

P. R. No. 13182
06/17/05 ts

RESOLUTION No. 05-199

**A RESOLUTION APPROVING AN ECONOMIC INCENTIVE
CONTRACT AND LOAN AGREEMENT BETWEEN THE CITY
OF PORT ARTHUR SECTION 4A ECONOMIC DEVELOPMENT
CORPORATION AND GP INDUSTRIAL CONTRACTORS,
INC.**

WHEREAS, GP Industrial Contractors, Inc. is a diverse company providing steel and pipe fabrication, welding, fitting, computer-aided drafting, and miscellaneous steel components to industries and organizations; and

WHEREAS, GP Industrial Contractors, Inc. has or will lease space at 400 Gulfway, 1500 Fort Worth, and 1600 Fort Worth, all in Port Arthur, Texas, to house expanded Administration, a Diesel Shop, and a Fabrication Shop, respectively; and

WHEREAS, GP Industrial Contractors, Inc. will refurbish the newly leased space, create a lay down yard capable of handling large contracted projects, and purchase and install fixtures, machinery and equipment, for an estimated cost of \$635,000; and

WHEREAS, as a result of its planned expansion, GP Industrial Contractors, Inc. will increase its annual payroll from \$689,000 per year in 2004 to at least \$1,500,000 per year in 2007; and

WHEREAS, GP Industrial Contractors, Inc. has indicated that its services and products are ultimately exported to regional, statewide, national, or international markets infusing new dollars into the local economy; and

WHEREAS, GP Industrial Contractors, Inc. has indicated that when it supplies services and products locally, it usually displaces services and products from outside companies, thereby, reducing the local dollars leaving the local economy; and

WHEREAS, the EDC has funds derived from sales tax revenue that may be utilized for economic development projects, as defined under Article 5190.6 V.T.C.A.; and,

WHEREAS, GP Industrial Contractors, Inc. is requesting a grant of \$200,000 to purchase machinery and equipment for its expanding facility; and

WHEREAS, the City of Port Arthur Section 4A Economic Development Corporation will secure its grant with a Commercial Promissory Note secured with a first priority lien on the machinery and equipment purchased; and

WHEREAS, General Counsel for the City of Port Arthur Section 4A Economic Development Corporation approves and recommends the terms and conditions of the proposed contract between the City of Port Arthur 4A Economic Development Corporation and GP Industrial Contractors, Inc.; and

WHEREAS, the Board of Directors of the City of Port Arthur Section 4A Economic Development Corporation has approved this Agreement.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PORT ARTHUR:

Section 1. That the facts and opinions in the preamble are true and correct.

Section 2. That the President and Secretary of the Board of Directors of the City of Port Arthur 4A Economic Development Corporation are herein authorized to execute an Economic Incentive Agreement with GP Industrial Contractors, Inc. in substantially the same form as attached hereto as Exhibit "A", with an effective date (starting date) no later than August 1, 2005.

Section 3. That GP Industrial Contractors, Inc. shall receive the \$200,000 grant upon execution of both the contract and promissory note, as delineated in Exhibit "A", with the understanding that it will be used exclusively for machinery and equipment listed as part of the contract, and that the grant, minus any credits earned per the contract provisions, will automatically become a loan upon breach of contract by GP Industrial Contractors, Inc.

Section 4: That GP Industrial Contractors, Inc., shall receive credit of \$1 for every \$17 in payroll, and a credit of \$20,000 for every calendar year that more than fifty percent (50%) of GP Industrial Contractors, Inc.'s employees are residents of the City of Port Arthur.

Section 5: That the recipient will sign a Commercial Security Agreement, as detailed in the contract.

Section 6: That a copy of the caption be spread upon the minutes of the city Council.

READ, ADOPTED AND APPROVED on this 21st day of June, A.D.,

2005, at a Regular Meeting of the City Council of the City of Port Arthur, Texas, by the following vote:

AYES: Mayor Ortiz; Mayor Pro Tem Thompson

Council Members Lewis, Barker, Henderson

Flood, Beard, Prince + Sinegal

NOES: None

Juan S. Ortiz
MAYOR

ATTEST:

Evangelina Green
CITY SECRETARY

APPROVED AS TO FORM:

Mark Sokolow
CITY ATTORNEY

APPROVED FOR ADMINISTRATION:

A M
CITY MANAGER