

**SHERMAN ECONOMIC DEVELOPMENT CORPORATION
MINUTES OF THE ANNUAL JOINT MEETING
OF THE BOARD OF DIRECTORS
AND THE SHERMAN CITY COUNCIL
SEPTEMBER 10, 2019
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 10, 2019, at 12:00 p.m.

MEMBERS PRESENT: Chairman Brad Douglass, Vice Chairman Tom Shields, Board Secretary Janie Bates, Board Members Scott Bandemir, Gail Utter

MEMBERS ABSENT: None

EX-OFFICIO MEMBERS PRESENT: Mayor David Plyler, Deputy Mayor Shawn Teamann, Council Member Willie Steele, City Manager Mr. Robby Hefton

EX-OFFICIO MEMBERS ABSENT: SISD Superintendent Dr. David Hicks

CITY COUNCIL MEMBERS PRESENT: Mayor David Plyler, Deputy Mayor Shawn Teamann, Council Members Pam Howeth, Sandra Melton, Willie Steele, Josh Stevenson

CITY COUNCIL MEMBERS ABSENT: Council Member Daron Holland

SEDCO STAFF PRESENT: President Kent Sharp, Executive Vice President Mrs. Stacey Jones, Director of Research & Marketing Ms. Ashton Ghaemi, Administrative Assistant Mrs. Dondra Kendall

SEDCO STAFF ABSENT: None

CITY STAFF AND GUESTS PRESENT: Robby Hefton, City Manager; Steve Ayers, Assistant City Manager; Terrence Steele, Assistant City Manager; Brandon Shelby, City Attorney; Clint Philpott, Director of Engineering; Scott Shadden, Director of Development Services; Mary Lawrence, Director of Finance; Tammy Davis, Controller; Nate Strauch, Community & Support Services Manager; Junior Jaimes, Computer Support Technician; Pam Cloer, Assistant to the City Manager; Linda Ashby, City Clerk; Michael Hutchins, Herald Democrat Reporter; Dave Potter, KTEN News Photojournalist; Shereen Hashem, KTEN News Reporter

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

Mayor Plyler called the meeting to order at 12:07 p.m., declared a quorum present, and opened the City Council Meeting. Brad Douglass, Sherman Economic Development Corporation Chairman, called the SEDCO Meeting to order.

INVOCATION BY COUNCIL MEMBER SANDRA MELTON

Council Member Sandra Melton gave the invocation.

SEDCO'S PRESENTATION OF THE 2018-2019 PROGRAM OF WORK RESULTS

Kent Sharp, SEDCO President, introduced their staff, Stacey Jones, Executive Vice President; Ashton Ghaemi, Director of Research and Marketing; and Dondra Kendall, Administrative Assistant. In presenting the results from the 2018-2019 Work Program, he outlined their goals to promote capital investment and jobs in Sherman.

The first goal is to retain and expand existing primary employers. This year SEDCO completed performance agreements with GlobiTech, J.P. Hart Lumber, and Presco. These projects represented \$28 million in capital investment, 73 new jobs, 190

retained jobs, and SEDCO incentives were \$1.6 million.

New performance agreements with existing industries were approved with Tyson Foods, Inc. and Modular Power Solutions. These two companies are investing \$40 million and have retained 1,853 jobs, for \$2 million in SEDCO incentives.

During the last year, SEDCO had 38 business retention and expansion visits, held five Plant Manager's Forums, held five Safety Leaders Forums, held 10 Manufacturing-HR Focus Group meetings, and held a Finisar Health Fair. As a newer employee, Mr. Sharp said he was really impressed with SEDCO's efforts to keep the existing industries engaged.

SEDCO has also revamped the website, ShermanTXJobs.com, a place where people can go and see what jobs are available at Sherman industries. They also produced three existing industry marketing videos for 903 Brewers, Mueller Construction Company, and Christmas Designers.

The second goal is to recruit targeted primary employers and allies. SEDCO entered new performance agreements with Emerson and Vanessa, and Eternity Technologies. These two companies expect to invest \$8.6 million, with 101 new jobs. SEDCO incentives will be \$465,000, when completed.

Mr. Sharp said in total this year, SEDCO has worked 36 projects with an estimated \$2.2 billion in capital expenditures, and approximately 10,181 new jobs; have hosted nine site visits; and attended several expos and forums, including the Industrial Asset Management Conference Spring and Fall Professional Forums and Team Texas Chicago Road Show.

SEDCO's third goal is to support workforce development and employment programs. They have instigated two "grow your own labor" programs with the Advanced Manufacturing Program and the Industrial Maintenance Technician Program. Currently there are 92 students, sophomores through seniors, enrolled in the AMP, and 13 enrolled in the IMT program.

Some participants in the IMT program are adult employees that an industry would like to see "upskilled" for their company. Twenty AMP students received their first year certificates and there were four graduates in the IMT program. SEDCO has also sponsored 10 teachers, counselors and administrators in the Business Education for Teachers program.

Council Member Melton asked if SEDCO was hearing from prospects that Sherman has a lack of workforce. Mr. Sharp said they ask every town that question. Sherman does have a low unemployment rate, below 4%. But they are pro-actively addressing that issue by engaging partners in Workforce Solutions, the colleges, the high school, through the AMP program, and through the IMT program, to educate and encourage a future workforce.

Council Member Steele asked how many of the AMP participants are actually placed in industry jobs. Ms. Jones said there are 13 students scheduled to graduate this year, but they have not had any graduates yet. The participants start as sophomores and continue through their senior year. They will be tracked to determine the success of the program. She added that one student participant in the AMP program actually worked at Finisar this summer on an internship.

SEDCO also participated in the Sherman Independent School District Partners Fair, two career fairs, and a student workforce development video.

Two companies from Sherman also received the "Small Business of the Year" award (Presco), and the "Large Business of the Year" award (Eaton), from the Texas Workforce Commission.

The fourth goal is to manage, market, and expand SEDCO real estate to attract commercial real estate investments. Mr. Sharp said an additional 57 acres was purchased in Progress Park, they worked with the City to get a new 12" sewer line installed for the FedEx expansion, are working with the City to get Progress Drive extended to Flanary Road, and are working to have some conceptual track layouts completed by a private engineering firm.

They have also updated the ShermanSites.com website and updated the available sites video to help with marketing available properties. These are offered as a free service to all local realtors for commercial listings. Mr. Sharp said the aerial maps are updated every couple of years.

The fifth goal is to raise the profile of SEDCO and Sherman in local, regional, state, national, and international markets. He listed activities that helped promote SEDCO and said they received the Texas Economic Development Council's 2018 Economic Excellence Recognition.

SEDCO'S PRESENTATION OF THE 2019-2020 PROGRAM OF WORK

Mr. Sharp presented the Work Program for 2019-2020. The goals are the same but there are some new actions to reach the

goals. Additional improvements are planned for Progress Park and they continue to explore options about constructing a building on some of SEDCO's existing property.

They also plan to increase participation in both the AMP and IMT programs. He discussed the development of an entrepreneurship program competition, which would inject cash flow into the startup of a young company. Mr. Sharp hoped to engage more community partners and get them involved with SEDCO supported programs.

CITY COUNCIL TO DISCUSS AND CONSIDER APPROVAL OF THE SEDCO 2019-2020 PROGRAM OF WORK

Council Member Stevenson asked about the workforce development program, adding that it takes a long time to build a workforce. He asked if SEDCO was increasing the funding for this workforce development, and what were the barriers in keeping the workforce from growing organically.

Janie Bates, SEDCO Board Secretary, said when there are a lot of jobs, people don't feel they need the training. What SEDCO is trying to do is get the high school students and start with training, so when they graduate they will have a chance at a better job. The employers that are participating in the training are very willing to hire them. All participants are guaranteed an interview, not a job, but an interview. Companies are offering scholarships and other opportunities for these students to get a degree and continue up the career ladder.

She said the workforce is increasing every month, but their job is to educate the Sherman youth and their parents. One of the biggest barriers now, is that all parents think their child should have a four year degree. What they are trying to show is that a child doesn't have to have a four year degree to make a good living. Also, if a parent doesn't have money for college, this is a great opportunity for the student to get a free education. Mrs. Bates said Sherman and Denison Youth Development has agreed to pay tuition for kids at their schools, and there is a private foundation grant to help kids in Pottsboro and Whitesboro.

Council Member Stevenson asked what the City Council can do to help facilitate the program. Mrs. Bates said they can "talk it up" to the parents and kids. They can be a mouthpiece for the program. Mr. Sharp emphasized that the kids in the AMP program are getting \$5,000 worth of training when they go through all three years of the program.

Council Member Howeth asked if they attended college night activities at local high schools and if the salaries are low in Sherman. Mrs. Bates said they did attend college nights. She added that salaries in Sherman have increased over the last couple of years.

Council Member Stevenson asked where the budget showed the money that was being invested in the workforce. Robby Hefton, City Manager, said SEDCO's part in this is through the industrial side, working with the SISD and Grayson College, and through the AMP program, to prepare the potential workforce that is already here. They can't do commercial or retail development.

In the last few years the City has tried to focus on development, especially residential development, that would enlarge the workforce. Growing the amenities to encourage workers to live in Sherman will also increase the workforce.

Mrs. Bates said the lack of workforce is a problem throughout Texas. However, Sherman has a more skilled workforce than most areas. There is a loyalty in Sherman, people have roots here and want to stay here. But, when the economy is good people don't want to be trained, when the economy is bad, they want to be trained. She felt it was important to educate local kids about what jobs are in Sherman.

Mr. Sharp said Sherman has lost companies from the perception that there is a lack of workforce. Economic development is not just about job creation, it's about good job creation and planning for jobs. Council Member Stevenson said that speaks to what type of housing and amenities Sherman needs to have to entice workers to remain here or move here. Council Member Howeth said kids want something to do, they want amenities.

Mr. Sharp said they are also using social media to target certain areas to entice people to move to Sherman for jobs. Council Member Steele said SEDCO pays for jobs created, and asked if they could pay more if the employee lives in Sherman. Maybe pay a bonus for living and working in Sherman. Mr. Sharp said an incentive could be included, but he said this is the age of a "mobile workforce." He said the driving influence for employees with families is the school district.

Mayor Plyler asked for a vote on SEDCO's Work Program for 2019-2020. Motion to approve SEDCO's 2019-2020 Program

of Work was made by Council Member Howeth and seconded by Council Member Stevenson. Motion was approved unanimously.

SEDCO BOARD TO DISCUSS AND CONSIDER APPROVAL OF THE SEDCO 2019-2020 PROGRAM OF WORK

Chairman Douglass asked for a vote on SEDCO's 2019-2020 Program of Work. Motion to approve SEDCO's 2019-2020 Program of Work was made by Board Secretary Bates and seconded by Board Member Utter. Motion was approved unanimously.

SEDCO'S PRESENTATION OF THE FY 2019-2020 BUDGET

Mr. Sharp presented a summary of SEDCO's Budget for 2019-2020. He said he changed the format so it will look different than it has in the past. The budget includes \$4.2 million in proposed revenues for next year and they estimated a "flat" sales tax. They are also proposing expenses of \$5.57 million, which results in a deficit budget of \$1,349,746. The fund balance, at this time next year, is expected to be approximately \$10,397,481.

Mr. Sharp said in working with City staff, there were questions about the budget and SEDCO got "more in line" with the City on accounts. Tammy Davis, Controller, met with SEDCO staff to better explain what was included in various line items, resulting in a realignment of some of these line items.

CITY COUNCIL TO DISCUSS AND CONSIDER APPROVAL OF THE SEDCO 2019-2020 BUDGET

Deputy Mayor Teamann asked Mr. Sharp to explain why the capital expense approved versus the capital expense actual is so different. He verified that some items were removed from the capital expense budget line item. It was \$3.5 million off of what was approved versus what was actual.

Mr. Sharp said \$2.6 million of that was land and new investments, which was moved, and the variance between that and general improvements caused a majority of that amount. They actually only spent \$462,000 for land, this year. They budgeted \$1,645,000 in general improvements and spent \$290,000. He said those were the two biggest variances.

Mayor Plyler asked for a vote on SEDCO's Budget for 2019-2020. Motion to approve SEDCO's 2019-2020 Budget was made by Council Member Stevenson and seconded by Council Member Howeth. Motion was approved unanimously.

SEDCO BOARD TO DISCUSS AND CONSIDER APPROVAL OF THE SEDCO 2019-2020 BUDGET

Chairman Douglass asked for a vote on the SEDCO 2019-2020 Budget. Motion to approve the SEDCO 2019-2020 Budget was made by Board Member Bandemir and seconded by Board Member Utter. Motion was approved unanimously.

Mr. Sharp said it appears that he hasn't proposed a budget for land or new investment, but because that number can be really high or really low, he doesn't include a line item or "zeros it out." When there is an opportunity to purchase land or build a building, it goes to the Board for approval. It is not included in the budget to start with.

OTHER BUSINESS

There was no other business to come before the City Council or SEDCO.

ADJOURNMENT

There being no further business to come before the City Council or SEDCO, motion was duly made and approved to adjourn the Joint Meeting at 1:00 p.m.

CERTIFICATION OF PRESIDING OFFICER

I, Brad Douglass, Presiding Officer, do certify that these minutes of the Annual Joint 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