



## Public Information Division

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# Hirschfeld, City reach agreement

The City of San Angelo, the City of San Angelo Development Corp. and Martifer-Hirschfeld Energy Systems have reached an agreement to resolve their legal dispute that will result in the company maintaining its current workforce and earning a tax rebate if it creates more jobs and invests \$1 million in its steel bridge fabrication plant here.

Martifer-Hirschfeld also agreed to repay the City and COSADC \$1.4 million in economic incentives previously advanced to the company. Those incentives were paid as part of a contractual commitment to invest in and create jobs at a renewable energy plant in San Angelo. The City and the COSADC sought to recoup the incentives after Martifer Energia, the Portuguese energy company, suffered financial setbacks and Hirschfeld Industries converted the plant to production of steel bridge members.

“This is a fair resolution for all involved, including San Angelo’s taxpayers,” the San Angelo City Council and the COSADC board said in a joint statement. “The City is recovering a substantial sum that was funded through the half-cent sales tax for economic development. More importantly, this agreement ensures Hirschfeld’s continued presence, stability and growth in our community for years to come. The true winners of this agreement are the citizens who will benefit from the plant expansion and job creation at one of Hirschfeld’s three local facilities. Together, those plants provide jobs to approximately 370 San Angelo residents.”

Dennis Hirschfeld, CEO of Hirschfeld Industries, added, “We think this is a fair agreement for all involved. We appreciate the City and COSADC working with us. This agreement recognizes Hirschfeld’s economic impact locally, and further demonstrates Hirschfeld’s commitment to the San Angelo area.”

The terms of the agreement, which were jointly discussed by the City Council and the COSADC board in executive session today and approved by each body in an open meeting, are as follows:

- Martifer-Hirschfeld will pay the City and COSADC \$1.4 million upon execution of the agreement.
- Hirschfeld will maintain current employment of 47 employees at existing payroll levels at its San Angelo steel bridge fabrication plant for five years. If Hirschfeld

- fails to maintain 47 employees at existing payroll level in any year during the five-year term, Hirschfeld will repay \$6,000 per position lost.
- Hirschfeld may increase its workforce to 75 employees during the five-year period. If it does so, the company will earn property tax rebates for that given year of 75 percent in years one through three and 50 percent in years four and five. The rebate will be lost for any year during which 75 employees are not maintained.
  - The company will also make commercially reasonable efforts to build a railroad spur to its plant within 12 months, at an estimated cost of about \$1 million. If Hirschfeld does not complete the rail spur within 24 months, it loses all rights to property tax rebates.
  - These terms will be included in a new contract between the COSADC, which administers the City's half-cent sales tax for economic development, the City and Hirschfeld. The new agreement will terminate and supersede all prior contracts between the company and the City and COSADC.

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