORDINANCE.

After some discussion, on asking Planning and Zoning Commission and City Council to amend the Planned Development (PD) at the Business Park to allow pole signs, no action was taken on this item.

7. ANNOUNCEMENTS FROM EXECUTIVE DIRECTOR.

Executive Director Ayres reported that the Chamber Banquet date was fluctuating and he would let them know as soon as the date is set.

Executive Director Ayres reported that Kaufman County Day in Austin is an off year this year and scheduled for April 3 and 4. Mr. Ayres reported he was unsure if he would be back from vacation at that time. He added that if anyone on the board plans to go, please let him know and he will register them.

8. ADJOURNMENT.

Roy Ferrell adjourned the meeting at 7:05 p.m.

_____ Roy Ferrell, President	_____ Date	_____ Carl Stapp, Secretary	_____ Date
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