

**SHERMAN ECONOMIC DEVELOPMENT CORPORATION
MINUTES OF THE BOARD OF DIRECTORS
ON JULY 8, 2014
AT 7:30 A.M.**

A meeting of the Sherman Economic Development Corporation Board of Directors was in the SEDCO Board Room at 307 W. Washington Street, Suite 102, Sherman, Texas, on July 8, 2014, at 7:30 a.m.

MEMBERS PRESENT: Mr. Chris Pendergrass, Mr. Brooks Hull, Mr. Willie Steele,
Mr. David Key

MEMBERS ABSENT: Mr. Dean Gilbert Jr.

EX OFFICIO MEMBERS PRESENT: Mayor Cary Wacker, Councilman David Plyler,
Councilman Jason Sofey, Mr. George Olson

EX OFFICIO MEMBERS ABSENT: Dr. Al Hambrick

STAFF PRESENT: Mr. Scott Connell, Mr. Frank Gadek, Mrs. Regina Troutz

STAFF ABSENT: None

GUESTS PRESENT: Mr. Robby Hefton, Mr. Brandon Shelby, Ms. Mary Lawrence,
Mr. Nate Strauch

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

Mr. Pendergrass, Chairman of the Sherman Economic Development Corporation, called the meeting to order at 7:32 a.m., declared a quorum present and opened the meeting.

CONSIDER THE APPROVAL OF MEETING MINUTES

Motion was made by Mr. Hull and seconded by Mr. Steele to approve the following meeting minutes:

Regular scheduled board meeting on May 13, 2014

Motion was approved unanimously.

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 Codes Annotated, in accordance with the authority contained in Section 551.087.

The open meeting recessed and reconvened in executive session at 7:34 a.m.

The executive session recessed and reconvened in open session at 8:43 a.m.

RECONVENE OPEN MEETING AND CONSIDER ITEM DISCUSSED IN EXECUTIVE SESSION

Mr. Pendergrass reconvened the open meeting at 8:43 a.m. and welcomed visitors.

CONSIDER FOR APPROVAL ECONOMIC INCENTIVE FOR 903 BREWERS

Mr. Scott Connell, SEDCO President, stated that SEDCO was approached by Jeremy and Natalie Roberts with 903 Brewers regarding growth plans for their local craft brewing company.

Mr. Connell outlined the performance agreement with 903 Brewers that provides an incentive payment of \$22,000, to be divided into three payments; with the following schedule: \$11,370.00 paid not earlier than August 1, 2014

when the company has provided documentation of their investment of \$201,000.00 in facility improvements and/or equipment; \$6,390.00 paid not earlier than December 1, 2014 when the company has provided documentation of an additional \$113,000.00 in facility improvements and/or equipment; and \$4,240.00 paid not earlier than April 1, 2015 when the company has provided documentation of their investment of \$75,000.00 in facility improvement and/or equipment. Total capital investment by 903 Brewers will be \$389,000.00.

Motion was made by Mr. Steele and seconded by Mr. Hull to approve the performance agreement with 903 Brewers for an incentive amount of \$22,000. Motion was approved 3-1.

FINANCIALS

Ms. Mary Lawrence presented the financials for April and May 2014. In April, the sales tax was up 10.5% over the prior year; without one-time effects it is about 4.1 %. The net fund balance was \$10.2 million with \$10 million in commitments. A \$44,000 incentive payment was made to West Asset Management.

In May, the sales tax was up approximately 7.6%. The net fund balance was \$9.5 million with \$9.9 million in commitments. Two incentive payments were made; \$200,000 to Direct Connect and \$734,400 to Panda Power Funds.

Ms. Lawrence presented the Investment Report for the quarter ending March 31, 2014. The portfolio remains at about \$6.7 million with about half in CD's and half in TexPool for liquidity for use in incentive payouts. There was a .169% yield, which is the same as the previous quarter.

Motion was made by Mr. Steele and seconded by Mr. Hull to approve the April and May 2014 financials and Investment Report as presented by Ms. Lawrence. Motion passed unanimously.

Mr. Frank Gadek, reviewed the June 2014 Economic Barometer Report. The EBR was noted that the Unemployment Rate was 5.0% for Grayson County. Sales tax was up 3.6% for the month from this time last year.

PRESIDENT'S REPORT (May & June 2014)

May 2014

Project Updates:

Panda – Panda has begun producing power for testing on to the ERCOT grid system. Construction is winding down on the operational buildings. The company intends to complete construction in the middle part of 2014.
Southeastern Freight Lines – Site work is largely complete and construction has begun on the building. The Southeastern project is expected to be complete in September.

West Business Solutions – The company submitted documentation in accordance with the Economic Development Performance Agreement detailing the hiring of 22 new jobs over their current base of 376. They received the single payment of \$44,000. West is one of the largest employers in Grayson County.

Emerson/Fisher Controls – The company hosted a groundbreaking for the facility expansion on Tuesday, May 13. The entire facility enjoyed a lunch and festivities. Construction is underway.

Direct Connect – The company has hired 100 staff members. The company submitted documentation in accordance with the Economic Development Performance Agreement and the first payment of \$200,000 was sent.

Site Visits – SEDCO hosted site visits for Project Rebound, Robot, TTech, Sotech, Patio, NSP, Bake. We had follow up meetings for Project TTech (conf call), and GUSA.

Proposals – SEDCO submitted proposals for Project Pompeii, Bake, Patio, NSP, and Sandhill. SEDCO also provided continued follow up to Projects Lights, GUSA, TTech, Sotech, Mola, Robot, Rebound and Cross.

Real Estate:

The installation of water lines along Flanary Road and across to Progress Drive continues. A majority of the section along the creekline (east-west) has been installed. Work continues south of Certainteed and east of Progress Rail.

The project by BNSF Railroad to install the concrete rail crossing on Howe Drive is still on hold. We will keep all parties informed as we know further details. SEDCO agreed in August to pay \$69,255 for the cost of the upgraded crossing.

SEDCO has been evaluating the proposal from Tacoma Energy. The company presented a contract for exploration on SEDCO property and legal counsel has reviewed. SEDCO staff is investigating the issue as it relates to the marketability of the properties with exploration lines onsite.

Marketing:

SEDCO contracted with EDBest to conduct a traffic count study for major streets in Sherman. The data is important particularly for retailers evaluating the community. It will complement the traffic studies that Texas Department of Transportation already conducts on key sites of state roads. We look forward to making the report available on our website and other formats.

SEDCO worked with local employers and our college presidents to develop five short testimonial videos for Sherman. Frank Gadek coordinated the effort with videographer Brian Aiken to film Chris Pendergrass with Presco, Mike Gerleman with Tyson, Mark Anderson with Emerson/Fisher, Dr. Marjorie Hass with Austin College and Dr. Jeremy McMillen with Grayson College. We are conducting final editing and will post on our website www.sedco.org.

SEDCO hired HCK2 marketing firm to develop new brand identity materials and assist with a marketing plan. The company will begin the process in June.

Other:

Scott Connell spoke to the Political Science class for Professor Don Rodgers at Austin College. The class conducts a site location simulation project. SEDCO is asked to present issues about Sherman and the process various companies take to choose an operating site.

June 2014

Project Updates:

Panda – SEDCO provided Panda the first incentive payment based on the Economic Development Performance Agreement. The company received a Certificate of Occupancy for the operations building. The City of Sherman still plans to provide a Certificate of Occupancy for the site complex once all construction is complete. The company has begun producing power for testing on to the ERCOT grid system. Construction is winding down on a variety of site projects. The company intends to complete construction in the middle part of 2014.

Southeastern Freight Lines – Construction has begun on the building structure. The Southeastern project is expected to be complete in September.

Site Visits – SEDCO hosted site visits for Projects Treat, Drain, Robot, TTech, and NSP. We had follow up meetings for Project Bottle, Moe, NSP, Lights, Robot, Bake and GUSA.

Proposals – SEDCO submitted proposals for Project Pompeii, Bake, Patio, NSP, and Sandhill. SEDCO also provided continued follow up data to Projects Lights, GUSA, TTech, Sotech, NSP, Robot, Rebound, Paint and Cross.

Real Estate:

The installation of water lines along Flanary Road and across to Progress Drive is almost complete. The line construction has reached Progress Drive and the Panda property line. Once it is complete, the City will provide SEDCO the easement alignment to include on our property maps.

The project by BNSF Railroad to install the concrete rail crossing on Howe Drive is still on hold. We will keep all parties informed as we know further details. SEDCO agreed in August to pay \$69,255 for the cost of the upgraded crossing.

Marketing:

SEDCO received the traffic count study conducted by EDBest. The study offers traffic numbers for ten specific locations on major streets in Sherman. The study provides data for traffic in each direction of the street. The data is important particularly for retailers evaluating the community. It will complement the traffic studies that Texas Department of Transportation already conducts on key sites of state roads. The report can be found at www.sedco.org in the Transportation & Traffic Counts section.

The testimonial videos conducted with local business and community leaders are complete. SEDCO worked with local employers and our college presidents to develop five short testimonial videos for Sherman. Frank Gadek coordinated the effort with videographer Brian Aiken to film Chris Pendergrass with Presco, Mike Gerleman with Tyson, Mark Anderson with Emerson/Fisher, Dr. Marjorie Hass with Austin College and Dr. Jeremy McMillen with Grayson College. We are posted on our website www.sedco.org in the Videos Section – SEDCO videos.

SEDCO began working with new marketing firm HCK2. The first phase of work is a Brand/Website Audit and Competitive Cities Audit that are currently underway. The first reports will be available in July and a new marketing plan will be developed by late summer.

Other:

Scott Connell attended the Dallas-Fort Worth Marketing Team meeting in June. Herb Weitzman with the Weitzman Group and Cencor Realty Advisors spoke about retail development trends.

Scott Connell and Frank Gadek attended the E3 Summit at Southeastern Oklahoma State University.

Scott Connell attended the Texas Economic Development Council Mid-Year Conference in San Antonio.

SEDCO staff attended the check presentation from Texas Workforce Commission for the Panda Power Funds job training funds.


Scott Connell attended the IDEA center Leadership in Energy & Environmental Design Certification celebration luncheon. He also attended the Texas Health Presbyterian – WNJ 100 year reception. Mr. Connell also volunteered at the Great Days of Service public workers luncheon.

ADJOURNMENT

No other business came before the SEDCO Board. The meeting adjourned at 8:53 a.m.

CERTIFICATION OF CHAIRMAN AND SECRETARY

I, Chris Pendergrass, Board Chairman, and I, Willie Steele, Board Secretary, do certify that these minutes of the Executive Session 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.



SEDCO CHAIRMAN

ATTEST:



SEDCO SECRETARY