

Revised Minutes
Columbus Community and Industrial Development Corporation
Board of Directors Meeting

The Columbus Community & Industrial Development Corporation met in Regular session on Monday, **February 16, 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-arrived at 6:33 pm
Board Member	-	DyAnn Lauzon
Board Member	-	Joel Usher
Board Member	-	Barbara Peterman
City Manager	-	Donald Warschak
City Secretary	-	Linda Lakich
Assistant City Secretary	-	Traci Edman

1. Call to Order.

President, Curtiss Schonenberg, called the CCIDC meeting to order at 6:31 p.m.

2. Pledge of Allegiance and Invocation.

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

3. Consent Agenda:

- a) Approval of Invoices.
- b) Approval of January 2015 Financial Statements.
- c) Approval of Regular Meeting Minutes for January 12, 2015.

Curtiss inquired about the high water usage from the January invoice at the Industrial Park. Donald Warschak stated the usage was up and the water sprinklers were checked.

Elizabeth Flint arrived at 6:33 pm.

Byron Marburger made the motion to approve the consent agenda as presented. Lori An Gobert seconded the motion. The vote was as follows:

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

The motion passed.

4. Citizens' Presentations and Comments.¹

Two citizens wanted to make a presentation, but will speak during agenda item 9.

5. City Manager's Report: Sales Tax

City Manager, Donald Warschak, stated the February sales tax revenue was up compared to last year's same time period. The CCIDC's portion of sales tax revenue was \$49,298.61, compared to last year, which was \$47,790.27. The City of Weimar, Eagle Lake and the county also experienced increases in their sales tax revenue for the same time period. Curtiss asked about the payments on the sidewalk project, and Linda Lakich stated the last invoice for payment was in the packet. \$101,000 was used from

CCIDC and \$150,000 from the Sidewalk Grant. There was \$20,000 reserved for finishes that was not used. Donald stated that no citizens came to the City Council Meeting to comment on the sidewalks.

9. Discussion and Action, if necessary, on establishing a new contract for acquiring the agricultural exemption at the 54 acres at the Crossroads Business Park.

Curtiss skipped to agenda item 9 so that presentations could be made. President, Curtiss Schonenberg recused himself from this discussion since his relative also made a proposal for the 54 acres. Curtiss turned the meeting over to Vice President, Byron Marburger, to conduct the meeting during this agenda item.

Will Kearney and Jim Kearney, from 88 Ranch, made a presentation on their proposal for the 54 acres. Will Kearney stated they propose to build a strong, attractive fence around the 54 acres that will last much longer than the life of the lease, and to run cattle on it in accordance with the Colorado County Central Appraisal District's standards for agricultural exemption. Their original proposal was to only build fence on two sides and leave the river bottom open, but it was brought to their attention that it might be better for the City to have the river fenced off as well. They had concerns about the water situation and asked about an agreement on it. Donald stated they would have to tap the water main, a meter would have to be set, and a line run to the property where the watering trough would be located. The cost would be a \$500 tapping fee. Jim Kearney and Donald estimated that an average of 9,000 gallons of water would be used, which would be about \$34 per month. Will Kearney asked if the City would be willing to cover the cost of the installation, since the property belonged to the City. He said that in the future, if someone wanted to run cattle on the place, in order to keep the agricultural exemption, there would need to be water. The river bank was too steep for the cattle to get water from there, and fencing at the river would be best. Elizabeth agreed that the riverfront should be fenced off. They bid the fence at \$1.50 per running foot, which is about \$.50 below the standard rate for a 5 wire fence with heavy duty steel posts every 12 feet. So, essentially they would be contributing \$1,000 of labor up front to the City. The total amount of fencing around the three sides would be about 5,855 feet, which would be approximately \$8,800. Will Kearney also asked to have the land surveyed so they can follow the boundaries exactly. Elizabeth said there was a survey that has points on it already from when the purchase was originally made. Jim Kearney stated that one of the reasons they bid it very low was because it was a straight shot and would be easy to build. With the fence along the river, there would be more cost involved because it is not a straight shot. Byron stated there was one breakline in the fence line on the river and that is what was preventing it from being a straight shot. Jim also stated that he understood that the City wanted them to build the fence and then reimburse them for it. Barbara asked about the stocking rate of the cattle. Will Kearney said it would be no more than 20, but it could be more than that at a time because they would use the land in conjunction with their other property as part of a grazing rotation. Byron said that whatever the stocking rate, we need to make sure that everything stays within the guidelines for the agricultural exemption. Will Kearney stated that they would make sure, as a qualification of what they were proposing, that they would do what it takes to meet the agricultural exemption. They understood that they would need to do brush control. Byron stated the fencing would fall right in line with our strategic objectives for the property because in the long run, having a fenced property is better for us and we know the cattle operation will qualify for the agricultural exemption. We just took a beating because we did not produce enough hay. Rather than trying to get a certain number or having a drought and not producing enough bales, he did not see the investment of the fence and water supply as a big barrier. Jim Kearney said that they prefer not prorating the capital improvement, where it is strictly a cash deal. Lori An stated that she had a concern. She said it looked like everything was hammered out with the ag complex, which would move the sale or trade forward, so there would be 6-8 months of this at the most. Mr. Massey was already planning on putting a fence on there, so she did not see why CCIDC would spend \$8,800 when he plans to do that. Curtiss said that Mr. Massey wanted the CCIDC to build a fence at their expense and that he would honor a five year proposal that would possibly be made for the agricultural exemption. Byron said that our goal was to move the property as soon as possible because a different piece of property is desired. Lori An added that the ag exemption was needed to do the trade.

Jason Werland with Brushline Dozer put in a proposal, but was unable to attend the meeting. Donald spoke with him on the phone to discuss his proposal. Donald said that Brushline is proposing a hay lease.

The hay would be Coastal and Johnson grass, native on that site. In the fall, they would plant Rye grass to bale in the spring. The initial input costs would be to touch up and level the rough ground and disk it. Those two initial costs would be for year 1 and year 2. If land sold before year 2, he would want 50% of that cost. If after year 2, those costs would go away and any prorated payback. Seasonal input costs would be the disking of the tract to propagate the growth of the existing Bermuda and Johnson grass. He would also have a fall planting of Rye and Oats, with a herbicide application on the property.

Lori An moved to accept the 88 Ranch proposal with the understanding that CCIDC would pay \$1.50 per foot for the fence, the tapping fee for the water supply and for identifying the survey stakes. Joel Usher seconded the motion. The vote was as follows:

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

The motion passed.

There was a discussion about who was going to write up a suitable lease. Lori An stated that the real estate attorney would be drawing up the lease. Curtiss stated that he looked at the land next to the river and he would recommend them putting in a straight fence instead of having multiple corner points. DyAnn asked that a letter be written to Brushline Dozer in appreciation for what he did for the Board by bailing the hay and for his proposal, but we went another route. Byron added that Brushline Dozer bailed us out at a really tough time, did it quickly and we appreciate that.

Vice President, Byron Marburger, turned the meeting back to President Curtiss Schonenberg.

6. Discussion and Action to approve an engagement letter from Patillo, Brown and Hill for the September 2014 financial audit.

Curtiss said this was the fifth year that Patillo, Brown and Hill has done the audit, not only for CCIDC, but for the City. They have done a very good job in the past. A letter of recommendation was included in the packet.

DyAnn Lauzon made a motion to engage with Patillo, Brown and Hill for the September 2014 financial audit. Barbara Peterman seconded the motion. The vote was as follows:

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

The motion passed.

7. Discussion and Action, if necessary, regarding joining the Central Texas I-10 Community Alliance.

Curtiss said that he was approached by Scott Dixon, Flatonia City Manager, and Kent Harget, about hosting this year's annual meeting. A letter from them is in the packet. CCIDC is not a member of the alliance, but was asked to host the meeting of the Central Texas I-10 Community Alliance. This organization has been around for awhile and its purpose is to bring more economic interest to the I-10 Corridor between Seguin and Columbus. Curtiss also said that he feels if we are going to put efforts into economic development, our concentration should be in our own community. If we joined the coalition, efforts would be going toward the west. He said he understands where they are coming from, but he didn't think it would benefit us that much. Barbara said she thinks we have so much to do here, in terms of bringing industry and jobs here. Elizabeth agreed and Byron said it diluted what we were trying to do in the community.

Elizabeth Flint made a motion to decline the offer from the Central Texas I-10 Community Alliance to host the annual meeting. Joel Usher seconded the motion. The vote was as follows:

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

The motion passed.

8. Discussion and Action, if necessary, regarding the agricultural exemption of the 54 acres at the Crossroads Business Park.

Elizabeth stated she realized the appraisal district's decision on whether we have or have not met the agricultural exemption requirements are based on past performance, not future intentions. But, if we can be seen putting up fence and get some cows on there by February or March, that would speak very well of us. Curtiss agreed and said he had not received a response from the Central Appraisal District if they have awarded the exemption.

10. Discussion and Action, if necessary, regarding the sale of hay from the 54 acres at the Crossroads Business Park.

Curtiss stated the hay on the 54 acres is an asset of the CCIDC, so to be good stewards, it needed to be sold. There are 36 bales of hay, eight 6X6' bales and twenty-seven 5' bales. The 8 bales have nutritional value, while the other bales were baled to get the agricultural exemption. Donald said Jason Werland, with Brushline Dozer Works, made an offer of \$600. He said we needed to check with Jason to see if that was still a standing offer. He also said it was surplus property and suggested bidding it out to get the best price. A small ad in the newspaper was suggested.

Elizabeth Flint made a motion to declare the bales of hay surplus property and to be offered for sale. DyAnn Lauzon seconded the motion. The vote was as follows:

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

The motion passed.

11. Discussion and Action, if necessary, regarding updates about the existing Crossroads Business Park Tenant: E'Kabel.

E'Kabel is interested in making another proposal for more property. They also submitted information that was requested by the Board and is available in Donald's office for review. Barbara said she wanted to be sure they were a viable business that has the funds to put in the infrastructure they are planning and that they are an above-board business. Curtiss said the information they submitted would help with that. Elizabeth asked that if the identifying information was crossed out on what they sent, then someone on the Board could take it home, study it and ask a trusted advisor based on the information their opinion on the company. She asked if there would be a problem with that if their identity was protected. Curtiss said he did not think there would be a problem with it. Elizabeth said she would personally like to discuss it with someone. Curtiss asked if Elizabeth would like him to get someone to review it and then let her talk with them. Elizabeth said she would like to choose her own person so she could discuss it with them and make sure all her questions were answered. Lori An asked if we were allowed to do that. Curtiss said we need to be very careful. Lori An said she would want to get legal consultation before sharing any information given to the Board. Curtiss said the Board should approach the Attorney General on that to make sure it can be done. Barbara stated that if the Board has reviewed all of E'Kabel's financials, met with them and asked all these questions, then that is one thing. She said she was not a financial expert. If the Board was happy and felt confident that they were a viable company which will enhance our community, as well as the industrial park, then that was fine. Curtiss stated E'Kabel did tell the Board that they originally wanted to put in their manufacturing site here. Lori An asked if the discussion should be done in executive session or out in public because it goes into their financials and other things and she was not sure it should be in open record. Curtiss said Juan Torrealba was supposed to be at the meeting, but was not able to make it. He was going to address his second proposal. They originally wanted to put in their manufacturing site and put their warehouse in Mexico. Security in Mexico could be an issue. Their cable products are copper, which are very valuable, so they had to rethink their

warehouse situation. They are proposing to put their warehouse here first because of safety and their materials are being produced by other manufacturers under contract with E'Kabel and they want to bring the materials here to package and distribute. Then they want to build their own manufacturing site here to make their own wire. Barbara asked if the reason for the delay on the first contract was that they were redoing their plans and were going to have distribution plus a warehouse. Curiss said they need the expanded property to do both, so they want to renegotiate for a larger contract. Byron said he did not see the risk in doing this. If they didn't start building within the next twelve months on the property, they would lose the 10 acres. No one is wanting this property except for E'Kabel. Lori An said she thought the company had met all the objectives, such as providing financial records. She also said there were a couple of Board members that were concerned with the legitimacy of the company. She said they have provided us with their financials. Since we have negotiated the contract, Juan has gotten his US Citizenship, he moved here with his family, and he is renting office space in Houston. I think they are meeting all the objectives. Curtiss said Juan Torrealba, from E'Kabel, would like to come here and make a proposal, and would be glad to address the concerns of the Board at that time. Curtiss said there may be a special meeting called at some point for the purpose of E'Kabel's presentation.

12. Discussion and Action, if necessary, regarding the transfer of mineral rights to the City of Columbus.

The Board is still waiting for the transfer of properties before transferring the mineral rights to the City.

13. Discussion and Action, if necessary, regarding any prospective companies interested in land at the Crossroads Business Park.

OIC- Chuck Owen said one of his investors pulled out because of the downturn of the market, but the remainder of his investors are on board. They are still wanting to move forward and to know more about the property involved in the exchange. They are interested in the 24 acres south of Great Southern Wood and potentially some of the property that is going to be exchanged. He is needing around 44 acres. His proposal has been discussed in executive session.

Acorn Seekers- Donald, Curtiss and Barbara had a meeting with Mr. Murga. They showed him the different properties that are available. He seemed to be interested in two properties that he was shown. The company is going to reevaluate their proposal to see if the properties will work with what they want to do. They are also reengineering their building from multiple stories to one level. Barbara added that he had questions about the air quality and fumes that would be nearby since he has a food product. He would like to start on the project in May or June.

Prime- There are some issues with them since the City of Schulenburg has not produced an audit of their power needs.

14. Discussion and Action, if necessary, regarding modifications to the City of Columbus and County of Colorado's Tax Abatement Programs.

Curtiss discussed the adopted City and County tax abatement programs.

15. Discussion and Action, if necessary, regarding developmental plans and goals for CCIDC.

This item was tabled until the next meeting.

13. Discussion and Action, if necessary, regarding a prospective meeting with local businesses and school districts concerning job skills training.

This item was tabled until the next meeting.

14. 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.

Curtiss adjourned the Regular Session for Executive Session at 7:45 pm.

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

Curtiss reconvened the Regular Session at 8:09 pm, with the same members present as before. Lori An made a motion to accept the ag complex's proposal discussed in Executive Session. Barbara seconded the motion. The vote was as follows:

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

The motion passed.

Lori An made a motion to finalize the proposal dated September 22, 2014 with Mr. Massey. Byron Marburger seconded the motion. The vote was as follows:

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

The motion passed.

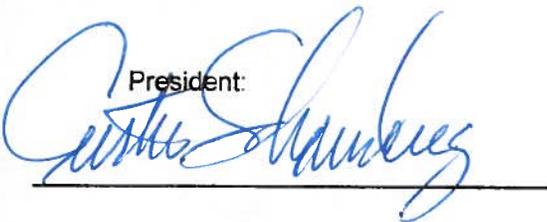
16. Discussion of items to be placed on the future agendas and announcements.²

Byron inquired about Elizabeth's request from the last meeting concerning legal council that did not make the agenda. Elizabeth stated that she rescinded her request.

17. Adjournment

President, Curtiss Schonenberg, adjourned the meeting at 8:11 pm.

President:



Attest
Secretary:

