



Legislation Details (With Text)

File #: 19-3063 **Version:** 1 **Name:** Resolution - A Resolution of the City Council of the City of Mansfield, Texas, Approving a Second Amended and Restated Economic Development and Performance Agreement by and Between the Mansfield Economic Development Corporation ("MEDC") and Zah Group, Inc

Type: Resolution **Status:** Passed

File created: 3/11/2019 **In control:** City Council

On agenda: 3/25/2019 **Final action:** 3/25/2019

Title: Resolution - A Resolution of the City Council of the City of Mansfield, Texas, Approving a Second Amended and Restated Economic Development and Performance Agreement by and Between the Mansfield Economic Development Corporation ("MEDC") and Zah Group, Inc. and Authorizing its Execution by the President of the MEDC; and Providing an Effective Date

Sponsors: Clayton Chandler, Richard Nevins

Indexes:

Code sections:

Attachments: 1. Resolution, 2. Eco Dev. Second Amended and Restated Agrmt.

| Date | Ver. | Action By | Action | Result |
|-----------|------|--------------|----------|--------|
| 3/25/2019 | 1 | City Council | Approved | Pass |

Resolution - A Resolution of the City Council of the City of Mansfield, Texas, Approving a Second Amended and Restated Economic Development and Performance Agreement by and Between the Mansfield Economic Development Corporation ("MEDC") and Zah Group, Inc. and Authorizing its Execution by the President of the MEDC; and Providing an Effective Date

Consider request for amended economic development agreement from Zah Group, Inc.
Approve requested revisions to the existing Economic Development Agreement
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 employment benchmarks set forward in the first 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 table below. 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.

| Year | Current | Proposed (including full time temporary employees) |
|------------|---------|--|
| 12-31-2018 | 585 | 491 |
| 12-31-2019 | 585 | 517 |
| 12-31-2020 | 585 | 585 |
| 12-31-2021 | 585 | 585 |

At the January 8, 2019 MEDC Board meeting, the board recommended approval of the request to amend the existing agreement to reflect the revised definition of employee and to modify the annual benchmark as

depicted in the request letter.

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

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Richard Nevins, MEDC, 817-728-3652