

**SHERMAN ECONOMIC DEVELOPMENT CORPORATION
MINUTES OF THE ANNUAL JOINT MEETING
OF THE BOARD OF DIRECTORS
AND THE SHERMAN CITY COUNCIL
SEPTEMBER 16, 2014
CITY COUNCIL CHAMBERS
12:00 PM**

A meeting of the Sherman Economic Development Corporation Board of Directors was convened in the City of Sherman, City Council Chambers at 220 W. Mulberry, Sherman, Texas, on September 16, 2014, at 12:00 p.m.

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

MEMBERS ABSENT: None

EX-OFFICIO MEMBERS PRESENT: Mayor Cary Wacker, Mr. George Olson, Mr. Jason Sofey

EX-OFFICIO MEMBERS ABSENT: Dr. Al Hambrick, Mr. David Plyler

CITY COUNCIL MEMBERS PRESENT: Mayor Cary Wacker, Deputy Mayor Robert G. Softly, Council
Member Ryan Johnson, Council Member Jason Sofey, Council
Member Lawrence Davis, Council Member Tom Watt

CITY COUNCIL MEMBERS ABSENT: Council Member David Plyler

STAFF PRESENT: Mr. Scott Connell, Mr. Frank Gadek, Mrs. Stacey Jones

STAFF ABSENT: None

CITY STAFF AND GUESTS PRESENT: Mr. George Olson, Mr. Robbie Hefton, Mr. Brandon Shelby, Ms.
Linda Ashby, Mr. Don Keene, Mr. Clay Barnett, Ms. Mary
Lawrence, Ms. Pam Cloer

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

Mayor Wacker called the meeting to order at 12:02 p.m., declared a quorum present and opened the City Council Meeting. Mr. Pendergrass, Chairman of the Sherman Economic Development Corporation, called the meeting to order at 12:03 p.m., declared a quorum present and opened the SEDCO meeting.

PRESIDENT'S PRESENTATION OF THE 2014-2015 SEDCO WORK PROGRAM

Scott Connell, Sherman Economic Development Corporation President presented a packet that included the proposed 2014-2015 Work Program, highlights from last year's work program, the proposed budget, a list of infrastructure projects, and a map of Progress Park.

He explained that as SEDCO continues each year; their overall mission does not change. Their goal is to attract industry and jobs to the marketplace. How they do that each year is refined based on their experiences, opportunities in the marketplace, and issues they need to deal with. Mr. Connell said there are not a lot of changes in the new proposed program.

Mr. Connell introduced Stacey Jones, new Economic Development Coordinator with SEDCO. Ms. Jones will handle some of the outreach with the local industries.

Mr. Connell outlined SEDCO's seven goals to promote capital investment and jobs. He said Sherman is blessed with a great diversity

in industry and SEDCO works to retain and expand the existing primary employers. They also work to recruit targeted national and international primary employers and target DFW Metroplex allies to help attract business investment. Retail sales taxes are an important component of income for Sherman and SEDCO continues to establish the community as a retail market center.

He added that SEDCO owns real estate and they need to manage that property while attracting commercial real estate investments. They have also included projects to upgrade the infrastructure to enhance Sherman's quality of place. SEDCO works to raise the profile of Sherman in local, state, national, and international markets. This allows them to compete for investment and projects that might even be considering an international location.

Mr. Connell said Goal A, to retain and expand existing primary employers is a key component of what SEDCO does. He said Ms. Jones will be leading the business retention program in the future. SEDCO has completed several expansion projects for companies over the last few years and a primary goal is to find ways to help local industries reinvest in the community. They also work to tailor incentives to fit the needs and issues of the specific industries. Small projects get a small incentive and big projects get a big incentive. He added that almost every industrial company in this market has expanded in Sherman in the last five years, as opposed to somewhere else in their system.

Since so many industries have expanded, a key issue this year will be to reduce SEDCO's target capital investment to \$25 million. The previous target capital investment was at \$40 million, however they felt today, \$25 million was more reasonable for the future. Fifty jobs of median wage and the retention of jobs are still included in the target. He clarified that "retention of jobs" is what a company claims they will hold or maintain in their contract, if they are adding new jobs. He felt it was important to get the industry to commit to retaining the jobs. Sherman has not seen much of a reduction in employees with the expansions.

Mr. Connell said for Goal B, SEDCO has made a few changes in the target numbers to recruit targeted national and international primary employees. A lot of marketing is done to attract industry and a key issue is to interface with location consultants that are hired by companies to find locations. This is the face-to-face conversations more than advertising. SEDCO also works through state groups such as Texas One and Team Texas, as well as Consultant Connect.

SEDCO has worked on a site redesign and the current annual report is an example of the high quality report that is being produced by the new marketing firm. The website will be revamped in the next year and will offer additional information for companies and "give a great face" to the community.

Council Member Watt said industry is SEDCO's main focus, but he asked if they maintained any contacts in the entertainment or amusement industry. Sherman no longer has a bowling alley and he asked if there was any discussion about that.

Mr. Connell said he saw that as part of SEDCO's retail strategy. They have not been pro-active about retail. They are reactive all the time and will assist with data such as traffic counts or information. They will continue to invest in market studies and data that these retail developments would use. The Board has not instructed them to move forward on a pro-active basis but a lot of communities do. SEDCO has worked with developers, who design new properties and provide marketing to find the actual retailers.

He added that many Texas communities do go after the retail sector as a core part of their economic development. It can be time consuming, and SEDCO must be sure they stay with their core mission, but they have also spent some time discussing incentives and how they would be used to attract retail development. They are currently working with some retailers. He felt entertainment would fall under the retail category and said they need to make sure they continue to grow. He added that leisure and hospitality are more than 10% of the workforce in Grayson County.

Mr. Connell said Goal C targets the DFW Metroplex allies to attract business investments. Sherman is a part of the metro area but is also very different. They work with the Dallas marketing team and a lot of brokerage activity comes through firms in the Dallas area.

SEDCO will be hosting an economic development conference on October 8, 2014 at Austin College. The keynote speaker will be Paul O'Donnell, Editor in Chief of the Dallas Business Journal. This will give Sherman an opportunity to tell their story to a broader audience.

Mayor Wacker added that Panda Energy was recognized by the Dallas Business Journal as the green business deal of the year for North Texas last year. Mr. Connell said the Dallas Business Journal has reported on Panda Energy several times.

Mr. Connell said Goal D concerns the retail market center and the goal is to build those bridges of data. They continue to work with the Dallas developers who also show interest in investing in locations such as Sherman.

Goal E concerns managing SEDCO's real estate and attracting private developments. SEDCO has invested in a new website to manage the property and help market it. The website, www.shermansites.com includes SEDCO property, as well as other commercial real estate in the market. They need a variety of different product capabilities, size, cost, office, industrial, and retail. How can SEDCO help grow to attract a variety of different businesses? He said that economic development is the real estate business.

Mr. Connell said SEDCO owns 600 acres of property in Progress Park. SEDCO takes a developer approach to Progress Park. If a road needs to be repaired or a water line needs to be extended, they want to be sure the product being created supports the companies that are already there and creates a better environment to attract the next company. SEDCO makes a large investment annually in infrastructure and partnered with the City to fund these projects.

Mr. Connell said Goal F follows this with an investment in projects that enhances Sherman's quality of place. He said SEDCO has a great relationship with City staff and have partnered with them on several infrastructure projects.

According to Mr. Connell, the corridors into and out of a community are keys to driving investment and U.S. Hwy 75, S.H. 289, and U.S. Hwy 82 are a major network of roadways and Sherman needs to capitalize on them.

SEDCO has also had requests and opportunities to help entrepreneurs over the past year, such as 903 Brewers. Some of the opportunities have been tied to the downtown area. The Board has not addressed any specific policies, but they are glad to be a resource. He said they may not be funding the projects, but they can help with some items and have added an action step to partner with local agencies to support entrepreneurs and new businesses.

Mr. Connell said Goal G is a relationship goal to raise Sherman's profile in local, state, national, and international markets and to work with their partners. SEDCO is currently looking at using the Youth Center for a business purpose, and are talking with their local partners as to how it needs to work.

SEDCO is ultimately a marketing group and that is found in every goal. Over the next year there will be significant upgrades in the marketing aspects of SEDCO. He added that local citizens need to know what is happening as well as other bigger outlets, because you never know where the next lead will come from.

CONSIDER FOR APPROVAL THE SEDCO WORK PROGRAM FOR FY 2014-2015

Mr. Hull said he is a big advocate of the business visitation program to help retain and expand local businesses. He would like to include City staff, as well as SEDCO Board Members, in those visits. He felt it would even be beneficial to include a City Council Member in the visits, to show the importance of the partnership. He felt it was important to show the community this partnership too.

He also said that on every goal, except the last one, it says an economic impact analysis should be prepared. Mr. Hull suggested that these analyses not only be prepared, but presented in a forum. When appropriate, he suggested presenting it to the community to help them understand what SEDCO actually does.

Motion was made by SEDCO Vice-Chairman Brooks Hull to approve the SEDCO Work Program for FY 2014-2015, as presented and was seconded by Mr. Dean Gilbert, Jr. Motion passed unanimously.

Mayor Wacker asked if Council Members had any questions about SEDCO's proposed work program.

Council Member Jason Sofey made a motion to approve the SEDCO Work Program for FY 2014-2015, as presented and was seconded by Council Member Tom Watt. Motion passed unanimously.

PRESIDENT'S PRESENTATION OF THE 2014-2015 SEDCO BUDGET

Mr. Connell introduced SEDCO's proposed budget for FY 2014-2015 with six years of "back history" to see how the budget has changed over the years. The beginning fund balance is estimated at \$9.1 million or an increase of about 11%. Sales tax revenue is a conservative 2.24% above the current year. Last year there was "other revenue" that was used in planning because there was a site under contract.

Health insurance is the key issue with expenses, and the costs have increased. We are investigating options to lower the cost of the health insurance.

Mr. Connell said in the past, SEDCO has provided training for staff members, however this year they have included some Board Members. He also said the training was available to Council Members too if they were interested.

In the budget, most of the expenses have remained about the same. One key issue it to make sure they are maintaining their computer equipment. Most equipment was purchased at the same time and things are beginning to fail. He said they are trying to make sure they stay ahead of updates.

Mr. Connell said he views things as local versus external and some items may move from one line item to another. There is an increase in retention/expansion because some items, including training, may have rolled over into another line item to better reflect where the money is spent. Money was also moved from the capital line item to a land and infrastructure line item.

Mr. Connell said there are many incentive payments scheduled for the upcoming year, including Panda Energy, Texas Instruments, Tyson, and Emerson. He said these were "success issues" and would constitute a large payout this year for the already approved contracts.

Overall, the proposed budget is close to last year's budget, but Mr. Connell said the key issue is the large number of incentive payouts, which increases from about \$4.8 million in incentive and capital to about \$5 million. The total operating and incentive budget together is approximately \$5.896 million, with an expected ending fund balance of \$6.4 million. The total operating expenses are at \$813,000 or about 4% above last year.

CONSIDER FOR APPROVAL THE SEDCO BUDGET FOR FY 2014-2015

Mayor Wacker asked if Council Members had any questions about SEDCO's proposed budget.

Council Member Lawrence Davis made a motion to approve the SEDCO Budget for FY 2014-2015, as presented and was seconded by Council Member Jason Sofey. Motion passed unanimously.

OTHER BUSINESS

BUS TOUR OF PROGRESS PARK

The City Council and SEDCO Members left for a bus tour of Progress Park at 12:42 p.m.

Mr. Connell explained that partnerships are needed to accomplish the various infrastructure projects. The Progress Park Development includes 3,300 acres. By using SEDCO funding they are able to address problems quickly that might be outside the City's budget.

The tour included Progress Park I, which includes FedEx and Southeastern Freight. Progress Park II is outside the Blaylock District and not zoned industrial.


The City Council and SEDCO Members returned from a bus tour of Progress Park at 1:15 p.m.

ADJOURNMENT

No other business came before the City Council or SEDCO Board. The meeting adjourned at 1:15 p.m.

CERTIFICATION OF VICE-CHAIRMAN AND SECRETARY

I, Brookes Hull, Board Vice-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 VICE CHAIRMAN

ATTEST:

A handwritten signature in black ink, appearing to be 'M. A. H.', written over a horizontal line.

SEDCO SECRETARY