

**MINUTES OF THE
KAUFMAN ECONOMIC DEVELOPMENT CORPORATION
BOARD OF DIRECTOR'S MEETING
Tuesday, May 12, 2015 at 6:00 p.m.
Kaufman City Hall
209 S. Washington
Kaufman, TX 75142**

PRESIDENT	ROY FERRELL
VICE-PRESIDENT	BARRY RATCLIFFE
SECRETARY/TREASURER	JEFF JORDAN
MEMBER	CARL STAPP
MEMBER	LISA PARKER

CALL TO ORDER: President Roy Ferrell called the meeting to order on Tuesday, May 12, 2015 at 6:00 p.m. Board members present were Carl Stapp, Roy Ferrell, Lisa Parker and Jeff Jordan. President Ferrell declared a quorum present. Board member Ratcliffe arrived at 6:05 p.m. Also present were Executive Director Lee Ayres and Secretary Jo Ann Talbot.

1. CONSIDER APPROVAL OF THE FEBRUARY 17, 2015 MEETING MINUTES.

Board member Stapp moved and seconded by Board member Jordan to approve the February 17, 2015 meeting minutes. All voted AYE and the motion carried.

2. ACCEPTANCE OF JANUARY, FEBRUARY AND MARCH, FINANCIAL STATEMENTS.

Executive Director Lee Ayres reported there was nothing unusual in the January and February statements. He reported in March KEDC had the first payment of the 75% of the City's Chapter 380 Agreement for Kings Fort Market Center. That payment was just under \$300,000.00 and put KEDC in a big negative position for the month and a fairly large negative position year to date. Board member Stapp commented that the March financials represented one-half of the entire year. Executive Director Ayres reminded Board Members that the year to date financials for March represent only 4 months of revenue and six months of expenses. Adding that October and November 2014 revenues are accrued back into FY 2014. Executive Director Ayres reported he was trimming expenses because he does not think KEDC will make revenue projections for this fiscal year. Executive Director Ayres mentioned that Walmart may be cannibalizing sales from our four dollar stores, Brookshire's and perhaps Eagle Lube and small amount from Ace Hardware. He noted that we lost Jiba Rock Sales and House Nursery last year and that could have been several million in sales lost. He noted that numerous cities near us have held wet-dry elections and our beer, wine and liquor sales have suffered. He reported he researched 3 smaller cities including Seagoville and Forney several years ago and learned that their city sales tax collections doubled within two years of their Walmart Opening.

Executive Director Ayres said the KEDC collected \$450,000 in 2013 and expected it to be \$900,000 in 2015. He reported KEDC conservatively budgeted \$800,000 for 2015 but now does not expect to reach that. Executive Director Ayres noted that Seagoville got their AutoZone, Ace Hardware, a dollar store AFTER the Walmart went in and that Kaufman already had those things. Executive Director Ayres stated further that original projections expected a first strip shopping center to open simultaneously with Walmart with a second one to follow soon after. The first strip shopping center may not open until the end of June this year. Executive Director Ayres reported in spite of all of the aforementioned negatives, with prudent management of funds, he expects the KEDC to break even for this fiscal year. Executive Director Ayres added that if KEDC don't there is no cause for alarm because we have more than \$1.4 Million in unrestricted reserves which is about two years-worth of annual operating expenses.

After some other discussion Board member Stapp moved to approve the financial statements. Board member Parker made a second. All voted AYE and the motion carried.

3. AUTHORIZE PAYMENT TO FACLCON STEEL UNDER AGREEMENT DATED 2012 TO BE PAID FROM RESERVES.

Executive Director Ayres explained that the KEDC Board developed an incentive agreement more than a year ago with Falcon Steel related to jobs retention. He added that the money to pay that was budgeted to be spent in FY 2014. Executive Director Ayres reported delays in the Highway 34 north phase delayed Falcon Steel's ability to meet their infrastructure improvements by the end of the 2014 fiscal year. Because the EDC prepares the next year's budget several months ahead of the end of the current fiscal year, the money did not get budgeted in FY 2015. Executive Director Ayres said technically, because KEDC did not spend it last year, it went to reserves. Board Member Ratcliff moved to authorize payment to Falcon Steel per the KEDC's incentive agreement to be paid from reserves when Falcon Steel infrastructure is completed. Board member Jordan made the second. All voted AYE and the motion carried.

4. AUTHORIZE PRESIDENT ROY FERRELL TO ENTER INTO AN AGREEMENT WITH THE CITY OF KAUFMAN TO PAY THE CITY \$100,000.00 PER YEAR FOR NEXT 16 YEARS TOWARDS THE CONSTRUCTION COSTS OF THE NORTH PHASE OF THE HIGHWAY 34 BY-PASS.

Executive Director Ayres explained that in May of 2010 the Kaufman Economic Development Corporation agreed to pay \$1.7 million towards the north phase of the Highway 34 by-pass with terms of paying \$100,000.00 per year for 17 years. Executive Director Ayres reported KEDC made the first payment in FY 2014. Because auditors need to know where the authorization comes from, without an agreement, we have to search our minutes back to 2010 each year to understand the authorization. Further, an agreement located in a tickler file reminds future EDC and City Staffers of the obligation.

Board Member Ratcliffe moved to authorize President Roy Ferrell to enter into an agreement with the City of Kaufman to pay the city \$100,000.00 per year for next 16 years towards construction of the Highway 34 By-pass. Board member Jordan made the second. All voted AYE and the motion carried.

Comments:

KEDC Board discussed holding a Budget Workshop during the month of July, 2015. Date and time is undetermined at this time.

5. Adjournment.

Mr. Ferrell adjourned the meeting at 6:34 p.m.

Roy Ferrell, President

Date

Secretary

Date