

**SHERMAN ECONOMIC DEVELOPMENT CORPORATION
MINUTES OF THE BOARD OF DIRECTORS
ON AUGUST 9, 2022
AT 11:30 A.M.**

A meeting of the Sherman Economic Development Corporation Board of Directors was convened in the SEDCO Board Room, 307 W. Washington St, Ste 102, Sherman, Texas on August 9, 2022, at 11:30 a.m.

MEMBERS PRESENT: Mrs. Janie Bates, Ms. Gail Utter, Mr. Scott Bandemir, Mr. Jason Brumm, Dr. Al Hambrick

MEMBERS ABSENT: None

EX OFFICIO MEMBERS PRESENT: Mayor Plyler, Mr. Terrence Steele, Mr. Robby Hefton, Mr. Juston Dobbs

EX OFFICIO MEMBERS ABSENT: Mr. Tyson Bennett,

STAFF PRESENT: Mr. Kent Sharp, Ms. Brandy Washington, Mrs. Ashton Bellows, Mrs. Shannon Blake

STAFF ABSENT: None

GUESTS PRESENT: Mr. Jeff Moore, Mr. Michael Hutchins, Mr. David Jarvis, Mrs. Mary Lawrence

CALL TO ORDER, QUORUM DETERMINED, MEETING DECLARED OPEN, RECOGNITION OF GUESTS, INVOCATION

Mrs. Bates called the meeting to order at 11:32 a.m., declared a quorum present, meeting declared open, and recognized a guest to the meeting Mr. David Jarvis.

The invocation was given by Mr. Sharp.

PUBLIC COMMENTS

There were no public comments.

DISCUSS AND CONSIDER APPROVAL OF THE FOLLOWING MINUTES

Motion was made by Mr. Bandemir and seconded by Ms. Utter to approve the Regular Scheduled Meeting Minutes of July 12, 2022. Motion was approved unanimously.

DISCUSS AND CONSIDER APPROVAL OF THE FOLLOWING FINANCIAL REPORTS

Mr. Sharp presented the Balance Sheet, Budget Report, and Commitments for the month ending June 30, 2022 and reported the following:

- Cash – SEDCO Checking: \$ 4,634,504.03
- Accounts Payable: \$ 14,523.82
- Fund Balance: \$ 13,803,453.11
- Revenues Over/Under Expenses: \$ 1,481,041.43
- Total Liabilities, Equity and Current Surplus (Deficit): \$ 15,299,018.36
- Revenue Total: 88.16 %
- Expense Total: 27.62 %

Motion was made by Ms. Utter and seconded by Mr. Bandemir to approve the financial reports for the month ending June 30, 2022. Motion was approved unanimously.

Mrs. Lawrence presented the Investment Report for Quarter Ending June 30, 2022, and reported the portfolio book value and market value as approximately \$10.66 million. Of this amount, \$2.96 million was in held in a Local Government Investment Pool (LGIP), \$1.5 million was held in Certificates of Deposit (CD), and \$6.2 million was held in an FDIC insured investment account. Activity during the quarter included interest earned on the investments, a CD maturity of \$1.5 million and a CD deposit of 1.5 million. The weighted average yield was 0.61%, 111 basis points above the three-month Constant Maturity Treasury Index of 1.72%, and 43 basis points above the previous quarter. The weighted average maturity decreased from 8 days at March 31, 2022, to 17 days at June 30, 2022.

Ms. Utter asked the rate of TexPool and Landing Rock? Mrs. Lawrence replied Landing Rock is currently at 1.45% and on our checking account Simmons Bank is currently giving about a 1.64% rate. Mrs. Lawrence continued to inform that all funds can not be kept in checking because of diversification. Which is a current goal. Ms. Utter shared the ease of getting a 2% on a 3- or 6-month CD. Mr. Bandemir asked the limitations on CD's. Mrs. Lawrence responded CDs are weighted by the weighted

average of the portfolio typically around 2 years. Mr. Bandemir suggested taking a possible penalty for a 2-2.5% rate for a year.

Motion was made by Dr. Hambrick and seconded by Ms. Utter to approve the Investment Report for Quarter Ending June 30, 2022. Motion was approved unanimously.

Mrs. Lawrence presented naming Jana Walker as the TexPool Authorized Representative to manage the account in the departure of the previous representative Tammy Davis.

Motion was made by Dr. Hambrick and seconded by Mr. Brumm to approve Jana Walker as an authorized TexPool Representative. Motion was approved unanimously.

SALES TAX AND ECONOMIC BAROMETER REPORTS

Mr. Sharp reported the sales tax information not available at this time.

Mrs. Bellows presented the June 2022 Economic Barometer Report and reported the following:

- New residential building permits saw an approximate 47% decrease compared to July 2021, but the YTD was up almost 82%. Commercial and industrial permits were up approximately 29% from this time last year and up 48% on the YTD. The most notable of these was the La Michoacana [Micho-Acana] Meat Market valued at \$1.4 million and the construction of a bank (Bancorp?) on 600 N. Travis St. (old Braum’s location) for \$2 million. The TI FAB was listed on the permit report with no valuation. We are checking with the city on that figure.
- The city was up 409 customers from this time last year and 45 customers from last month.
- July’s sales tax saw an almost 12% increase from July 2021, and the YTD was up almost 10.5%.
- In June, Grayson County’s month’s supply of housing inventory was 2.7 months, up from 2 months in May.
- Sherman’s unemployment rate in June was 4.0%, up from 3.5% in May.

DISCUSSION OF THE PROPOSED FY 2022-2023 SEDCO BUDGET AND PROGRAM OF WORK

Mr. Sharp presented the proposed FY 2022-2023 SEDCO Budget. He reported on the following budget summary:

Proposed FY 22-23 Budget	ACCOUNT	ACTUAL	APPROVED	CURRENT	PROPOSED	VARIANCE	PROPOSED	FY21	VARIANCE TO
				ACTUAL (thru May 31st)	ACTUAL (thru fiscal year end)				
	850-9850-	FY 20-21	FY 21-22	FY 21-22	FY 21-22				
Revenues									
Sales Tax 4A - SEDCO	60204	\$ 4,854,800	\$ 4,600,000	\$ 4,420,222	\$ 5,304,222	\$ 804,222	\$ 5,304,222	\$ 804,222	
Interest Earned	66001	\$ 42,752	\$ 58,500	\$ 33,491	\$ 44,654	\$ (13,846)	\$ 75,000	\$ 16,500	
Miscellaneous Revenue	68010	\$ 695,810	\$ -	\$ -	\$ 851,700	\$ 851,700	\$ 954,818	\$ 954,818	
TOTAL REVENUES		\$ 5,593,422	\$ 4,558,500	\$ 4,453,713	\$ 6,200,576	\$ 1,642,076	\$ 6,334,040	\$ 1,775,540	
Expenses									
Personnel Expenses TOTAL	81000	\$ 385,952	\$ 460,738	\$ 350,712	\$ 516,408	\$ 55,670	\$ 578,800	\$ 118,062	
Supplies TOTAL	82000	\$ 6,355	\$ 13,800	\$ 25,293	\$ 23,688	\$ 9,888	\$ 13,500	\$ (300)	
Maintenance and Repairs TOTAL	83000	\$ 3,600	\$ 5,940	\$ 4,800	\$ 5,640	\$ (300)	\$ 8,580	\$ 2,640	
Utilities and Communications TOTAL	84000	\$ 12,527	\$ 13,037	\$ 10,343	\$ 12,286	\$ (751)	\$ 10,400	\$ (2,637)	
Contractual or Sundry Services TOTAL	85000	\$ 650,308	\$ 1,091,827	\$ 592,621	\$ 2,044,477	\$ 952,650	\$ 3,457,924	\$ 2,366,097	
Debt Service TOTAL	86000	\$ 655,027	\$ 602,892	\$ 452,169	\$ 904,339	\$ 301,446	\$ 566,056	\$ (36,836)	
Capital Expenses TOTAL	88000	\$ 2,175,171	\$ 7,000,000	\$ 1,113,238	\$ 1,183,238	\$ (5,816,762)	\$ 1,000,000	\$ (6,000,000)	
TOTAL EXPENSES		\$ 3,888,939	\$ 9,188,234	\$ 2,549,176	\$ 4,690,076	\$ (4,498,159)	\$ 5,635,260	\$ (3,552,974)	
NET INCOME (LOSS)		\$ 1,704,482	\$ (4,629,734)	\$ 1,904,537	\$ 1,510,500	\$ 6,140,235	\$ 698,780	Surplus or (Deficit) Amount	
CASH & INVESTMENTS ENDING BALANCE		\$ 13,855,745	\$ 9,226,011	\$ 15,760,282	\$ 15,366,246		\$ 14,554,525		

Motion was made by Mr. Bandemir and seconded by Ms. Utter to approve the FY 2022-2023 SEDCO Budget. Motion was approved unanimously.

DISCUSS AND CONSIDER APPROVAL OF THE PROPOSED FY 2022-2023 PROGRAM OF WORK

Mr. Sharp reported that the biggest change would be the target industries to the proposed FY 2022-2023 Program of Work.

Motion was made by Mr. Bandemir and seconded by Dr. Hambrick to approve the FY 2022-2023 Program of Work. Motion was approved unanimously.

Mr. Hefton reported the City of Sherman has engaged an engineering firm, Dawson, to oversee project management of the 200-300 million dollars in utility projects over the next 2-3 years. Mr. Hefton shared one of the biggest items currently being discussed is how big the pipe/pipes from the water plant need to be. Originally scoped a 36in pipeline but now thinking depending on cost a 42in line may be more beneficial.

EXECUTIVE SESSION

The Sherman Economic Development Corporation held an Executive Session pursuant to the provisions of the Open Meetings Law, Chapter 551, Government Code, Vernon’s Texas Code Annotated, in accordance with the authority contained in the following sections:

- 551.071 (Consultation with Attorney)
- 551.072 (Deliberations about Real Property)

1. Disposition and Acquisition
2. G-0329 DUNMAN SHEROD A-G0329, ACRES 3.11
- c. 551.074 (Personnel Matters)
- d. 551.087 (Business Prospect/Economic Development)
 1. Wrap, EZ, King, Titan 2.0, Wing, Boston, Shermanator, Mammoth

The open meeting recessed in executive session at 11:53 a.m.

RECONVENE OPEN MEETING AND CONSIDER APPROVAL OF THE ITEMS DISCUSSED IN EXECUTIVE SESSION

Mrs. Bates reconvened the open meeting at 12:15 p.m.

CONSIDER APPROVAL OF RESOLUTION NO. SEDCO-2022.11 (Titan 2.0)

Resolution No. SEDCO-2022.11: A resolution authorizing assistance for Tyson Fresh Meats, LLC (Company) to expand their existing operations within the City of Sherman, Texas, by replacing and upgrading eight (8) packaging lines. The Company made the determination that with SEDCO's incentive offer of three percent (3%) reimbursement of eligible capital expenditures of Thirty-Two Million and No/100 Dollars (\$32,000,000.00), Company will expand in the City of Sherman, Texas.

Motion to approve Resolution No. SEDCO-2022.11 was made by Ms. Utter and seconded by Mr. Brumm. Motion was approved unanimously.

CONSIDER APPROVAL OF RESOLUTION NO. SEDCO-2022.12 (King)

Resolution No. SEDCO-2022.12: A resolution authorizing a sale of land to Arctic Bracing, LLC (Company). The Company was selected as one of the winners of the 2022 Raising Innovative Sherman Entrepreneurs (RISE) Challenge and received \$100,000.00 of SEDCO RISE funding to assist with lease and construction costs, the purchase of new equipment and raw materials, and the addition of new jobs. Since the RISE Challenge, the Company has seen an increase in product demand and has partnered with another medical device distributor – Corflex Global. The Company has determined that with SEDCO's offer of 5.0 acres of industrial land in Progress Park III at a cost of \$65,340.00 per acre, the Company will construct a 15,000 square foot manufacturing and distribution facility.

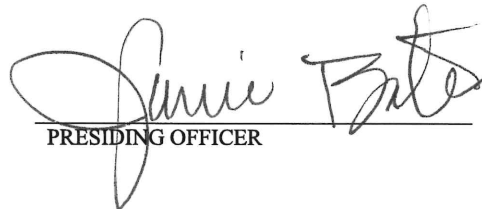
Motion to approve Resolution No. SEDCO-2022.12 was made by Mr. Bandemir and seconded by Dr. Hambrick. Motion was approved unanimously

ADJOURNMENT

The meeting was adjourned at 12:17 p.m.

CERTIFICATION OF PRESIDING OFFICER

I, Janie Bates, Presiding Officer, do certify that these minutes of the Regular Scheduled Board Meeting of the Sherman Economic Development Corporation of the City of Sherman, Texas are a true and correct record of the proceedings with Chapter 551, Govt. Code, V.T.C.S, Open Meetings Law.



PRESIDING OFFICER