

Minutes
Columbus Community and Industrial Development Corporation
Board of Directors Meeting

The Columbus Community & Industrial Development Corporation met in Special session on Monday, **September 14, 2015** at 6:30 p.m., in the Council Chambers of City Hall located at 605 Spring Street, Columbus, Texas. The following CCIDC Members were present:

President	-	Curtiss Schonenberg
Vice President	-	Byron Marburger
Treasurer	-	Lori An Gobert
Secretary	-	Elizabeth Flint
Board Member	-	DyAnn Lauzon
Board Member	-	Joel Usher (arrived at 7:05 pm)
Board Member	-	Barbara Peterman
City Manager	-	Donald Warschak
Assistant City Secretary	-	Traci Edman

1. Call to Order.

President, Curtiss Schonenberg, called the CCIDC meeting to order at 6:30 p.m.

2. Pledge of Allegiance and Invocation.

The Pledge of Allegiance and invocation were led by Curtiss Schonenberg.

3. Discussion and Action, if necessary, concerning a new contract with E'Kabel.

E'Kabel's Performance Agreement, Real Estate Sales Contract and Deed of Trust to Secure Performance was discussed. Curtiss stated that with the performance agreement, Cary Bovey has taken care of everything that he was asked to do; the 2 million dollars in total investments, the 1 million dollars in equipment and inventory, 24 full-time employees, the \$36,000 per year and the 23.5 acres of land. Andy Nunmaker had two concerns with the performance agreement. One concern was that CCIDC has the second lien on the property, which could mean that they could take possession of the land. They could in turn sell it, and he couldn't vote for the second lien position. His second concern was that E'Kabel has not done anything with the original 10 acre contract from almost three years ago. Barbara asked why E'Kabel had not gone forward with their plans. Lori An said that they did not take action on the first contract because the scope of their project had changed. The Board told E'Kabel that they could renegotiate the contract and trade the 10 acres out for the 23.5 acres. Barbara was concerned about E'Kabel being a solid, viable company that will be beneficial to the City of Columbus, and if they will perform on their new contract. Byron stated that we should go ahead with the 23 acre contract and be prepared for what happens because there are risks involved. He also asked at what point E'Kabel will start putting their own money into the project. If they put some money into it and then default, then maybe there will be enough money to pay back CCIDC. Curtiss stated that everytime there has been a contract with other companies at the Park, the property itself has been used as collateral for the loan. We have always been in the second lien position. Wallis State Bank has researched the company and they have made sure they are a viable, good company, plus E'Kabel is having to match \$1.5 million from the bank with their own \$1.5 million. Barbara said that maybe this is a good time to step back and say that going forward, how are we going to do this. Also, who will be responsible to go through their audit, so that we as a Board are the first to say they passed this hurdle and then we can go on. Andy suggested going forward, to tighten up our standards. The Board needs to look at the financials and we need to know these companies are viable because we are giving them an asset. Byron stated that we are going to have some risks any way we go, and he didn't have any particular problem with the contracts. Curtiss wanted the Board to look at these documents and see if they meet their approval. If everyone was good, he was going to get with Cary Bovey and tell him to move forward.

Joel Usher arrived at 7:05 pm.

Lori An said it comes down to 3 things: the performance agreement, which is the strongest document we have, the contract and are we going to sign this to E'Kabel. She said It is "yes" on all three. Barbara asked about the time frame when they will get started once the contract is signed. Donald stated they wanted to start breaking ground the last quarter of this year. Curtiss stated that the contracts are what is holding them up. Andy Nunmaker stated that he did not feel qualified to vote on this item, so he wanted to abstain from the voting.

Byron Marburger made a motion to accept the performance agreement and the real estate sales contract to E'Kabel as red-lined in the most recent issues from our lawyer. Lori An Gobert seconded the motion. The vote was as follows:

Ayes: Marburger, Gobert, Lauzon, Usher, Peterman and Schonenberg
Abstain: Nunmaker

The motion passed.

4. Discussion and Action, if necessary, for requirements on the land exchange with the Ag Complex.

Curtiss explained that since this land exchange is considered a project, there has to be a 60 day waiting period. The notice will be in the paper on Wednesday, September 16, 2015 and a resolution has been prepared to go to City Council for two readings. When the two reading are complete, then the documents can be exercised. Andy asked why we are keeping our mineral rights and they are keeping their original mineral rights in the land swap and why we are paying for closing services. Dyann stated that is the only way he would have it and Curtiss stated that we agreed to both because the Board initiated the whole swap. There was no need for a motion.

5. Discussion and Action, if necessary, regarding an agreement with T.G. Mercer to cross the Rail Spur at the Crossroads Business Park.

Curtiss explained that the pipe storage yard north of the river is owned by Todd Barten, but was being leased to T.G. Mercer for the storage of the pipe. Mr. Barten is wanting the property back, so T.G. Mercer is looking for a place to store their pipe. They contacted Union Pacific railroad because UP owns the 120 acres just west of us, across the spur. They will need to cross our spur to access that property. They are asking for permission to cross our railroad spur. Donald explained that there are issues with the railroad ties and there needs to be repairs. We are going to talk with them about expanding the existing crossing and they can share some of that cost. Curtiss asked the Board if they wanted to grant them permission to cross. Joel and Lori An said there would need to be some stipulations. Curtiss stated that with some stipulations with proper maintenance and if there were any problems that they would take care of it.

Andy Nunmaker made a motion that an agreement with T.G. Mercer, in principle, to give them access with clearer clarification and inspections to be determined. Joel Usher seconded the motion. The vote was as follows:

Ayes: Marburger, Nunmaker, Gobert, Lauzon, Usher, Peterman and Schonenberg

The motion passed.

6. Discussion and Action, if necessary, regarding track maintenance of the rail spur at the Crossroads Business Park.

Donald said that Union Pacific did an inspection of the track and locked it up until three points of concern were addressed. The first point was the area of the existing crossing. The ties are deteriorating and need to be repaired. The second point was that farther up the track, the distance between the rails is starting to get too wide. Some ties need to be replaced and some additional ties are needed. The third point is at the far end of the spur, where more ties need to be repaired. Union Pacific stated that we did not have to replace every tie, but to put them on some type of maintenance program. After speaking with UP, Railroad Infrastructure and Terminal Development was contacted and we asked for a proposal and a plan for ongoing maintenance. The fee for the track inspection and maintenance plan will be \$7,500. This will address the FRA requirements on spur tracks. Mr. Shaffer, from RITD, said a monthly inspection will need to be conducted, which would cost \$1,200 per month. Curtiss stated that Union Pacific would like to see the monthly inspection. Byron stated that seemed excessive on a track that never gets used. Lori An said she would not mind having the inspection annually, but not monthly. Dyann stated that rail access would benefit future business opportunities. Lori An asked about CCIDC's contractual obligation of the track to Great Southern Wood and who is responsible for maintenance of the track. Donald commented that we use the track as a marketing point, but as entities come in and start using it, maybe the responsibility should shift from us to that industry. Barbara stated that going forward, maybe it could be a cost shared by all. Byron stated that T.G. Mercer could help us with the maintenance and inspections. Curtiss said they have talked to them about it and they would be willing to accept some of the maintenance. Andy stated that from a bargaining position, now is the time to do something. We should do the inspection first and then see about doing the improvements, shared between T.G. Mercer, Great Southern and CCIDC. Donald stated that we will go out for bids once the schedule of work is put together.

Lori An made a motion to engage the services outlined in the RITD letter of engagement for the track inspection. Andy Nunmaker seconded the motion. The vote was as follows:

Ayes: Marburger, Nunmaker, Gobert, Lauzon, Usher, Peterman and Shonenberg

The motion passed.

7. Executive Session: In accordance with Texas Government Code, Subchapter D, Section 551.072 deliberation regarding real property and Section 551.087 deliberation regarding economic development.

Executive session was not needed.

8. Reconvene into Regular Session and consideration and action, if any, regarding Executive Session, deliberations regarding real property and economic development.

This item was not needed.

9. Discussion of items to be placed on the future agendas and announcements.²

Curtiss reminded everyone of the regular meeting on Monday, September 21, 2015. Barbara asked that the employment initiative be put on the next agenda.

10. Adjournment.

President, Curtiss Shonenberg, adjourned the meeting at 7:50 pm.

President:

Attest
Secretary:
