

RESOLUTION NO. 14-362

**A RESOLUTION APPROVING AN AMENDMENT TO THE
PERFORMANCE MILESTONES OF THE ECONOMIC
INCENTIVE CONTRACT & LOAN AGREEMENT BETWEEN
THE CITY OF PORT ARTHUR SECTION 4A ECONOMIC
DEVELOPMENT CORPORATION AND J.Z. RUSSELL
INDUSTRIES, INC.**

WHEREAS, per Resolution 12-047 dated February 28, 2012, the City Council of the City of Port Arthur approved an Economic Incentive Contract & Loan Agreement (the "Agreement") between the City of Port Arthur Section 4A Economic Development Corporation ("PAEDC") and J.Z. Russell Industries, Inc. ("J.Z. Russell") to fund the purchase of additional equipment, and in exchange, J.Z. Russell agreed to create nineteen (19) full-time jobs; and

WHEREAS, J.Z. Russell has been unable to meet the initial Performance Milestone Schedule as set forth in the Agreement; and

WHEREAS, PAEDC Board of Directors met on August 4, 2014 and agreed to amend the milestones in paragraph 7 of the Agreement as set forth in **Exhibit "A"** attached hereto.

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

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

Section 2. That the City Council approves an amendment to the Agreement between PAEDC and J.Z. Russell as denoted in the Amendment attached hereto as **Exhibit "A"**.

Section 3. That a copy of the caption of this Resolution be spread upon the Minutes of the City Council.

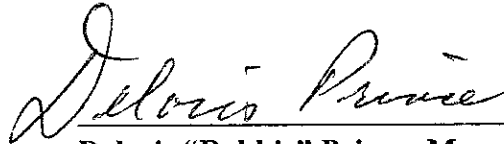
READ, ADOPTED AND APPROVED on this 19th day of Aug A.D., 2014,
at a Meeting of the City Council of the City of Port Arthur, Texas, by the following vote:

AYES:

Mayor Prince; Mayor Pro Tem Freeman

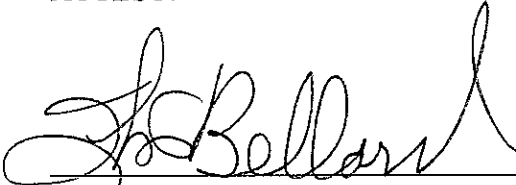
Councilmembers Spitt, Hamilton, Albright, Moseley,
Lewis, Williamson and Frank.

NOES: None.



Deloris "Bobbie" Prince, Mayor

ATTEST:



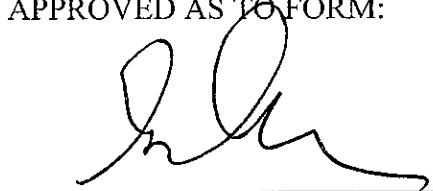
Sherri Bellard, City Secretary

APPROVED:




Floyd Batiste, PAEDC CEO

APPROVED AS TO FORM:



Guy N. Goodson, PAEDC Attorney

APPROVED AS TO FORM:



Valecia R. Tizeno, City Attorney

EXHIBIT “A”

AMENDMENT AGREEMENT

**AMENDMENT TO THE
ECONOMIC INCENTIVE CONTRACT & LOAN AGREEMENT
BETWEEN
THE CITY OF PORT ARTHUR SECTION 4A ECONOMIC DEVELOPMENT
CORPORATION
AND
J.Z. RUSSELL INDUSTRIES, INC.**

WHEREAS, J.Z. Russell Industries, Inc. ("JZR") and the City of Port Arthur Section 4A Economic Development Corporation ("PAEDC") entered into an Incentive Contract & Loan Agreement (the "Agreement") on February 28, 2012 pursuant to Resolution No. 12-047;

WHEREAS, JZR has indicated that they cannot meet the Performance Milestone Schedule as set forth in the Agreement; and

WHEREAS, the PAEDC Board of Directors met on August 4, 2014, and agreed to amend the milestones in Paragraph 7 of the Agreement as set forth in **Exhibit "B"**.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CITY OF PORT ARTHUR SECTION 4A ECONOMIC DEVELOPMENT CORPORATION that:

1. This Amendment to the Incentive Contract & Loan Agreement between PAEDC and JZR was approved by the PAEDC Board of Directors on August 4, 2014.

2. The amendment as to Agreement shall be effective upon approval by the City of Port Arthur, Texas.

3. The recitals to this Amendment are incorporated and fully referenced in this Amendment.

4. Other than the amendment set forth herein, JZR and PAEDC ratify and affirm all terms and conditions of the Agreement dated February 28, 2012.

SIGNED AND AGREED to on this ____ day of _____, 2014.

**City of Port Arthur Section 4A
Economic Development Corporation**

By: _____
President

ATTEST:

Secretary

THE STATE OF TEXAS

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§

COUNTY OF JEFFERSON

§

This instrument was acknowledged before me on the ____ day of _____, 2014, by

_____ as President and _____ as

Secretary on behalf of City of Port Arthur Section 4A Economic Development Corporation.

Notary Public, State of Texas

J.Z. Russell Industries, Inc.

By: _____

James W. Russell, Jr.

THE STATE OF TEXAS

§

§

COUNTY OF JEFFERSON

§

This instrument was acknowledged before me on the ____ day of _____, 2014, by

_____ behalf of J.Z. Russell Industries, Inc.

Notary Public, State of Texas

EXHIBIT “B”

PERFORMANCE MILESTONE SCHEDULE – MODIFIED

JZ Russell Industries, Inc.

7-10-14

| | DATE | MILESTONE |
|-----|-------------------|--|
| (a) | December 31, 2014 | Achieve employment of six (6) full-time permanent employees that are Port Arthur Residents as Technicians and two (2) full-time, permanent employees that are PA Residents as office staff with an annualized payroll of \$287,040 for Port Arthur Residents. |
| (b) | July 31, 2015 | Issue a Business Operational Report to PAEDC for the period of January 1, 2015 to June 30, 2015. |
| (c) | December 31, 2015 | Achieve employment of six (6) additional full-time permanent employees that are Port Arthur Residents as Technicians and one (1) full-time, permanent Port Arthur employee as office staff with an annualized payroll of \$252,720 . Total Port Arthur employees' payroll for year ending 2014 and 2015 not less than \$826,800 . |
| (d) | July 31, 2016 | Issue a Business Operational Report to PAEDC, CEO for the period of January 1, 2016 to June 30, 2016. |
| (e) | December 31, 2016 | Achieve employment of twelve (12) additional, full-time permanent employees that are Port Arthur Residents as Technicians and one (1) additional, full-time permanent Port Arthur employee as office staff with an annualized payroll of \$471,120 . Total Port Arthur employees' payroll for year ending 2014, 2015 and 2016 not less than \$1,550,640 . |
| (f) | July 31, 2017 | Issue a Business Operational Report to PAEDC, CEO for the period of January 1, 2017 to June 30, 2017. |
| (g) | December 31, 2017 | Achieve employment of six (6) additional full-time permanent employees that are Port Arthur Residents as Technicians and one (1) additional, full-time permanent Port Arthur employee as office staff with an annualized payroll of \$252,720 . Total Port Arthur employees' payroll for year ending 2014, 2015, 2016 and 2017 not less than \$2,274,480 . |
| (h) | July 31, 2018 | Issue a Business Operational Report to PAEDC, CEO for the period of January 1, 2018 to June 30, 2018 |
| (i) | December 31, 2018 | JZ Russell Industries, Inc. maintain annualized payroll for year ending December 2018 of \$315,900 . |
| (j) | December 31, 2019 | JZ Russell Industries, Inc. maintain annualized payroll for year ending December 2019 of \$315,900 . |
| (k) | March 2020 | Issue a business operational report to PAEDC CEO report to include at least twelve (12) Port Arthur resident hired, trained and ready to be assessed for Technician's Certification and two (2) Port Arthur Residents hired, trained and ready to be assessed for Inspector's Certification. |
| (l) | March 2020 | J Z Russell Industries, Inc meets all PAEDC contractual performance as verifies by the PAEDC CEO |
| (m) | March 2020 | Prepare close out of contract for PAEDC Board and Council Approval. |