



CITY OF MANSFIELD

Economic Development
301 South Main Street,
Suite 100
Mansfield, TX 76063
www.mansfield-texas.com

Meeting Agenda

Mansfield Economic Development Corporation

Tuesday, January 8, 2019

5:30 PM

MEDC Conference Room - 301 S. Main St.

1. **CALL MEETING TO ORDER**

2. **PUBLIC COMMENTS**

Citizens wishing to address the Board on non-public hearing agenda items and items not on the agenda may do so at this time. Once the business portion of the meeting begins, only comments related to public hearings will be heard. All comments are limited to 5 minutes. Please refrain from "personal criticisms."

In order to be recognized during the citizens comments or during a public hearing (applicants included), please complete a blue or yellow "appearance card" located at the entry to the city council chambers and present it to the board president.

3. **APPROVAL OF MINUTES**

[18-2998](#)

Approval of Regular Meeting Minutes for December 4, 2018

Attachments: [MeetingMinutes 12-4-18.pdf](#)

[18-2999](#)

Approval of the Amended Regular Meeting Minutes for November 13, 2018

Attachments: [Amended Meeting Minutes 11-13-18.pdf](#)

4. **FINANCIALS**

[18-3000](#)

Presentation of Monthly Financial Report for Period Ending 11/30/2018

Attachments: [MEDC Cash Report 11-30-2018.xlsx](#)

5. **RECESS INTO EXECUTIVE SESSION**

Pursuant to Section 551.071, Texas Government Code, the Board reserves the right to convene in Executive Session(s), from time to time as deemed necessary during this meeting for any posted agenda item, to receive advice from its attorney as permitted by law.

A. **ADVICE FROM ITS ATTORNEY**

Pursuant to Sec. 551.071 of the Texas Government code, the Board reserves the right to convene in Executive Session(s), from time to time as deemed necessary during this meeting for any posted agenda item, to receive advice from its attorney as permitted by law. In addition the Board may convene in executive session to discuss the following:

1. Pending or contemplated litigation or a settlement offer including:

2. A matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the chapter.

B. REAL ESTATE DELIBERATION

Pursuant to Sec. 551.072, deliberation regarding the purchase, exchange, lease or value of real property.

C. PERSONNEL MATTERS

Pursuant to Sec. 551.074, deliberation regarding the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee.

D. SECURITY DEVICES

Pursuant to Sec. 551.076, deliberation regarding security personnel or devices.

E. ECONOMIC DEVELOPMENT

Pursuant to Sec. 551.087, deliberation regarding Economic Development Negotiations including (1) discussion or deliberation regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay, or expand in or near the territory of the governmental body and with which the governmental body is conducting economic negotiations; OR (2) deliberation of a financial or other incentive to a business prospect described in (1) above.

1. Staff Update and Board Discussion Regarding Project 18-04, New Warehouse/Distribution Project.

2. Staff Update and Board Discussion Regarding Project 18-20, Potential Economic Development Agreement and Purchase of MEDC Land on Heritage Parkway for New Spec Warehouse Project.

F. CRITICAL INFRASTRUCTURE

Pursuant to Sec. 418.183(f) of the Texas Government Code (Texas Disaster Act) regarding critical infrastructure.

6. RECONVENE INTO REGULAR SESSION

7. TAKE ACTION PURSUANT TO EXECUTIVE SESSION

8. OLD BUSINESS

[18-3003](#)

Request to Amend Existing Economic Development Agreement Between MEDC and Zah Group Dated December 5, 2013

Attachments: [MEDC Letter -12-20-18.pdf](#)
[klein amended ed and p agmt.pdf](#)

- 9. **NEW BUSINESS**
- 10. **BOARD MEMBER COMMENTS**
- 11. **STAFF COMMENTS**
- 12. **ADJOURNMENT**

CERTIFICATION

I certify that the above agenda was posted on the bulletin board next to the main entrance of the City Hall building, 1200 East Broad Street, of the City of Mansfield, Texas, in a place convenient and readily accessible to the general public at all times and said Agenda was posted on the following date and time: Friday, January 4, 2019, and remained so posted continuously for at least 72 hours preceding the schedule time of said meeting, in accordance with the Chapter 551 of the Texas Government Code.

MEDC Staff

Approved as to form



CITY OF MANSFIELD

1200 E. Broad St.
Mansfield, TX 76063
mansfieldtexas.gov

STAFF REPORT

File Number: 18-2998

Agenda Date: 1/8/2019

Version: 1

Status: Approval of Minutes

In Control: Mansfield Economic Development Corporation

File Type: Meeting Minutes

Title

Approval of Regular Meeting Minutes for December 4, 2018

Requested Action

Approve Regular Meeting Minutes for December 4, 2018

Recommendation

Approve Regular Meeting Minutes for December 4, 2018

Description/History

N/A

Justification

N/A

Funding Source

N/A

Prepared By

Natalie Phelps, MEDC

Meeting Minutes

Mansfield Economic Development Corporation

Tuesday, December 4, 2018

5:30 PM

City Hall - Council Chambers

1. **CALL MEETING TO ORDER**

The meeting was called to order by Larry Klos at 5:30 pm.

Absent 1 - Selim Fiagome

Present 6 - Brian Fuller; Larry Klos; Robert Putman; Randy Hamilton; David Godin and Anne Weydeck

2. **PUBLIC COMMENTS**

There were no comments.

3. **APPROVAL OF MINUTES**

[18-2980](#)

Approval of Regular Meeting Minutes for November 13, 2018

Brian Fuller made the motion to approve the regular meeting minutes of November 13, 2018. Seconded by Randy Hamilton. The motion carried by the following vote:

Aye: 6 - Brian Fuller; Larry Klos; Robert Putman; Randy Hamilton; David Godin and Anne Weydeck

Nay: 0

Absent: 1 - Selim Fiagome

Abstain: 0

4. **FINANCIALS**

[18-2984](#)

Presentation of Monthly Financial Report for Period Ending 10/31/2018

There were no comments.

5. **RECESS INTO EXECUTIVE SESSION**

The meeting recessed into executive session at 5:30 pm.

A. **ADVICE FROM ITS ATTORNEY**

1. Pending or contemplated litigation or a settlement offer including:

2. A matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the chapter.

B. REAL ESTATE DELIBERATION

C. PERSONNEL MATTERS

D. SECURITY DEVICES

E. ECONOMIC DEVELOPMENT

1. Staff Update and Board Discussion Regarding Project 18-04, New Warehouse/Distribution Project.

Robert Putman recused himself from the executive session discussion regarding Project 18-04.

2. Staff Update and Board Discussion Regarding Project 18-19, Proposed Office Expansion.

F. CRITICAL INFRASTRUCTURE

6. RECONVENE INTO REGULAR SESSION

The meeting reconvened into regular session at 5:51 pm.

7. TAKE ACTION PURSUANT TO EXECUTIVE SESSION

David Godin made the motion to approve funding for Project 18-19 for actual costs of the storm drainage and fire lane improvements not to exceed \$200,000. Seconded by Brian Fuller. The motion carried by the following vote:

Aye: 6 - Brian Fuller; Larry Klos; Robert Putman; Randy Hamilton; David Godin and Anne Weydeck

Nay: 0

Absent: 1 - Selim Fiagome

Abstain: 0

8. OLD BUSINESS

[18-2985](#)

Staff Update, Board Discussion and Possible Action Regarding Requested Incentive Payment from RMA Holdings, LLC (AM-C Warehouse).

Larry Klos made the motion to release payment in full for AM-C Warehouse (RMA Holdings). Seconded by Anne Weydeck. The motion carried by the following vote:

Aye: 6 - Brian Fuller; Larry Klos; Robert Putman; Randy Hamilton; David Godin and Anne Weydeck

Nay: 0

Absent: 1 - Selim Fiagome

Abstain: 0

9. NEW BUSINESS

10. BOARD MEMBER COMMENTS

Larry Klos congratulated Richard Nevins on being appointed the Economic Development Director.

11. STAFF COMMENTS

Richard Nevins mentioned moving the January board meeting date from January 1, 2019 to January 8, 2019 due to the New Year holiday. Larry Klos asked the board if there would be any issues with January 8, 2019 and board consented to move the date.

12. ADJOURNMENT

Larry Klos adjourned the meeting at 5:54 pm.

Larry Klos, President



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STAFF REPORT

File Number: 18-2999

Agenda Date: 1/8/2019

Version: 1

Status: Approval of Minutes

In Control: Mansfield Economic Development Corporation

File Type: Meeting Minutes

Title

Approval of the Amended Regular Meeting Minutes for November 13, 2018

Requested Action

Approve the Amended Regular Meeting Minutes for November 13, 2018

Recommendation

Approve the Amended Regular Meeting Minutes for November 13, 2018

Description/History

The Meeting Minutes for November 13, 2018 have been amended to show the recorded vote for file 18-2932, Hoffman Cabinets Amended and Restated Agreement.

Justification

N/A

Funding Source

N/A

Prepared By

Natalie Phelps, MEDC

Meeting Minutes

Mansfield Economic Development Corporation

Tuesday, November 13, 2018

5:30 PM

City Hall - Council Chambers

1. **CALL MEETING TO ORDER**

The meeting was called to order by Larry Klos at 5:30 pm.

Absent 2 - Robert Putman and Randy Hamilton

Present 5 - Brian Fuller; Larry Klos; Selim Fiagome; David Godin and Anne Weydeck

2. **PUBLIC COMMENTS**

There were no comments.

3. **APPROVAL OF MINUTES**

[18-2917](#)

Approval of Regular Meeting Minutes for October 2, 2018

David Godin made the motion to approve the regular meeting minutes of October 2, 2018. Seconded by Selim Fiagome. The motion carried by the following vote:

Aye: 5 - Brian Fuller; Larry Klos; Selim Fiagome; David Godin and Anne Weydeck

Nay: 0

Absent: 2 - Robert Putman and Randy Hamilton

Abstain: 0

4. **FINANCIALS**

[18-2930](#)

Presentation of Monthly Financial Report For Period Ending 09/30/2018

There were no comments.

5. **RECESS INTO EXECUTIVE SESSION**

The meeting recessed into executive session at 5:31 pm.

A. **ADVICE FROM ITS ATTORNEY**

1. Pending or contemplated litigation or a settlement offer including:

2. A matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the chapter.

B. REAL ESTATE DELIBERATION

C. PERSONNEL MATTERS

D. SECURITY DEVICES

E. ECONOMIC DEVELOPMENT

1. Staff Update and Board Discussion Regarding Project 18-04, New Warehouse/Distribution Project.

F. CRITICAL INFRASTRUCTURE

6. RECONVENE INTO REGULAR SESSION

The meeting reconvened into regular session at 5:43 pm.

Absent 1 - Randy Hamilton

Present 6 - Brian Fuller; Larry Klos; Robert Putman; Selim Fiagome; David Godin and Anne Weydeck

7. TAKE ACTION PURSUANT TO EXECUTIVE SESSION

No action was taken.

8. OLD BUSINESS

[18-2931](#)

Staff Update, Board Discussion and Possible Action Regarding Requested Incentive Payment From RMA Holdings, LLC (AM-C Warehouse).

Brian Fuller made the motion to approve the payment for RMA Holdings (AM-C Warehouse) (File 18-2931) as long as all documentation supporting the capital investment has been received by December 31, 2018. Seconded by Larry Klos. The motion carried by the following vote:

Aye: 6 - Brian Fuller; Larry Klos; Robert Putman; Selim Fiagome; David Godin and Anne Weydeck

Nay: 0

Absent: 1 - Randy Hamilton

Abstain: 0

[18-2932](#)

Board Discussion and Possible Action on Amended and Restated Performance Agreement with Hoffman Cabinets.

Brian Fuller made the motion to approve the Amended and Restated Performance Agreement with Hoffman Cabinets to include the capital investment made with the new construction and equipment in the existing buildings. Seconded by Larry Klos. The motion carried by the following vote:

Aye: 6 - Brian Fuller; Larry Klos; Robert Putman; Selim Fiagome; David Godin and Anne Weydeck

Nay: 0

Absent: 1 - Randy Hamilton

Abstain: 0

9. NEW BUSINESS

[18-2896](#)

Election of MEDC Board Officers

Larry Klos made the motion to retain the current officer positions. Seconded by Brian Fuller. The motion carried by the following vote:

Aye: 6 - Brian Fuller; Larry Klos; Robert Putman; Selim Fiagome; David Godin and Anne Weydeck

Nay: 0

Absent: 1 - Randy Hamilton

Abstain: 0

10. BOARD MEMBER COMMENTS

There were no comments.

11. STAFF COMMENTS

Richard Nevins advised the December meeting will be held on Tuesday, December 4, 2018.

12. ADJOURNMENT

Larry Klos adjourned the meeting at 5:52 pm.

Larry Klos, President



CITY OF MANSFIELD

1200 E. Broad St.
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STAFF REPORT

File Number: 18-3000

Agenda Date: 1/8/2019

Version: 1

Status: Presented

In Control: Mansfield Economic Development Corporation

File Type: Financials

Agenda Number:

Title

Presentation of Monthly Financial Report for Period Ending 11/30/2018

Requested Action

Information only

Recommendation

Information only

Description/History

Presentation of Monthly Financial Report for Period Ending 11/30/2018

Justification

N/A

Funding Source

4A

Prepared By

Richard Nevins, Director 817-728-3652

Mansfield Economic Development Corporation
Period Ending November, 2018

Beginning Cash Balance 11-01-2018 **\$1,651,773**

Revenue:

| | |
|--------------------------|---------------------------|
| Sales Tax Revenue | 591,454 |
| Oil and Gas Royalties | - |
| Interest Income | 1,729 |
| Misc Income | 27,015 |
| Sale of land to Sellmark | 803,713 |
| Total Monthly Revenue | <u>\$1,423,910</u> |

Adjusted Cash Balance **\$3,075,683**

Operating Expenses:

| | |
|------------------------------|----------------------|
| Administration | 76,670 |
| Promotion | 3,953 |
| Retention | 3,218 |
| Workforce Development | - |
| Total Operating Expenditures | <u>83,840</u> |

Debt Expense

Debt Service Payment (Principal & Interest) **\$0**

Project Expenditures:

| | |
|------------------------------------|------------------|
| Mansfield Industrial Business Park | \$73,203 |
| PCX or Cam-Tech | \$50,000 |
| ZAH Group - Klein Tools | \$3,750 |
| Kimball Property | <u>\$190</u> |
| Total Project Expenditures | \$127,143 |

Total Monthly Expenditures **\$210,984**

Ending Cash Balance 11-30-2018 **\$2,864,699**

Proceeds From Bond Sale **\$6,000,000**

Total Cash **\$8,864,699**

Debt Expense

New Annual Total Debt Service - FY19 **\$2,657,375**

(January and August)

Remaining Principal Debt Balance **\$26,775,000**



CITY OF MANSFIELD

1200 E. Broad St.
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STAFF REPORT

File Number: 18-3003

Agenda Date: 1/8/2019

Version: 1

Status: Old Business

In Control: Mansfield Economic Development Corporation

File Type: Discussion Item

Title

Request to Amend Existing Economic Development Agreement Between MEDC and Zah Group Dated December 5, 2013

Requested Action

Approve revisions to the existing Economic Development Agreement

Recommendation

Approve requested revisions to the existing Economic Development Agreement

Description/History

MEDC entered into an Economic Development Agreement with Zah Group, Inc. (Klein Tools) in 2010 which was subsequently amended in December 2013. Klein Tools has been meeting the benchmarks set forward in the amended agreement and exceeding the benchmark for capital investment until 2017. In 2017, Klein Tools did not meet the employment benchmark and their incentive payment was reduced according to the agreement. Due to this reduction, Klein Tools has been reevaluating their hiring strategy, taking into consideration the construction delay for the upcoming distribution center. Klein Tools has requested a modification in employment for years 2018-2021 as spelled out in the attached request. Part of the request that would be new to this revised agreement is the inclusion of full time temporary employees in the employee headcount. They have begun using a staffing agency for temp-to-hire employees as part of their hiring strategy.

Staff recommends approval of the requested revisions including the addition of temporary employees.

Justification

Klein Tools has been a community partner since they began moving their operations to Mansfield.

Funding Source

4A

Prepared By

Laurie Fleiner, MEDC, 817-728-3653

December 20, 2018

Richard Nevins
Assistant Director of Economic Development
Mansfield Economic Development Corporation
301 S. Main St.
Mansfield, TX 76063
richard.nevins@mansfield-texas.com

Subject: Economic Development and Performance Agreement Between MEDC and ZAH Group, Inc.

Dear Mr. Nevins:

Per our meeting on December 18, 2018, ZAH Group, Inc. (Klein Tools, Inc.) is requesting an amendment to the Amended and Restated Economic Development and Performance Agreement Between The Mansfield Economic Development Corporation and Zah Group, Inc. (the "Agreement") dated December 5, 2013. In particular, the amendment is to address the Agreement's annual benchmarks related to job creation for the years 2018 through 2020.

As we discussed, with the shortage of skilled workers and high turnover rates in Mansfield and surrounding communities, Klein Tools, Inc. has had to change it's hiring strategies from the direct hire of full-time employees to a temporary to-full-time hire program with the use of outside employment agencies. Through a local change in hiring strategy, we have found that hiring temporary workers in Mansfield who work full-time, at 40 hr. per week wages, ensures that Klein finds employees with the necessary skills and cultural fit, thereby reducing the direct and indirect costs of high turnover. In addition, we have partnered with Mansfield ISD's high schools, Tarrant County College and vocational schools to train and educate students in the skills needed for careers in the manufacturing sector.

Klein Tools, Inc. is requesting that the Agreement's definition of Employee in Section 2 be amended to include "full time employee" and "full-time temporary worker". Further, Klein Tools seeks to have the annual benchmarks for Performance Based Incentives, set forth in Section 5 of the Agreement, modified as follows:

Company Performance Requirement

| | | | |
|----------|-------------------------------------------------------------------------------------|-------------------------|-----------------------------------------------------------------------------------------------------------------|
| 12-31-18 | Additional Employees Reach 491 Employees New Capital Investment of \$7M | 9 th \$500K | Pro rata% Deduct on \$250K for less Investment Pro rata % Deduct on \$250K for Less than 491 Employees |
| 12-31-19 | 26 Additional Employees Reach 517 Employees New Capital Investment of \$7M | 10 th \$500K | Pro rata% Deduct on \$250K for less Investment Pro rata % Deduct on \$250K for Less than 517 Employees |
| 12-31-20 | 68 Additional Employees Reach 585 Employees New Capital Investment of \$7M | 11 th \$500K | Pro rata% Deduct on \$250K for less Investment Pro rata % Deduct on \$250K for Less than 585 Employees |
| 12-31-21 | Maintain 585 Employees | 12 th \$500K | Pro rata% Deduct on \$250K for less Investment Pro rata % Deduct on \$250K for Less than 585 Employees |

Subject: Economic Development and Performance Agreement Between MEDC and ZAH Group, Inc.

Klein Tools, Inc. reserves the right to earn back any pro rata non-performance deduction of any annual incentives granted, if the benchmarks are met within the following twelve (12) months.

As you know, Klein Tools is committed to Mansfield and its future economic development. The construction of the new Klein Tools, Inc. International Distribution Center in Mansfield, Texas is scheduled to be completed by the end of 2020. This new construction will not only allow Klein Tools, Inc. to fulfill the company's performance requirements for job creation, the construction of the new distribution center will result in the investment of an additional \$20,000,000 of new capital into our community.

Klein Tools is striving to make Mansfield the manufacturing center of excellence in the North Texas region. We believe a slight modification to our current Agreement will assist in making that goal a reality.

Thank you for your consideration in this matter.

Best regards

A handwritten signature in blue ink, appearing to read "Russell Winnie", with a stylized flourish at the end.

Russell Winnie
Executive Director Loss Prevention

Klein Tools, Inc.

cc: T Klein – Klein Tools, Inc. (via e-mail)
L Fleiner – MEDC (via e-mail)

AMENDED AND RESTATED
ECONOMIC DEVELOPMENT AND PERFORMANCE AGREEMENT
BETWEEN THE MANSFIELD ECONOMIC DEVELOPMENT
CORPORATION AND ZAH GROUP, INC.

This Amended and Restated Economic Development Agreement ("Agreement") is made and entered into by and between Zah Group, Inc. ("Zah Group"), a Delaware corporation, by and through its President, Secretary, and Treasurer Tom Klein and the Mansfield Economic Development Corporation (the "Corporation" or the "MEDC") a Type A corporation organized under the Development Corporation Act of 1979, codified in Section 501, et seq. of the Texas Local Government Code (the "Act"), for the purposes and considerations stated below:

RECITALS:

1. The Zah Group owns and controls Klein Tools, a hand tool manufacturing company, with worldwide presence.
2. The Zah Group is exploring the possibility of locating various Klein Tool operations in the City of Mansfield, and could purchase or construct a manufacturing and distributing space in the City of Mansfield by December 31, 2021, potentially creating and maintaining at least 585 jobs by that date.
3. The Corporation has determined and found that the Project and Improvements, as defined herein, will create jobs as defined by the Act, and that the expenditures of the Corporation set forth in this Agreement are suitable or required for the development of a new industrial enterprise, and fall within the definition of a "project" as defined in Section 501.101 of the Act.
4. The Corporation, which has determined that substantial economic benefit and the creation of new opportunities of employment will accrue to City as a result of Zah Group's development and operation of the Improvements (as hereinafter described), desires to have Zah Group construct the Improvements and operate an industrial manufacturing and distribution center in Mansfield. This development will increase the taxable value in the City and will directly and indirectly result in the creation of additional jobs throughout the City and the value of the benefits of the Project is anticipated to outweigh the amount of expenditures required of the Corporation under this Agreement.
5. The Corporation, to encourage the development of the Real Property and operation of the Facility, desires to participate in the funding of the cost to construct certain infrastructure to the Property which is necessary in order for Zah Group to potentially locate various industrial facilities in Mansfield and operate as hereinafter set forth, to aid and promote economic development in the City.
6. On November 15, 2010, the Economic Development Performance Agreement Between The Mansfield Economic Development Corporation and Zah Group, Inc. ("Original Agreement") was executed. As a result of variables outside of Zah Group's control, the parties have agreed to amend and restate the Original Agreement.

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 is hereby acknowledged, the parties agree as follows:

1. **Authorization.**

This Agreement is authorized by the Development Corporation Act of 1979.

2. **Definitions.**

CAPITAL INVESTMENT means and shall include all costs incurred relating to the improvement of the facilities located in Mansfield, including the actual construction costs and other costs of all buildings, structures, infrastructure, utilities, landscaping and other onsite and offsite improvements, including all labor and materials, engineering costs, surveying costs, fees of consultants, designers and other professionals, landscape design, platting fees, permit fees, geotechnical investigation, construction material testing, and inspection fees and purchase of Equipment. It does not include any cost reimbursed by the City, acquisition costs of land, insurance costs, marketing costs, or any interest paid to finance the purchase of the Capital Investment.

CITY means the City of Mansfield, Texas.

DESIGN SERVICES means the engagement of architects and engineers to design the Facility.

EMPLOYEE means a full time employee.

EQUIPMENT means business personal property as determined by the appraisal district in which the property is located.

FACILITY means one or more research, industrial manufacturing and/or distribution complexes to be located in Mansfield, Texas.

IMPROVEMENTS mean the Facility and Real Property acquired to construct the Facility and Equipment at a cost anticipated to be approximately Seventy Six Million Dollars (\$76,000,000.00).

PROJECT means the expenditures by the Corporation as provided in this Agreement to facilitate the location and potential relocation and consolidation of various Klein Tools facilities into a comprehensive development in Mansfield.

REAL PROPERTY means real property which has or may be acquired in Mansfield, Texas by Zah Group or its affiliate.

3. **Term.**

This Agreement shall be effective as of the date of execution of all parties. This Agreement will terminate December 31, 2021, or as otherwise provided in this Agreement.

4. Covenants of Zah Group.

a. In consideration of Corporation agreeing to pay Zah Group monies in accordance with the terms and conditions of this Agreement, Zah Group anticipates to:

(1) Purchase a building in Mansfield, Texas for the purpose of establishing an advanced manufacturing technical center in the City, at a cost of Four Million Five Hundred Thousand Dollars (\$4,500,000.00) and place a purchase order of at least Six Million Dollars (\$6,000,000.00) of Equipment by December 31, 2010 (to be located in the building by December 31, 2011).

(2) Design (subject to approval by the City and the Corporation) and construct the Improvements in phases in accordance with the schedule set forth in Section 5 of this Agreement;

(3) Create and retain at least five hundred eight five (585) jobs at the Facility, according to the schedule set forth in Section 5;

(4) Purchase construction material for the Improvements from vendors within the City of Mansfield if available in Mansfield at a competitive price; and

(5) Operate the Facility for the term of this Agreement, after a certificate of occupancy is issued by the City.

b. Provided the Corporation has satisfied all financial and performance obligations in accordance with the schedule set forth in Section 5 of this Agreement, identify the Facility as the "USA Manufacturing Headquarters for Klein Tools" in nomenclature and documents no later than December 31, 2016.

c. Provided the Corporation has satisfied all financial and performance obligations in accordance with the schedule set forth in Section 5 of this Agreement, identify Mansfield, Texas on various Klein products manufactured and distributed from the Facility no later than December 31, 2012, if any.

d. Zah Group covenants and certifies that it does not and will not knowingly employ an undocumented worker as that term is defined by Section 2264.01(4) of the Texas Government Code. In accordance with Section 2264.052 of the Texas Government Code, if Zah Group, or its branch, division or department is convicted of a violation under 8 U.S.C. Section 1324a(f), Zah Group shall repay the Corporation the full amount of the Payment made under this agreement, plus 10% per annum from the date the Payment was made. Repayment shall be paid within one hundred and twenty (120) days after the date Zah Group receives notice of violation from the Corporation.

e. The parties acknowledge and agree that the covenants in Section 4(a) above are anticipated acts and if such acts are not met the incentives will be reduced proportionately.

5. **Payments by Corporation.**

a. **Performance Based Incentives.** The Corporation will pay to the Zah Group twelve (12) annual cash payments of Five Hundred Thousand Dollars (\$500,000.00) based upon the annual Capital Investment and job creation by the Zah Group within the City as set forth below, beginning no later than 12/31/2010. The proposed economic incentives are performance based and failure to meet annual benchmarks will result in a pro rata non-performance deduction of annual incentives granted, which can be earned back if the benchmark is met within the following twelve (12) months. Provided however, if the Zah Group fails to meet more than one consecutive annual benchmark, the missed annual grants will not be earned back. Benchmarks met early will be carried over and counted towards benchmark compliance in subsequent years. Prior to being entitled to the payment, the Zah Group shall certify its compliance with the benchmarks and shall provide to the Corporation reasonable documentation, as the Corporation may require, in writing to verify compliance. Corporation payments shall be made to Zah Group within thirty (30) days following receipt of reasonable documentation. Zah Group performance benchmarks and Corporation payments are outlined below:

| DATE | Company Performance Requirements | CORPORATION PAYMENTS | NON-PERFORMANCE DEDUCTION |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 12-31-10 | <ul style="list-style-type: none"> \$4.5M Bldg Purchase \$6.0M Equipment Purchase | 1 st \$500K | <ul style="list-style-type: none"> N/A |
| 12-31-11 | <ul style="list-style-type: none"> \$6.0M Equipment Purchase Engage Design Services for the Facility 26 Employees | 2 nd \$500K | <ul style="list-style-type: none"> Pro rata % Deduct on \$250K for Less Investment Pro rata % Deduct on \$250K for Less than 26 Employees |
| 12-31-12 | <ul style="list-style-type: none"> Approximately 60 +- Acre Property Under Contract in Mansfield 100 Additional Employees New Capital Investment of \$6M | 3 rd \$500K | <ul style="list-style-type: none"> Pro rata % Deduct on \$250K for Less Investment Pro rata % Deduct on \$250K for Less than 126 Employees |
| 12-31-13 | <ul style="list-style-type: none"> Approximately 60 +- Acre Property Purchase in Mansfield 30 Additional Employees New Capital Investment of \$6M | 4 th \$500K | <ul style="list-style-type: none"> Pro rata % Deduct on \$250K for Less Investment Pro rata % Deduct on \$250K for Less than 156 Employees |

VC

| DATE | Company Performance Requirements | CORPORATION PAYMENTS | NON-PERFORMANCE DEDUCTION |
|----------|------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 12-31-14 | <ul style="list-style-type: none"> • 50 Additional Employees • New Capital Investment of \$6M | 5 th \$500K | <ul style="list-style-type: none"> • Pro rata % Deduct on \$250K for Less Investment • Pro rata % Deduct on \$250K for Less than 206 Employees |
| 12-31-15 | <ul style="list-style-type: none"> • 100 Additional Employees • New Capital Investment of \$6.5M | 6 th \$500K | <ul style="list-style-type: none"> • Pro rata % Deduct on \$250K for Less Investment • Pro rata % Deduct on \$250K for Less than 306 Employees |
| 12-31-16 | <ul style="list-style-type: none"> • 85 Additional Employees • New Capital Investment of \$7M | 7 th \$500K | <ul style="list-style-type: none"> • Pro rata % Deduct on \$250K for Less Investment • Pro rata % Deduct on \$250K for Less than 391 Employees |
| 12-31-17 | <ul style="list-style-type: none"> • 100 Additional Employees • New Capital Investment of \$7M | 8 th \$500K | <ul style="list-style-type: none"> • Pro rata % Deduct on \$250K for Less Investment • Pro rata % Deduct on \$250K for Less than 491 Employees |
| 12-31-18 | <ul style="list-style-type: none"> • 94 Additional Employees • Reach 585 Employees • New Capital Investment of \$7M | 9 th \$500K | <ul style="list-style-type: none"> • Pro rata % Deduct on \$250K for Less Investment • Pro rata % Deduct on \$250K for Less than 585 Employees |
| 12-31-19 | <ul style="list-style-type: none"> • Maintain 585 Employees • New Capital Investment of \$7M | 10 th \$500K | <ul style="list-style-type: none"> • Pro rata % Deduct on \$250K for Less Investment • Pro rata % Deduct on \$250K for Less than 585 Employees |

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| DATE | Company Performance Requirements | CORPORATION PAYMENTS | NON-PERFORMANCE DEDUCTION |
|----------|----------------------------------------------------------------------------------------------------------------------|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 12-31-20 | <ul style="list-style-type: none"> • Maintain 585 Employees • New Capital Investment of \$7M | 11 th \$500K | <ul style="list-style-type: none"> • Pro rata % Deduct on \$250K for Less Investment • Pro rata % Deduct on \$250K for Less than 585 Employees |
| 12-31-21 | <ul style="list-style-type: none"> • Maintain 585 Employees | 12 th \$500K | <ul style="list-style-type: none"> • Pro rata % Deduct on \$250K for Less Investment • Pro rata % Deduct on \$250K for Less than 585 Employees |

NOTE: The 60 +/- Property is anticipated to be between 20-100 acres. In the event it is less or more than 60 acres, there shall be no reduction or expansion in incentives.

b. **Other incentives provided by the Corporation.**

(1) The Corporation will provide a reimbursement for offsite water and sewer infrastructure necessary for the new Improvements (to be constructed to the sixty (60) plus or minus acres the Zah Group anticipates to purchase by December 31, 2013) in an amount estimated at, but not to exceed, One Million Five Hundred Thousand Dollars (\$1,500,000.00). Corporation will reimburse Zah Group within ten (10) days of receipt of draw requests for the construction of the infrastructure or other such form as the parties agree.

(2) The Corporation has agreed to reimburse the cost of impact and building permit fees associated with the development during the first ten (10) years in an amount estimated at, but not to exceed, Eight Hundred Thousand Dollars (\$800,000).

(3) The Corporation has agreed to reimburse to the buyer one and one half percent (1 ½ %) of the sales price of any home purchased or built within the City of Mansfield by an employee of Zah Group (on a one time only basis per employee), not to exceed Three Thousand Seven Hundred Fifty Dollars (\$3,750.00) per home purchased, and not to exceed a cumulative total of One Hundred Twenty Five Thousand Dollars (\$125,000.00) for a period not to exceed ten (10) years from date of execution of this Agreement. The reimbursement shall occur within ten (10) days of receiving proof of the purchase.

6. **Improvements.**

Zah Group shall be solely responsible for the design and construction of the Improvements and shall comply with all subdivision regulations, building codes and other ordinances of the City applicable to the Improvements. The design of the Improvements

must be approved by the EDC Board (and such approval shall not be unreasonably withheld or delayed) prior to commencement of construction.

7. **Sign.**

Zah Group agrees to permit Corporation to erect a sign at the Facility which may state that the Corporation has provided funding for the Project, and to allow the Mansfield EDC to use the name "The Zah Group" and "Klein Tools", and representations of the Improvements and the Project in promotion of the City of Mansfield and the Corporation. The use of Zah Group and Klein Tools name and the sign shall be subject to Zah Group and Klein Tools approval, which shall not be unreasonably withheld, conditioned or delayed.

8. **Indemnification.**

ZAH GROUP IN PERFORMING ITS OBLIGATIONS UNDER THIS AGREEMENT IS ACTING INDEPENDENTLY, AND THE CORPORATION ASSUMES NO RESPONSIBILITIES OR LIABILITIES TO THIRD PARTIES IN CONNECTION WITH THE PREMISES OR IMPROVEMENTS. ZAH GROUP AGREES TO INDEMNIFY, DEFEND, AND HOLD HARMLESS THE CORPORATION, ITS OFFICERS, AGENTS, EMPLOYEES, AND VOLUNTEERS IN BOTH THEIR PUBLIC AND PRIVATE CAPACITIES, FROM AND AGAINST CLAIMS, SUITS, DEMANDS, LOSSES, DAMAGES, CAUSES OF ACTION, AND LIABILITY FROM A SUIT BY A THIRD PARTY, INCLUDING, BUT NOT LIMITED TO, EXPENSES OF LITIGATION OR SETTLEMENT, COURT COSTS, AND ATTORNEYS FEES WHICH MAY ARISE DUE TO ANY DEATH OR INJURY TO A PERSON OR THE LOSS OF, LOSS OF USE, OR DAMAGE TO PROPERTY, ARISING OUT OF OR OCCURRING AS A CONSEQUENCE OF THE PERFORMANCE OF THIS AGREEMENT, INCLUDING ANY ERRORS OR OMISSIONS, OR NEGLIGENT ACT OR OMISSION OF THE CORPORATION, ITS OFFICERS, AGENTS OR EMPLOYEES. EMPLOYEES; EXCEPT THAT THE INDEMNITY PROVIDED FOR IN THIS PARAGRAPH SHALL NOT APPLY TO ANY LIABILITY RESULTING FROM THE SOLE NEGLIGENCE OF CORPORATION OR THEIR RESPECTIVE OFFICERS, AGENTS, EMPLOYEES OR SEPARATE CONTRACTORS, AND IN THE EVENT OF JOINT AND CONCURRENT NEGLIGENCE OF BOTH DEVELOPER AND CORPORATION, RESPONSIBILITY, IF ANY, SHALL BE APPORTIONED COMPARATIVELY IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT, HOWEVER, WAIVING ANY GOVERNMENTAL IMMUNITY AVAILABLE TO THE CORPORATION UNDER TEXAS OR FEDERAL LAW. THE PROVISIONS OF THIS PARAGRAPH ARE SOLELY FOR THE BENEFIT OF THE PARTIES HERETO AND NOT INTENDED TO CREATE OR GRANT ANY RIGHTS, CONTRACTUAL OR OTHERWISE TO ANY OTHER PERSON OR ENTITY.

9. **Access to Information.**

Zah Group agrees to provide the Corporation access to information related to the construction of the Improvements and Project during regular business hours upon reasonable notice. The Corporation shall have the right to require Zah Group to submit any necessary information, documents, invoices, receipts or other records to verify costs of

the Improvements and Capital Expenditures related to the Project provided, however, Corporation agrees it will not make such requests more than two (2) times in any twelve (12) consecutive month period.

10. **General Provisions.**

a. **Mutual Assistance.** Zah Group and the Corporation shall do all things necessary or appropriate to carry out the terms and provisions of this Agreement and to aid and assist each other in carrying the terms and provisions.

b. **Representations and Warranties.** Zah Group represents and warrants to the Corporation that it has the requisite authority to enter into this Agreement. Zah Group represents and warrants to the Corporation that it will not violate any federal, state or local laws in operating the business, that all proposed Improvements shall conform to the applicable building codes, zoning ordinances and all other ordinances and regulations.

c. **Section or Other Headings.** Section or other headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

d. **Attorneys Fees.** In the event any legal action or process is commenced to enforce or interpret provisions of this Agreement, the prevailing party in any such legal action shall be entitled to recover its necessary and reasonable attorneys' fees and expenses incurred by reason of such action.

e. **Entire Agreement.** This Agreement contains the entire agreement between the parties with respect to the transaction contemplated herein.

f. **Amendment.** This Agreement may only be amended, altered, or revoked by written instrument signed by Zah Group and the Corporation.

g. **Successors and Assigns.** This Agreement shall be binding on and inure to the benefit of the parties, their respective successors and assigns. Zah Group may assign all or part of its rights and obligations hereunder only upon prior written approval of the Corporation, which approval shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, written approval of Corporation shall not be required for an assignment to an Affiliate of Zah Group or its lender. "Affiliate of Zah Group" as used herein, includes any parent, sister, partner, joint venturer, or subsidiary entity of Zah Group; any entity in which Zah Group is a major shareholder, owns an equity interest, or is a joint venturer or partner (whether general or limited).

h. **Notice.** Any notice and/or statement required and permitted to be delivered shall be deemed delivered by depositing same in the United States mail, certified with return receipt requested, postage prepaid, addressed to the appropriate party at the following addresses, or at such other addresses provided by the parties in writing:

ZAH GROUP: Zah Group, Inc.
Attn: Thomas R. Klein
450 Bond Street
Lincolnshire, IL 60069

With a copy to: Murphy Mahon Keffler & Farrier, L.L.P.
505 Pecan Street, Suite 101
Fort Worth, Texas 76102
Attn: Chris Baker

CORPORATION: Director
Mansfield Economic Development Corporation
301 S. Main Street
Mansfield, Texas 76063

with a copy to: Betsy Elam
Taylor, Olson, Adkins, Sralla & Elam, L.L.P.
6000 Western Place
Suite 200
Fort Worth, Texas 76107

i. **Interpretation.** Regardless of the actual drafter of this Agreement, this Agreement shall, in the event of any dispute over its meaning or application, be interpreted fairly and reasonably, and neither more strongly for or against any party.

j. **Applicable Law.** This Agreement is made, and shall be construed and interpreted under the laws of the State of Texas and venue shall lie in Tarrant County, Texas.

k. **Severability.** In the event any provision of this Agreement is illegal, invalid, or unenforceable under present or future laws, then, and in that event, it is the intention of the parties hereto that the remainder of this Agreement shall not be affected thereby, and it is also the intention of the parties to this Agreement that in lieu of each clause or provision that is found to be illegal, invalid, or unenforceable a provision be added to this Agreement which is legal, valid and enforceable and is as similar in terms as possible to the provision found to be illegal, invalid or unenforceable.

l. **Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall be considered an original, but all of which shall constitute one instrument.

m. **No Joint Venture.** Nothing contained in this Agreement is intended by the parties to create a partnership or joint venture between the parties.

n. **Default.** If a party should default (the "Defaulting Party") with respect to any of its obligations hereunder and should fail, within thirty (30) days after delivery of written notice of such default from another party (the "Complaining Party") to cure such default,

the Complaining Party, by action or proceeding at law or in equity, may be awarded its damages and/or specific performance for such default.

o. **Covenant Running with the Land.** All rights, covenants, restrictions, burdens, privileges and charges, set forth in this Agreement shall exist at all times as long as this Agreement is in effect, among all parties having any right, title or interest in any portion of all of the Property.

p. **Force Majeure.** If either party hereto shall be delayed or hindered in or prevented from the performance of any act required hereunder by reason of strikes, lock-outs, inability to procure materials, failure of power, governmental moratorium or other governmental action or inaction (including, failure, refusal or delay in issuing permits, approvals or authorizations), injunction or court order, terrorist attacks, riots, insurrection, war, fire, earthquake, flood or other natural disaster or other reason of a like nature not the fault of the party delaying in performing work or doing acts required under the terms of this Agreement (but excluding delays due to financial inability), then performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay.

**MANSFIELD ECONOMIC
DEVELOPMENT CORPORATION**

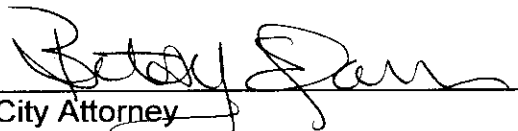
By: , President

Date: 12/5/13

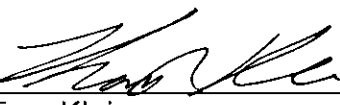
ATTEST:



APPROVED AS TO FORM AND LEGALITY:


City Attorney

ZAH GROUP, INC.

By: 
Tom Klein
President, Secretary and Treasurer

Date: 11-20-2013

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