

**CITY OF EL PASO, TEXAS
AGENDA ITEM
DEPARTMENT HEAD'S SUMMARY FORM**

DEPARTMENT: Planning and Economic Development Department

AGENDA DATE: Regular Agenda – February 14, 2012

CONTACT PERSON/PHONE NUMBER: Mathew McElroy, Interim Director, Planning and Economic Development Department, 541-4193

DISTRICT(S) AFFECTED: All Districts

SUBJECT:

APPROVE a resolution / ordinance / lease to do what? OR AUTHORIZE the City Manager to do what? Be descriptive of what we want Council to approve. Include \$ amount if applicable.

Discussion and action on a resolution that the City Manager be authorized to execute a Chapter 380 Economic Development Program Agreement between the City of El Paso and Champlain Cable, a Delaware Corporation (the "Applicant"), in relation to the Applicant's investment in its Wire Fabrication Plant in El Paso, Texas. (All Districts) [Planning and Economic Development Department – Mathew McElroy, Interim Director 915-541-4193]

BACKGROUND / DISCUSSION:

Discussion of the what, why, where, when, and how to enable Council to have reasonably complete description of the contemplated action. This should include attachment of bid tabulation, or ordinance or resolution if appropriate. What are the benefits to the City of this action? What are the citizen concerns?

Champlain Cable Corporation, a manufacturer of high performance wire and cable, is proposing significant investments in its wire fabrication facility in southeast El Paso. Proposed investment in the facility will enable the Applicant to better serve the automotive, commercial vehicle and industrial/energy markets, thereby encouraging increased economic development in the City and providing significant increases to the City's property tax revenues. Staff is recommending approval of this Chapter 380 Agreement as it complies with the City of El Paso Chapter 380 Economic Development Program adopted by City Council February 9, 2010. The Applicant will invest \$3.5 million in its facility and retain 28 full-time employees.

PRIOR COUNCIL ACTION:

Has the Council previously considered this item or a closely related one?

On March 20, 2007, City Council approved a Chapter 380 Economic Development Program Agreement between the City of El Paso and the Applicant. Due to unforeseen poor economic conditions, the Applicant was unable to meet employment requirements within two years of the Effective Date as was required under that prior expired Agreement.

AMOUNT AND SOURCE OF FUNDING:

How will this item be funded? Has the item been budgeted? If so, identify funding source by account numbers and description of account. Does it require a budget transfer?

General Fund – 380 Agreement.

BOARD / COMMISSION ACTION:

Enter appropriate comments or N/A

N/A

*****REQUIRED AUTHORIZATION*****

DEPARTMENT HEAD:


(If Department Head Summary Form is initiated by Purchasing, client department should sign also)

Information copy to appropriate Deputy City Manager

RESOLUTION

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO:

That the City Manager be authorized to execute a Chapter 380 Economic Development Program Agreement by and between the City of El Paso and Champlain Cable Corporation, a Delaware Corporation ("Applicant"), in relation to the Applicant's investment in its wire fabrication plant in El Paso, Texas.

APPROVED AND ADOPTED this _____ day of February 2012.

CITY OF EL PASO

John F. Cook
Mayor

ATTEST:

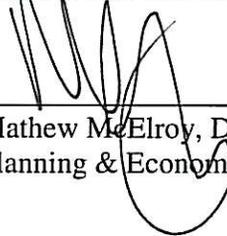
Richarda Duffy Momsen
City Clerk

APPROVED AS TO FORM:



Marie A. Taylor
Assistant City Attorney

APPROVED AS TO CONTENT:



Mathew McElroy, Deputy Director
Planning & Economic Development



MEMORANDUM

DATE: February 14, 2012

TO: The Honorable Mayor and City Council
Joyce A. Wilson, City Manager

FROM: Mathew McElroy, Deputy Director Planning and
Economic Development

SUBJECT: 380 Agreement – Champlain Cable Corporation

A manufacturer of high performance wire and cable, the Champlain Cable Corporation (the “Applicant”) has requested an economic development grant from the City of El Paso for the purpose of further investing in its wire fabrication facility located in southeast El Paso. Its El Paso facility currently employs 28 FTE positions and its product offering primarily serves the automotive commercial vehicle and industrial/energy markets. The grant would provide the Applicant with a 25 to 50 percent property tax rebate for a period not to exceed five consecutive years upon the Applicant’s certification that it has met the eligibility requirements detailed in the present Agreement.

On March 20, 2007, the City Council approved a similar 380 Agreement between the City of El Paso and the Applicant. However, due to unforeseen poor economic conditions, the Agreement was terminated with the Applicant’s inability to meet employment requirements within the allotted two-year timeframe. Despite Agreement termination, the Applicant continued to develop its El Paso facility, investing approximately \$3.5 million from mid-2011 to present in an effort to meet growing demand for its product. Additionally, since prior Agreement termination in 2009, the Applicant has created and retained an additional 17 FTE positions, effectively increasing its workforce by 150 percent in a relatively short timeframe.

City staff is recommending approval of the present 380 Agreement, as it complies with the City of El Paso Chapter 380 Economic Development Program, authorized by City Council on February 9, 2010.

Mayor
John F. Cook

City Council

District 1
Ann Morgan Lilly

District 2
Susie Byrd

District 3
Emma Acosta

District 4
Carl L. Robinson

District 5
Dr. Michiel R. Noe

District 6
Eddie Holguin Jr.

District 7
Steve Ortega

District 8
Cortney Carlisle Niland

City Manager
Joyce A. Wilson



STATE OF TEXAS)
)
COUNTY OF EL PASO) **CHAPTER 380 ECONOMIC DEVELOPMENT
PROGRAM AGREEMENT**

This Chapter 380 Economic Development Program Agreement (“Agreement”) is made and entered into by and between the **CITY OF EL PASO, TEXAS** (“City”), a Texas home rule municipal corporation, and **CHAMPLAIN CABLE CORPORATION** (“Applicant”), a Delaware Corporation, for the purposes and considerations stated below:

WHEREAS, the Applicant desires to enter into this Agreement pursuant to Chapter 380 of the Texas Local Government Code (“Chapter 380”); and

WHEREAS, the City desires to provide, pursuant to Chapter 380, an incentive to Applicant to develop the Wire Fabrication Plant as more fully described below; and

WHEREAS, the City has the authority under Chapter 380 to make loans or grants of public funds for the purposes of promoting local economic development and stimulating business and commercial activity within the City of El Paso; and

WHEREAS, the City determines that a grant of funds to Applicant will serve the public purpose of promoting local economic development and enhancing business and commercial activity within the City; and

WHEREAS, the City and Applicant desire that development of the Wire Fabrication Plant occur in the City of El Paso; and

WHEREAS, the creation of the Wire Fabrication Plant will encourage increased economic development in the City, provide significant increases in the City’s property tax revenues, and improve the City’s ability to provide for the health, safety and welfare of the citizens of El Paso; and

WHEREAS, the City has concluded and hereby finds that this Agreement embodies an eligible “program” and clearly promotes economic development in the City of El Paso and, as such, meets the requisites under Chapter 380 of the Texas Local Government Code and further, is in the best interests of the City and Applicant.

NOW, THEREFORE, in consideration of the mutual benefits and promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

SECTION 1. DEFINITIONS.

The following words shall have the following meanings when used in this Agreement.

- A. **Agreement.** The word “Agreement” means this Chapter 380 Economic Development Program Agreement, together with all exhibits and schedules attached to this Agreement.
- B. **Applicant.** The word “Applicant” means **Champlain Cable Corporation**, a Delaware Corporation.
- C. **City.** The word “City” means the City of El Paso, Texas.
- D. **Development.** The word “Development” means the Wire Fabrication Plant as more fully described on Exhibit “A”, which is attached hereto and incorporated herein for all purposes.
- E. **Full-Time Employment.** The words “Full-Time Employment” mean a job requiring a minimum of two thousand and eighty (2,080) hours of work averaged over a twelve (12) month period, including allowance for vacation and sick leave, with full company benefits, including company paid health insurance (Employee must not be required to pay more than fifty percent (50%) of the premium) with such jobs being located at the Development, within the City of El Paso, Texas. These requirements are more completely described in Exhibit “B”, which is attached hereto and incorporated herein for all purposes.
- F. **Grant.** The word “Grant” means a payment on a yearly basis to Applicant under the terms of this Agreement computed with reference to property taxes generated by the Development and payable from the City’s general revenue fund.
- G. **Grant Submittal Package.** The words “Grant Submittal Package” mean the documentation required to be supplied to City on a yearly basis as a condition of receipt of any Grant, with such documentation more fully described in Exhibit “C”, which is attached hereto and incorporated herein for all purposes.
- H. **Qualified Expenditures.** The words “Qualified Expenditures” means those costs incurred by Applicant in the acquisition, construction or furnishing of the Development.

SECTION 2. TERM AND GRANT PERIOD.

The term of this Agreement shall be eight (8) years from the Effective Date of this Agreement. The Effective Date of this Agreement shall be the date upon which both parties have fully executed this Agreement, as noted below. However, the Applicant’s eligibility for Grant payments shall be limited to five (5) consecutive years (the “Grant Period”) within the term of this Agreement. The Grant Period shall begin with the first year being the first tax year that begins after: (i) the issuance of the Certificate of Occupancy for the Development; and, (ii) the Applicant having met all Full Time Employment job requirements noted in Exhibit “B”, which is attached hereto and incorporated herein for all purposes. Failure of the Applicant to receive its Certificate of Occupancy and meet its Full Time Employment job requirements within two (2) years of the Effective Date of this Agreement shall result in the immediate termination of this Agreement. The City shall review Applicant’s eligibility for Grant Payments on an annual basis during the Grant Period.

SECTION 3. OBLIGATIONS OF APPLICANT.

During the term of this Agreement, Applicant shall comply with the following terms and conditions:

- A. Applicant agrees to develop, construct, and operate, at its sole cost, the Development. Applicant shall commence construction and or improvements of the Development within twelve (12) months of the Effective Date of this Agreement. Applicant shall receive a certificate of occupancy, and be open for business to the general public within twelve (12) months from the commencement of construction and/or improvements to the Development. Applicant agrees that it shall make Qualified Expenditures of not less than Three Million Five Hundred Thousand Dollars (\$3,500,000.00) in the Development. The City shall be permitted to review Applicant's receipts of Qualified Expenditures to evidence the expenditure of a minimum amount of Three Million Five Hundred Thousand Dollars (\$3,500,000.00).
- B. Applicant agrees that it shall create, staff, and maintain the Full-Time Employment positions described in Exhibit "B" for the Development as soon as reasonably possible from the Effective Date of this Agreement, and shall maintain the Full-Time Employment positions for the Development through the entire Grant Period of this Agreement. Applicant shall maintain the Full-Time Employment positions for each quarter of each fiscal year with the total per day hours worked averaged over each fiscal quarter.

Applicant shall provide the City with an annual report by April 30th of each year during the term of this Agreement, certifying the status of compliance through the preceding year. Such annual report shall include the number of new jobs created and retained for the Development, information on any new investments in the Development, and any other information relevant to the Development and the City's economic development goals. Documentation for jobs may be in the form of quarterly IRS 941 returns, Texas Workforce Commission Employer Quarterly Reports, or employee rosters that show the hours worked and the positions filled. Applicant shall also provide the City with such other reports as may reasonably be required.

Applicant, during normal business hours, at its principal place of business in El Paso, shall allow the City or its agents reasonable access to Applicant's employment records and books, and other records that are related to the economic development considerations and incentives described herein, to verify employment records and any other records related to the City's economic development considerations and incentives provided herein. The confidentiality of such records will be maintained in accordance with and subject to all applicable laws.

- C. Unless otherwise agreed by the City and Applicant, each Grant Submittal Package shall be in the form provided in Exhibit "C". If Applicant fails to timely submit a Grant Submittal Package for a particular year, the City may give Applicant written notice of its

failure to timely submit such Grant Submittal Package, and Applicant shall have thirty (30) calendar days from the date on which such written notice is given in which to submit such Grant Submittal Package. The City's determination of the amount of the Grant payment due to Applicant is final; provided, however, that the Applicant may appeal to the City Council within thirty (30) days of payment. The City Council shall hear the appeal within thirty (30) days of request for appeal and the City Council's determination of the amount of the Grant payment shall be final. Nothing herein shall limit (or be construed to limit) Applicant's rights and remedies as described in Section 5 of this Agreement.

- D. Applicant shall pay by January 31 of each year all of the real and business personal ad valorem taxes due for the previous tax year on the Development and any other property within the City of El Paso. The parties to this Agreement agree that the taxable value of the Development, after completion of all construction and improvements, will have a minimum base value of Three Million Five Hundred Thousand Dollars (\$3,500,000.00). Applicant shall have the right to contest the appraised value of the Development as provided by law. However, Applicant covenants and agrees that during the term of this Agreement it shall not challenge or permit anyone else to take actions on its behalf to challenge any assessments by the Central Appraisal District at \$3,500,000.00 or lower. It is the intent of the parties that the assessed value of the Development on the tax rolls shall have a minimum base value of \$3,500,000.00 during the term of this Agreement and any affirmative act by Applicant to reduce the assessed value to amount below \$3,500,000.00 will be deemed an event of default that will result in termination of this Agreement.

SECTION 4. OBLIGATIONS OF CITY.

During the term of this Agreement and so long as an event of default has not occurred and is not continuing as set forth herein (provided, however, an event of default hereunder shall not be deemed to have occurred until after the expiration of the applicable notice and cure period), City shall comply with the following terms and conditions:

- A. The City agrees to process any Grant Payments to Applicant within ninety (90) days after its approval of the Applicant's Grant Submittal Package.
- B. Pursuant to the City's "Incentives Policy – Guidelines and Criteria" and a cost/benefit calculation completed solely by and at the City's discretion, the City shall determine the total amount of Grant Payments due to the Applicant, if any, on an annual basis. The minimum amount of the Grant Payment the Applicant shall be eligible for each year shall be as set forth in Exhibit "B".

SECTION 5. EVENTS OF DEFAULT.

Each of the following shall constitute an Event of Default under this Agreement:

- A. **Failure to Maintain Development and Job Requirements.** Applicant's failure or refusal to operate the Development and maintain required Full Time Employment pursuant to this Agreement through the entire Grant Period of this Agreement, and Applicant's failure or refusal to cure within thirty (30) days after written notice from the City describing such failure, shall be deemed an event of default. However, if such failure cannot be cured within such thirty (30) day period in the exercise of all due diligence, but the Applicant has not yet commenced such cure within such thirty (30) day period or fails to continuously thereafter diligently prosecute the cure of such failure, such actions or omissions shall also be deemed an event of default.
- B. **False Statements.** In the event the Applicant provides any written warranty, representation or statement under this Agreement or any document(s) related hereto that is/are false or misleading in any material respect, either now or at the time made or furnished, and Applicant fails to cure same within thirty (30) days after written notice from the City describing the violation shall be deemed an event of default. If such violation cannot be cured within such thirty (30) day period in the exercise of all due diligence, and Applicant fails to commence such cure within such thirty (30) day period or fails to continuously thereafter diligently prosecute the cure of such violation, such actions or omissions shall also be deemed an event of default. Further, if Applicant obtains actual knowledge that any previously provided warranty, representation or statement has become false or misleading after the time that it was made, and Applicant fails to provide written notice to the City of the false or misleading nature of such warranty, representation or statement within ten (10) days after Applicant learns of its false or misleading nature, such action or omission shall be deemed an event of default. In the event this Agreement is terminated pursuant to this Section, all Grant Payments previously provided by the City pursuant to this Agreement shall be recaptured and repaid by Applicant within sixty (60) days from the date of such termination.
- C. **Insolvency.** The dissolution or termination of Applicant's existence as a going business or concern, Applicant's insolvency, appointment of receiver for any part of Applicant's portion of the Property, any assignment of all or substantially all of the assets of Applicant for the benefit of creditors of Applicant, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Applicant shall all be deemed events of default. However, in the case of involuntary proceedings, if such proceedings are discharged within sixty (60) days after filing, no event of default shall be deemed to have occurred.
- D. **Construction of Development.** Applicant's failure to comply with its construction obligations set forth in this Agreement and Applicant's failure to cure same within thirty (30) days after written notice from the City shall be deemed an event of default. If such failure cannot be cured within such thirty (30) day period in the exercise of all due diligence but Applicant fails or refuses to commence such cure within such thirty (30) day period or fails or refuses to continuously thereafter diligently prosecute such cure, except to the extent such failure is caused by any act or failure to act on the part of the City, such actions or omissions shall be deemed events of default.

- E. **Property Taxes.** In the event Applicant allows any property taxes owed to the City to become delinquent and fails to timely and properly follow the legal procedures for protest and/or contest of such taxes and to cure such failure or post a satisfactory bond within thirty (30) days after written notice thereof from the City and/or El Paso Central Appraisal District, such actions or omissions shall be deemed an event of default. Subject to the restrictions noted herein, Applicant shall have the right to contest the appraised value of the Development.
- F. **Other Defaults.** Failure of Applicant or City to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any related documents, and Applicant or City fails to cure such failure within thirty (30) days after written notice from the other party describing such failure shall be deemed an event of default. If such failure cannot be cured within such thirty (30) day period in the exercise of all due diligence, but if Applicant or City also fails or refuses to commence such cure within such thirty (30) day period or fails or refuses to continuously thereafter diligently prosecute the cure of such failure, such act or omission shall be deemed an event of default.
- G. **Failure to Cure.** If any event of default by Applicant shall occur, and after Applicant fails to cure same in accordance herewith, then this Agreement is terminated without any further action required of the City and the City's obligations end at that time. If a default has not been cured within the time frame stated herein, the non-defaulting party shall have all rights and remedies under the law or in equity.

SECTION 6. TERMINATION OF AGREEMENT BY CITY WITHOUT DEFAULT OF APPLICANT.

The City may terminate this Agreement for its convenience and without the requirement of an event of default by Applicant, which shall become effective immediately if any state or federal statute, regulation, case law, or other law renders this Agreement ineffectual, impractical or illegal, including any case law holding that a Chapter 380 Economic Development Agreement such as this Agreement is an unconstitutional debt.

SECTION 7. MISCELLANEOUS PROVISIONS.

The following miscellaneous provisions are a part of this Agreement:

- A. **Amendments.** This Agreement constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by both parties.
- B. **Applicable Law and Venue.** This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, and all obligations of the parties created hereunder are performable in El Paso County, Texas. Venue for any action arising under this Agreement shall lie in the state district courts of El Paso County, Texas.

- C. **Assignment of Applicant's Rights.** Applicant understands and agrees that the City expressly prohibits Applicant from selling, transferring, assigning or conveying in any way any rights to receive the Grant proceeds without the City's prior written consent. Any such attempt to sell, transfer, assign or convey without the City's prior written consent shall result in the immediate termination of this Agreement, with no ability for the Applicant to cure.
- D. **Applicant's Sale or Transfer of the Development.** Prior to any sale or other transfer of ownership rights in the Development, Applicant shall notify the City in writing of such sale or transfer within thirty (30) business days of the effectiveness of such sale or transfer. This provision is a material term of this Agreement and the failure to notify the City of such sale or transfer within the applicable period shall constitute an event of default.
- E. **Binding Obligation.** This Agreement shall become a binding obligation on the signatories upon execution by all signatories hereto. City warrants and represents that the individual executing this Agreement on behalf of City has full authority to execute this Agreement and bind City to the same. The individual executing this Agreement on Applicant's behalf warrants and represents that he or she has full authority to execute this Agreement and bind Applicant to the same.
- F. **Completion of Development.** As consideration for the agreements of the City as contained herein, Applicant agrees that it will diligently and faithfully in a good and workmanlike manner pursue the completion of the Development and that the construction of same will be in accordance with all applicable federal, state and local laws and regulations.
- G. **Confidentiality Obligations.** The confidentiality of such records employment records and any other records related to the City's economic development considerations and incentives provided herein will be maintained in accordance with and subject to all applicable laws, including the Public Information Act, Chapter 552, Texas Government Code. Specifically, the City will maintain the confidentiality of any proprietary information to the extent permitted by law and agrees that, as required by the Public Information Act, it will notify Applicant if a request relating to such proprietary information is received. Applicant represents that it understands that the Public Information Act excepts disclosure of trade secret and confidential commercial information and that it will need to assert the proprietary interest of Applicant as a basis for nondisclosure.
- H. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute one and the same document.
- I. **Employment of Undocumented Workers.** During the term of this Agreement, Applicant agrees not to knowingly employ any undocumented workers as defined in

Texas Government Code Section 2264.001. If convicted of a violation under 8 U.S.C. Section 1324a(f), Applicant shall repay the amount of the Grant payments received by Applicant from the City as of the date of such violation not later than one hundred twenty (120) days after the date Applicant is notified by City of a violation of this section, plus interest from the date the Grant payment(s) was paid to Applicant, at the rate of seven percent (7%) per annum. The interest will accrue from the date the Grant payment(s) were paid to Applicant until the date the reimbursement payments are repaid to City. City may also recover court costs and reasonable attorney's fees incurred in an action to recover the Grant payment(s) subject to repayment under this section. Applicant is not liable for a violation by its subsidiary, affiliate, or franchisee, or by a person which whom Applicant contracts.

- J. **Execution of Agreement.** The El Paso City Council has authorized the City Manager to execute this Agreement on behalf of the City.
- K. **Filing.** The City shall file this Agreement in the deed records of El Paso County, Texas.
- L. **Force Majeure.** It is expressly understood and agreed by the parties to this Agreement that if the performance of any obligations hereunder is delayed by reason of war, civil commotion, acts of God, inclement weather, fire or other casualty, or court injunction, the party so obligated or permitted shall be excused from doing or performing the same during such period of delay, so that the time period applicable to such obligation or requirement shall be extended for a period of time equal to the period such party was delayed.
- M. **Notices.** All notices required to be given under this Agreement shall be given in writing and shall be effective when actually delivered or when deposited in the United States mail, first class, postage prepaid, addressed to the party to whom the notice is to be given at the addresses shown below. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, each party agrees to keep the other informed at all times of its current address.

CITY: City of El Paso
City Manager
2 Civic Center Plaza
El Paso, Texas 79901

Copy To: City of El Paso
Planning and Economic Development Department
2 Civic Center Plaza
El Paso, Texas 79901

APPLICANT: Champlain Cable Corporation
175 Hercules
Colchester, Vermont 05446-5951

- N. **Ordinance Applicability.** The signatories hereto shall be subject to all ordinances of the City, whether now existing or in the future arising; provided however no ordinance shall reduce or diminish the contractual obligations contained herein. This Agreement shall confer no vested rights on the Development unless specifically enumerated herein.

- O. **Severability.** In the event any provision of this Agreement shall be determined by any court of competent jurisdiction to be invalid or unenforceable, the Agreement shall, to the extent reasonably possible, remain in force as to the balance of its provisions as if such invalid provision were not a part hereof.

(SIGNATURES BEGIN ON THE FOLLOWING PAGE)

IN WITNESS WHEREOF, the parties have executed this Agreement on this ____ day of _____, 20__.

CITY OF EL PASO, TEXAS

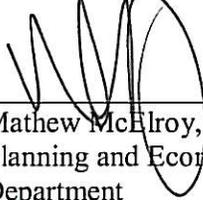
Joyce A. Wilson
City Manager

APPROVED AS TO FORM:



Marie A. Taylor
Assistant City Attorney

APPROVED AS TO CONTENT:



Mathew McElroy, Deputy Director
Planning and Economic Development
Department

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF EL PASO §

This instrument was acknowledged before me on the ____ day of _____, 20__, by **Joyce A. Wilson**, as **City Manager** of the **City of El Paso, Texas (CITY)**.

Notary Public, State of Texas

My Commission Expires:

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

EXHIBIT A

(page 1)

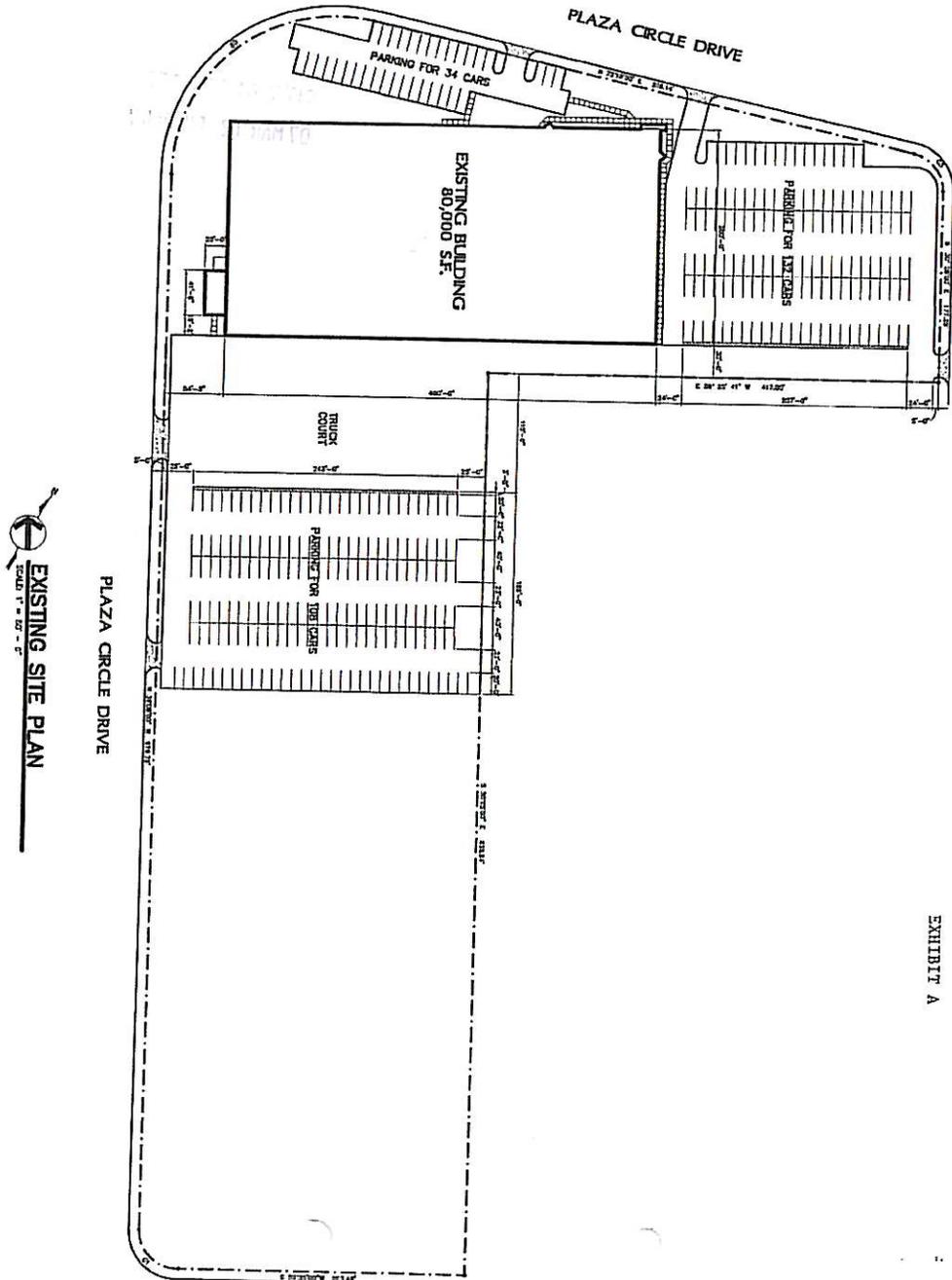
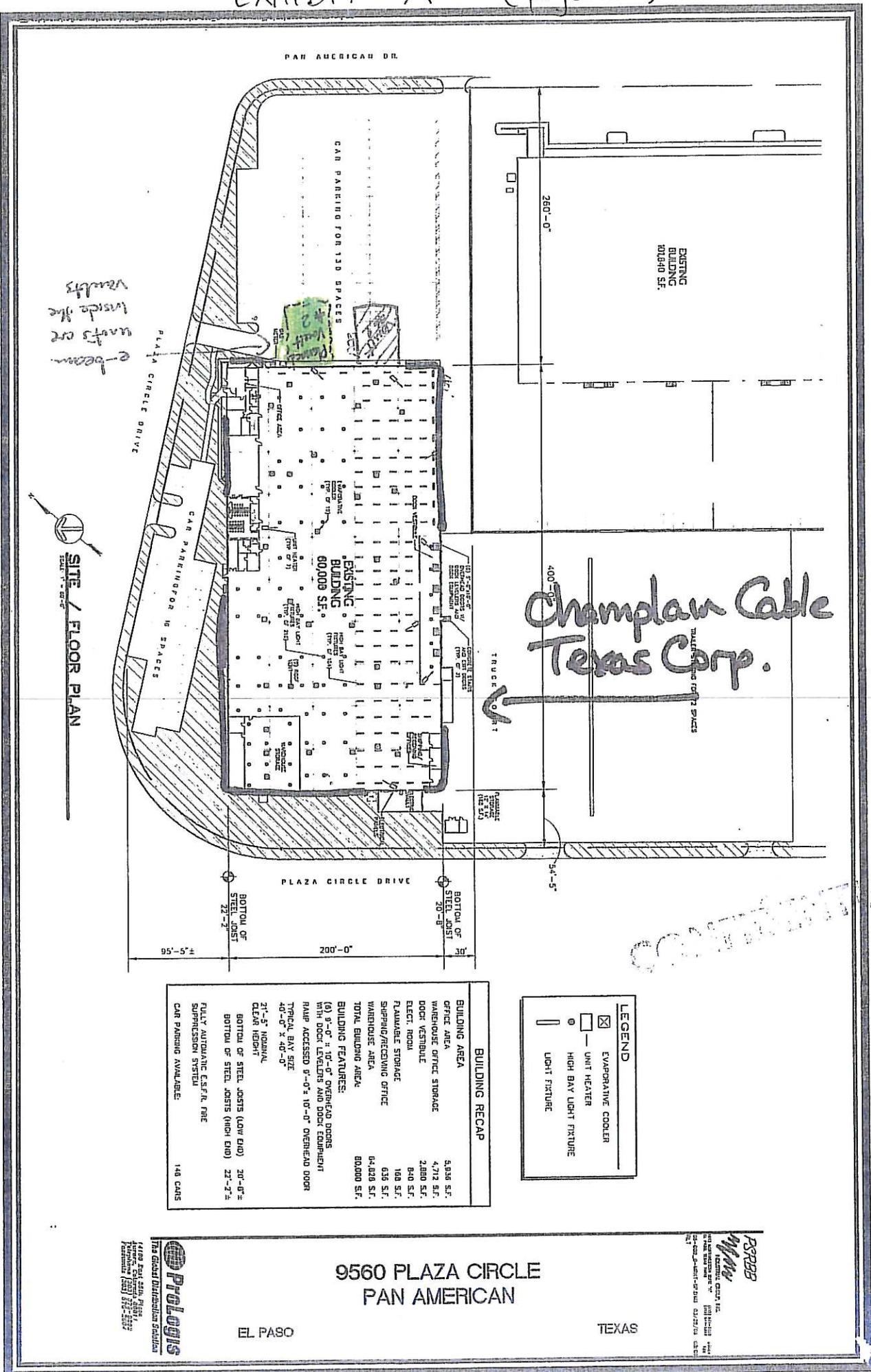


EXHIBIT A



Handwritten note: vaults inside the e-beam vaults are

Champlan Cable Texas Corp.

CONFIDENTIAL

SITE / FLOOR PLAN

LEGEND

- EVAPORATIVE COOLER
- UNIT HEATER
- HIGH BAY LIGHT FIXTURE
- LIGHT FIXTURE

BUILDING RECAP

BUILDING AREA	53,936 S.F.
OFFICE AREA	4,712 S.F.
WAREHOUSE OFFICE STORAGE	2,880 S.F.
DOCK VESTIBULE	940 S.F.
ELECT. ROOM	188 S.F.
FLAMMABLE STORAGE	635 S.F.
SHIPPING/RECEIVING OFFICE	84,028 S.F.
WAREHOUSE AREA	80,000 S.F.
TOTAL BUILDING AREA	80,000 S.F.

BUILDING FEATURES:

- (9) 9'-0" x 10'-0" OVERHEAD DOORS
- WITH DOCK LEVELERS AND DOCK EQUIPMENT
- RAMP ACCESSED 9'-0" x 10'-0" OVERHEAD DOOR
- TYPICAL BAY SIZE 40'-0" x 40'-0"
- 21'-5" NOMINAL CLEAR HEIGHT
- BOTTOM OF STEEL JOISTS (LOW END) 20'-0"
- BOTTOM OF STEEL JOISTS (HIGH END) 22'-7"

CAR PARKING AVAILABLE: 148 CARS

FULLY AUTOMATIC & S.F.P.R. FIRE SUPPRESSION SYSTEM

**9560 PLAZA CIRCLE
PAN AMERICAN**

EL PASO

TEXAS



PERBB
McMillin
 PERBB
 14100 East 24th, P.O. Box 111
 Fort Worth, Texas 76178
 Telephone (817) 375-5200
 Facsimile (817) 375-5202

EXHIBIT B

[Employment Requirements & Grant Payment Eligibility]

SECTION 1. MINIMUM JOB CREATION AND RETENTION REQUIREMENTS.

In order to be eligible for any Grant Payments, Applicant is required to maintain a minimum of twenty eight (28) jobs that comply with the Full Time Employment requirements of the Agreement. Such minimum job requirements are to be maintained for the operations of the Development.

SECTION 2. ELIGIBILITY FOR GRANT PAYMENTS.

The Applicant's eligibility for Grant Payments and any subsequent Grant Payments made by the City to the Applicant shall be determined pursuant to and in accordance with the following:

- A. Grant Payments shall be made equivalent to at least **twenty-five percent (25%)** of the taxes collected on the Development's personal and real property tax account(s) for the tax year covered by the Grant Submittal Package, upon Applicant's certification of at least **eighty percent (80%)** of the retained jobs required herein for which wages are at or above **ninety percent (90%)** of the Median County Wage for the year covered by the Grant Submittal Package; or
- B. Grant Payments shall be made equivalent to at least **fifty percent (50%)** of the taxes collected on the Development's personal and real property tax account(s) for the tax year covered by the Grant Submittal Package, upon Applicant's certification of at least **ninety percent (90%)** of the retained jobs required herein for which wages are at or above **ninety percent (90%)** of the Median County Wage for the year covered by the Grant Submittal Package.

SECTION 3. MEDIAN COUNTY WAGE.

For purposes of this Agreement, the Median County Wage is that wage established for the County of El Paso as adjusted on January 1 of each year. However, in no event shall the applicable Median County Wage used for determination of Grant Payment eligibility be less than the Median County Wage established for 2012, which is \$12.36 per hour.



**economic
development**



Champlain Cable Corporation

380 Economic Development
Program Agreement



Context & Summary of the Proposed 380 Agreement

- Champlain Cable, a manufacturer of high performance wire and cable, has requested an economic development grant from the City of El Paso for the purpose of further investing \$3.5 million in its wire fabrication facility located in southeast El Paso.
- A response to increased product demand, the additional investment in its facility will enable the company to retain its current El Paso workforce of 28 quality FTE positions, while also improving the opportunity for future growth.
- In brief, the grant would provide Champlain Cable with a 25 to 50 percent property tax rebate for a period not to exceed five consecutive years upon certification that it has met the minimum employment retention requirements specified by the Agreement.



About Champlain Cable Operations in El Paso

- Champlain Cable is a manufacturer of high performance wire and cable. Its product offering primarily serves the commercial & automotive vehicle and industrial/energy markets.
- In 2007, Champlain opened its 80,000 ft² Plaza facility in the Pan American Industrial Park in southeast El Paso. By 2008, the Plaza manufacturing facility was fully functional.
- Between 2007 and the end of 2010, Champlain invested over \$5.5 million in its El Paso wire fabrication facility, and by the end of that period, was able to create and retain 16 FTE quality jobs.
- Increases in product demand have generated the need for Champlain to invest an additional \$3.5 million in its El Paso facility from 2011 thru 2012.
- Champlain operations in El Paso currently directly support 28 FTE jobs at an average annual wage rate of \$35,000. The additional investment of \$3.5 million will enable retention and support future growth.



Terms of the Champlain Cable 380 Agreement

- The Agreement will commence on the Effective Date and expire 8 years thereafter.
 - Eligibility for annual Grant payments will be limited to 5 consecutive years within the 8 year Agreement term.
- The first grant payment year coincides with the first tax year that begins after the following 2 conditions have been met:
 - The Certificate of Occupancy for the manufacturing facility is issued and
 - Champlain meets FTE job criteria, which requires the company to maintain a minimum of 28 FTE jobs throughout operations.
- Upon satisfaction of the above conditions, annual grant payments will be determined as follows:
 - At least 25 percent of property taxes collected will be rebated upon certification that at least 80 percent of the required jobs' wages are at or above 90 percent of the Median County Wage corresponding to the grant payment year.
 - At least 50 percent of property taxes collected will be rebated upon certification that at least 90 percent of the required jobs' wages are at or above 90 percent of the Median County Wage corresponding to the grant payment year.
- Failure to meet these conditions within 2 years of the Effective Date of the Agreement will result in Agreement termination.
 - In addition, Champlain agrees to invest \$3.5 million in its El Paso facility over the term of the Agreement. Failure to do so will result in Agreement default.

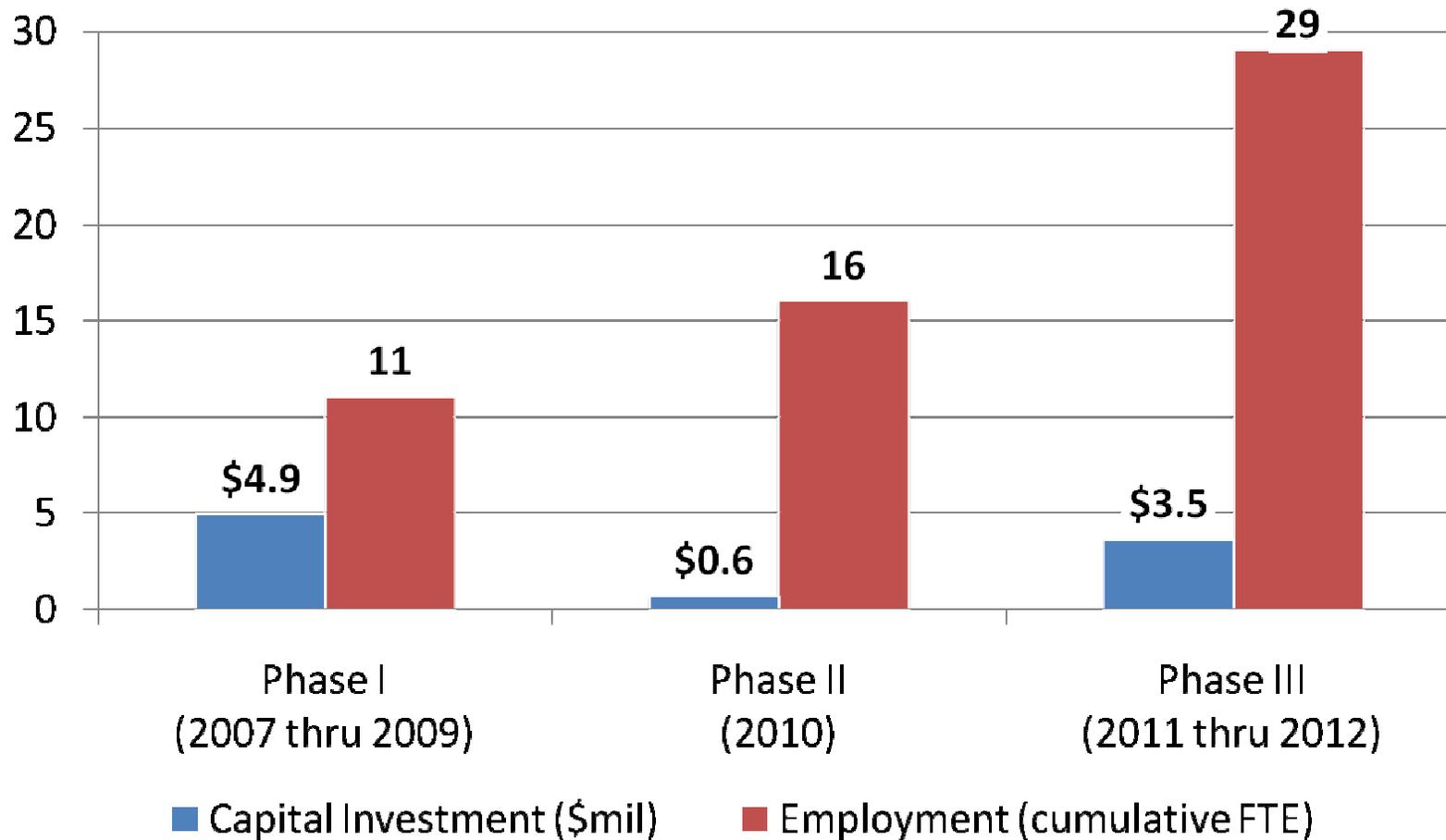


Past 380 Agreement between the City of El Paso and Champlain Cable

- On March 20, 2007, City Council approved a similar 380 Agreement between the City of El Paso and Champlain Cable.
- Due to unforeseen poor national economic conditions, Champlain was unable to create and retain the 25 FTE jobs required by the Agreement within the allotted two-year timeframe from its Effective Date. As a result, the original 380 Agreement was terminated.
- Despite poor economic conditions, however, Champlain Cable has continued to grow its operation in El Paso. Specifically, following the termination of its agreement, Champlain invested an additional \$0.6 million in its facility in 2010, and has begun the substantial investment of \$3.5 million.
- The company has also continued to expand its El Paso workforce, creating and retaining an additional 17 FTE jobs between 2010 and the end of 2011, effectively increasing its workforce by 150 percent within the relatively short two year timeframe following the termination of the original 380 Agreement.



Champlain Cable Capital Investment and Operations in El Paso





The Local Economic Impact of Champlain Cable Operations on El Paso County

- Past investment in its El Paso facility (i.e. Phase I and II investment), in addition to the company's occupancy of a previously vacant building in the Pan American Industrial Park have increased the City's property tax base by \$6 million, representing \$155,000 in incremental annual property taxes.
- In 2011, Champlain operations directly supported 28 FTE jobs in El Paso at an average annual wage rate of \$35,000, excluding overtime pay. With overtime pay, average annual compensation amounted to \$42,000 per job.
- During the same year, after industry and household multiplier effects, Champlain operations both directly and indirectly supported a total of 66 FTE jobs in El Paso County, representing \$3.1 million in labor income and over \$22 million in incremental business activity.



Staff Recommendation

- The 380 Agreement being considered is in compliance with the Council approved City of El Paso Chapter 380 Economic Development Program and its related incentive criteria and guidelines for business and commercial developments.
 - Champlain’s Plaza facility is located in a Federal Enterprise Zone.
 - 100 percent of Champlain’s 28 FTE pay at least 90 percent of the prevailing Median County Wage (or 100 percent pay at least \$11.12 per hour).
- Champlain Cable’s \$3.5 million investment in its El Paso manufacturing facility will enable the company to retain quality jobs within the City, as well as better serve the automotive & commercial vehicle and industrial/energy market, thereby encouraging increased economic development in the City while also providing increases to the City’s property tax revenues.
- As a result, staff is recommending Council approval of the Chapter 380 Agreement between the City of El Paso and the Champlain Cable Corporation.