

**HARRIS COUNTY BOARD OF COMMISSIONERS
CALLED SESSION**

July 23, 2008
9:00 AM

Commissioners Present: J. Harry Lange, Charles Wyatt, Joe F. Manning, Patrick Whearley.
Staff Present: Daniel B. Bridges, County Manager; John M. Taylor, County Attorney. Staff
Absent: Nancy D. McMichael, County Clerk.

1. **CALL TO ORDER**. Chairman Lange called the Called Session to order at 9:00 AM and explained that the purpose of this meeting was to discuss and approve document in connection with the Johnson Control, Inc., (JCI) building in the Northwest Harris Business Park. He then turned the meeting over to John Taylor, County Attorney.

2. **JOHNSON CONTROL, INC., BUILDING PROJECT**. John Taylor, County Attorney, updated the Board on the status of the JCI building project documents to include reviewing the Letter of Discussion, the Intergovernmental Agreement, and the Industrial Development Agreement. He said that the lease is between the Harris County Development Authority (HCDA) and JCI, or Hoover Universal, which is a subsidiary of JCI, that will own and operate the plant. He then reviewed the bond transaction procedure, said that the current rate being considered is 5.6769, and that by agreeing to the Letter of Discussion, which is the terms on which the money will be borrowed, and locking in the rate, if JCI backs out for any reason, there may be a penalty for not closing the transaction and that JCI will pay that penalty. Regarding the Intergovernmental Agreement, he said the bonds will constitute a general obligation of the County payable from any funds whatsoever to include general funds, or if funds are not otherwise available, the County can levy up to .7 mills to cover the bond payment obligation. Regarding the Industrial Development Agreement between Hoover Universal and the HCDA, he said this document covers the obligations of the County, the HCDA, and the Development Authority of West Point, which include site preparation, the provision of water, sewer, natural gas, and electricity, and assistance with permits; and that after this document is signed by all parties, they will go forward with the funding commitment on the interest rate, and the lease will be signed subject to the building construction being completed, with the first payment due February 1, 2009. He also explained said that the contractor has been authorized to start the engineering work, which JCI has agreed to pay, but once the contract is executed, money will be needed to start funding the project and the bond validation will start as of July 31 with the hearing being held August 11.

Commissioner Manning said he is concerned about the financial ability of JCI/Hoover since they have nothing to lose, and the possibility of JCI slowing things down and still being able to make the payments. Discussion included that JCI is pretty substantial; that JCI has 67 plants from Mexico to Canada; and that JCI is putting \$20,000,000 of equipment in the building. Commissioner Manning said that this is the kind of deal that he doesn't think anyone would put their own money in, but yet the taxpayers' money is going into it; that the County is putting up \$7,000,000 (\$6,500,000 in bonds plus \$500,000 site preparation) for seven years for a company with 300 jobs; that out of those 300 jobs, half will probably come out of Alabama, 30% out of Troup County, and 20% out of Harris County; and out of all that, the County will get a \$40,000 return. Discussion included that the \$40,000 was worst case scenario; that JCI won't go further than seven years; and that the lease says if JCI goes in and gets everything going and then loses everything, they are still obligated under the lease to pay seven years. Chairman Lange said that while the \$40,000 is the worst case scenario, during that time period, there will be money spent in the County by workers that will go towards SPLOST, they will begin to pay for the building, and if they leave after seven years, the County will have a building that has been roughly half paid and for which the County could cut a deal with another company to finish paying the cost of the building. Commissioner Manning said that with what the County is putting up, the risk we are taking, and the return we'll get doesn't balance. Commissioner Wyatt said that there are over 200 homes empty and he hopes that some of the employees will purchase those homes. There being no further discussion, action was taken on each document.

Letter of Discussion. The motion to approve this document as well as the cover letter was made by Commissioner Wyatt, seconded by Chairman Lange, and passed three in favor (Wyatt, Lange, Whearley) and one opposed (Manning).

(Document can be found in "Miscellaneous Documents" as MD #08-11.)

Intergovernmental Agreement. The motion to approve this document between the County and the Development Authority was made by Commissioner Wyatt, seconded by Chairman Lange, and passed three in favor (Wyatt, Lange, Whearley) and one opposed (Manning). (Document can be found in "Contracts & Agreements" as C&A #08-34.)

Industrial Development Agreement. The motion to approve this document was made by Commissioner Wyatt, seconded by Chairman Lange, and passed three in favor (Wyatt, Lange, Whearley) and one opposed (Manning). (Document can be found in "Contracts & Agreements" as C&A #08-35.)

3. **ADJOURNMENT.** The motion to adjourn was made by Commissioner Manning, seconded by Commissioner Whearley, and passed unanimously.

J. Harry Lange, Chairman

Attest:

Nancy D. McMichael, County Clerk