

**MINUTES**  
**KAUFMAN ECONOMIC DEVELOPMENT CORPORATION**  
**BOARD OF DIRECTOR'S MEETING**  
**Monday, April 18, 2016 at 6:00 p.m.**  
**Kaufman City Hall**  
**209 S. Washington**  
**Kaufman, TX 75142**

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

President Ferrell called the meeting to order on Monday, April 18, 2016 at 6:00 p.m. Board members present were Curtis Snow, Barry Ratcliffe and Roy Ferrell. President Ferrell declared a quorum present. Board member Parker arrived at 6:01 p.m. Board member Stapp was absent. Also present were Executive Director Lee Ayres, City Manager Mike Slye and Secretary Jo Ann Talbot.

1. CONSIDER APPROVAL OF THE MARCH 8, 2016 MEETING MINUTES.

Board member Snow moved to approve the March 8, 2016 meeting minutes. Board member Ratcliffe made the second. All voted AYE and the minutes were approved. Board member Stapp was absent.

2. REVIEW/ACCEPTANCE OF FEBRUARY AND MARCH, 2016 FINANCIAL STATEMENTS.

Executive Director Ayres reported the only thing unusual for February was the \$100,000 payment made to the City for a portion of KEDC's \$1.7 Million obligation to the Highway 34 By-pass. He also commented March expenses were unusual because of the \$286,872 that was paid to the City per the KEDC Agreement with the City of Kaufman for the 75% portion of the payment for the Chapter 380 Agreement the City has with JWS LLC for the first phase of Kings Fort Market Center. Board member Ratcliffe moved to accept the February and March 2016 financial statements. Board member Snow made the second. All voted AYE and the motion carried. Board member Stapp was absent.

3. WITH RESPECT TO CONSTRUCTION BIDS ON THE NEW ENTRANCE AND STREET FOR PRAIRIE CREEK CROSSINGS BUSINESS AND INDUSTRY PARK, CONSIDER INCREASING THE BUDGET LINE ITEM FOR PRAIRIE CREEK CONSTRUCTION TO \$450,000.00, TAKING THE DIFFERENCE FROM RESERVES AND AUTHORIZE EXECUTIVE DIRECTOR TO ENTER INTO A CONSTRUCTION AGREEMENT WITH THE LOWEST BIDDER.

Executive Director Ayres gave a history of the proposed Genesis Street and entrance for Prairie Creek Business and Industry Park. In 2010 KEDC re-platted the business park and added a new street and entrance to Prairie Creek Crossings Business and Industry Park.

Executive Director Ayres reported in 2014 KEDC had an engineering firm, seeking to do business here, offering to develop a free estimate on cost to build the new street (Genesis Street). After receiving that estimate in June 2014, Executive Director asked City Engineer Naim Kahn to review it and offer revisions. Mr. Khan Estimates were \$310,935.00 and included only Hydrated Lime stabilization for the base at a cost of \$4,000.00. It also included sidewalks, which KEDC is not necessarily required to build at \$11,667.00.

Executive Director Ayres added, in 2015 the KEDC budgeted \$346,000 to build the road. Of that, \$41,191.00 was engineering costs. That same year KEDC agreed to pay the city up to \$41,191 for Mr. Khan to do the engineering and project management.

After soil testing, in 2016 Mr. Khan developed the specifications. Because of the results of the soil tests, Mr. Khan suggested to look into a Flex Base (compacted rock base) instead of lime stabilization because of the elasticity of the soil, or perhaps even both. The specifications that were developed asked contractors to bid on both. Simultaneously, Mr. Khan suggested that we ask the same contractor to add 3 drainage inlets to existing streets in the park that always pond up and stay wet for weeks after a rain because of road failure.

On April 7, 2016, three bids were received and opened. 7-H Construction of Tyler was the low bidder.

Mr. Khan and Executive Director Ayres met and discussed three combinations of options that included the following variables: 1. Go with Flex Base or; 2. Go with lime stabilization 3. Include the 3 new storm water inlets or not.

Mr. Khan felt strongly about using the flex base option. Executive Director Ayres said lime stabilization was probably used on the existing park streets and could be the causes for their failures. Executive Director Ayres felt strongly about fixing the ponding water issue. With these options, the low bid came to \$404,214 for contractor + \$42,191 for engineering = \$446,405.

There was a significant difference between City Engineers revised estimates from 2014 and the low bid. Below are the significant differences:

Executive Director Ayres reported Mr. Khan's estimates were for \$310,400. The low bidder came in at \$446,405 after adding engineering and project management costs. That is a \$136,000 difference.

Executive Director Ayres reported there were three main components that made up the bulk of the differences. First the estimated cost of lime stabilization at \$3,920 compared to doing Flex Base at \$57,528 created a \$53,600 difference.

Next, the cost of concrete has exploded in last two years. Executive Director Ayres reported for 8 inch concrete the estimates in 2014 were \$85,800 and the low bid was \$147,444. That made a \$71,000 difference. And finally, Executive Director Ayres reported adding the three storm inlets cost \$27,000. There were small amounts of savings on things in the bid versus engineering estimates and the largest one was we intentionally did not ask for sidewalks in the bidding. There were some other unexpected costs like removing curb and gutter from the new Hwy. 34 and the cost of removing sidewalks TXDOT has already poured.

On a Broad level, there are three key things pushed the costs \$100,000 + more than was expected 1) Type of base (flex base versus lime); 2) Increased costs of concrete and 3) addition of 3 storm inlets

Executive Director reported that on April 11, 2016, City Manager Mike Slye called and suggested the city should give bid specifications to a firm that the City has an inter-local agreement with to do street and concrete work. Executive Director Ayres agreed. This is why the wording on the agenda does not include the name of the contractor for low bidder. There may be one more bid to come in, hopefully this week. Executive Director Ayers reported that he was very anxious to get this project started because we have promised the business park tenants we would try to get the new road open at the same time TxDOT opened the north phase of the Highway 34 by-pass.

Board member Snow reported there were two points to address in this discussion. First note, the City Engineer designed the plans without sidewalks. The City Engineer's design didn't meet the city design standards by not having sidewalks in the plans. City Engineer Naim Khan explained that sidewalks are not required until a builder develops the property; hence, the sidewalks were not presented in the plans. Second note, Board member Snow commented that he appreciated the oral presentation from the Executive Director and was well executed, but without any written documentation for the Board to review the history of this project and no bid documents to review is unacceptable. This is a \$500,000 project.

After discussion, Board member Snow moved to accept the bid from and enter into an agreement with 7H construction with three codicils: 1) that all of the bids be attached to the minutes of this meeting. 2) If the KEDC can find another contractor who offers a lower bid and can negotiate a legal, binding agreement with them at a lower cost, we direct the Executive Director to enter into an agreement with that contractor instead of 7H Construction. And 3) that we increase the budget line item for Prairie Creek Construction to \$450,000, taking the difference from reserves and authorize KEDC Executive Director Ayres to enter into a construction agreement with the lowest bidder. Board member Ratcliffe made the second. All voted AYE and the motion carried.

4. CONSIDER APPROVAL OF THE EXPENDITURE OF \$125,000 TO CITY OF KAUFMAN FOR INFRASTRUCTURE IMPROVEMENTS INCLUDING THE RELOCATION OF WATER AND SEWER LINES TO PROMOTE NEW AND EXPANDING BUSINESS ON AND AROUND THE TOWN SQUARE IN KAUFMAN, TX.

Executive Director Ayres reminded the board members that they made it a priority several years ago to do something for the town square. He explained that in 2013 the city had successfully applied for a TxDOT sidewalk improvement grant and that the City Council voted to add to it to create more of a “streetscape makeover” for the town square. Executive Director Ayres reported the City hired an architect who has been developing plans for several months. Executive Director Ayres recently visited with City Engineer Naim Kahn about the costs for relocating water and sewer lines. The city engineer reported that cost estimates for relocating the lines was \$418,000. That number included a half mile of water lines. Executive Director Ayres informed Mr. Kahn he thought we were talking about a 4 block project. Ultimately in a separate meeting, Executive Director Ayres understood from the City Manager that the cost for the first phase of town square project, the utility relocation costs would be somewhere between \$200,000 and \$230,000. There may be multiple phases to the project. City Manager Mike Slye reported that he had the \$200,000+ covered in a Certificate of Obligation bond for the first phase of the project and did not want to break the KEDC. Executive Director Ayres reported that with the thought of the increased costs to construct the new entrance and street to the business park he recommended \$125,000 the Board offer to invest in utility relocations. Executive Director Ayres reported the Board can approve that number, something less or nothing at all. The Board can do more, but Executive Director does not recommend that.

After some discussion, Board member Ratcliffe moved to approve the expenditure of \$125,000.00 to the City of Kaufman for infrastructure improvements including the relocation of water and sewer lines to promote new and expanding business on and around the town square in Kaufman, TX. Board member Parker made the second. All voted AYE and the motion carried.

5. ANNOUNCEMENTS FROM EXECUTIVE DIRECTOR.

Executive Director Ayres made the following announcements:

Sonic has submitted plans to City for lot on S. Washington we helped them find some five years ago.

Jim Meara is still working on a two tenant deal with Starbucks and Chipotle.

Working with a Dickey’s Franchisee from Rowlett who wants KEDC to give him cash incentives and low interest loans.

Talking with Hibbett Sports again.

Still working with the call center.

Preparing to send out RFP’s to 3 architects.

According to Jim Meara, Dickey's corporate contacted him last Friday to say they may award Kaufman to a new Dickey's Franchisee.

Set up meeting to begin the process to apply with TXDOT to get a drive cut to connect the new Genesis St. with new Hwy. 34 Bypass.

Mailed an RFI on a manufacturing firm seeking 10 – 12 acres for 300,000 sf building and 150 to 200 employees and \$50 Million investment.

Chamber Banquet Tomorrow Night.

Meeting with Tables NY folks the afternoon of April 25<sup>th</sup> for final walk through.

Chamber Golf Tournament May 9<sup>th</sup>.

I have new Skin Cancer issues.

6. ADJOURNMENT.

Chairman Ferrell adjourned the meeting at 6:38 p.m.

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Roy Ferrell, President

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Date

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Carl Stapp, Secretary

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Date