

**SHERMAN ECONOMIC DEVELOPMENT CORPORATION  
MINUTES OF THE BOARD OF DIRECTORS  
ON APRIL 14, 2020  
AT 11:30 A.M.**

Pursuant to Section 551.127 of the Texas Government Code, and in conjunction with the guidance and provisions provided by the Governor of Texas in the declaration of disaster and subsequent executive orders altering certain Open Meeting Act requirements and ordering that gatherings of more than ten (10) people shall be avoided, the Sherman Economic Development Corporation conducted a regular scheduled meeting at 11:30 a.m. on Tuesday, April 14, 2020 by telephone conference in order to advance the public health goal of limiting face-to-face meetings (also called "social distancing") and to slow the spread of the "Coronavirus Disease 2019" ("COVID-19").

MEMBERS PRESENT: Mrs. Janie Bates, Mr. Scott Bandemir, Ms. Gail Utter, Mr. Daniel Worrell

MEMBERS ABSENT: Mr. Jason Brumm

EX OFFICIO MEMBERS PRESENT: Mr. Robby Hefton, Mr. Willie Steele, Dr. David Hicks

EX OFFICIO MEMBERS ABSENT: Mayor David Plyler, Mr. Shawn Teamann

STAFF PRESENT: Mr. Kent Sharp, Ms. Ashton Ghaemi

STAFF ABSENT: Mrs. Dondra Kendall

GUESTS PRESENT: Mr. Terrence Steele, Mr. Jeff Moore, Mr. Walt Zwirko

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

Mrs. Bates called the meeting to order at 11:30 a.m., declared a quorum present, meeting declared open. The invocation was given by Mr. Sharp.

**PUBLIC COMMENTS**

There were no public comments.

**CONSIDER APPROVAL OF THE FOLLOWING MINUTES**

Motion was made by Mr. Worrell and seconded by Mr. Bandemir to approve the Regular Scheduled Board Meeting minutes of March 17, 2020. Motion was approved unanimously.

**CONSIDER APPROVAL OF THE FOLLOWING FINANCIAL REPORTS**

Mr. Sharp presented the Balance Sheet, Budget Report, and Commitments for month ending February 29, 2020 and reported the following:

- Total Assets: \$12,586,110.09
- Accounts Payable: \$28,357.62
- Fund Balance: \$11,429,155.22
- Revenues Over/Under Expenses: \$1,128,597.25
- Revenue is at 46.82% used but should be at 42%.
- Expense total is at \$848,242.64 which is 15.19% of the total budget.

Mr. Sharp said the lack of expenses are due to incentives that have not been paid. Some of those may not be paid out this year.

Mr. Sharp reported the Commitments paid are just under half a million so far this year for infrastructure costs and the first incentive payment to Modular Power Solutions (MPS). SEDCO has been presented with the final incentive payment request from MPS for \$255,000 plus \$20,000 for the Buy Local Grant for a total of \$275,000. We have received all the documentation, and after we validate, we will probably issue the check this month.

Motion was made by Mr. Worrell and seconded by Mr. Bandemir to approve the financial reports for the month ending February 29, 2020. Motion was approved unanimously.

### **SALES TAX AND ECONOMIC BAROMETER REPORTS**

Mr. Sharp presented the Historical Sales Tax Report and noted the numbers are the same as reported last month. SEDCO had yet to receive the April numbers. Mr. Sharp said it may look a little frightening over the next few months and hopefully the economy will recover, and we will even back out toward the end of the fiscal year.

Mr. Hefton stated the April numbers are at approx. 6% and right in line with the cumulative YTD, but the city does not know what May and June will look like. He said May's funds will reflect March's activity, and March's activity was not a full month with retailers and restaurants either closed or with limited activity. The city expects May will be down some number, and June will be down bigger than May, but whether that is 2% or 32% they are not sure. Mr. Hefton said the city has had a good first seven months of the year which will serve as a springboard to offset the down time.

Mr. Sharp added that Economic Development professionals around the state have been asking what everyone has been doing with their modeling, and it makes a difference where you are located.

Ms. Ghaemi presented the March 2020 Economic Barometer Report and reported the following:

- New residential permits decreased -14.29% from this time last year but the YTD is up 51.67%.
- City Building Permits Value shows a significant increase at over 187% from March 2019. \$4.2 million of the reported \$5 million is for an addition at Red River ER.
- The Permits Value March YTD is down just over 71%. The highest value permit so far has been \$500,000 for the remodel and construction addition at the Lone Star on the east side of 75/82.
  - In comparison, March 2019 YTD included:
  - \$2.1 million – First Baptist Church Legacy Children's building
  - \$13 million – First United Bank
  - \$1.8 million – 75/1417 Lone Star
- Utility customers are up 43 customers from the last report and 382 customers from this time last year.
- Grayson County's months supply of housing inventory dropped from 4.1 months in February 2019 to 3.7 months this past February.
- Sales tax is up 13.10% in comparison to March 2019 and up 8.05% on the YTD.
- Unemployment is 3.3% as of February.

Mr. Hefton asked Mrs. Bates what the most recent numbers are from unemployment. Mrs. Bates said she does not have the recent unemployment numbers but does have the number of people who have filed since March. She described how the calls are starting to dwindle a little bit, but up until today it was climbing every day, and she reported that in Grayson County, since March 1<sup>st</sup>, they have had 3,872 applications for unemployment. Mrs. Bates said the phone calls three weeks ago were 4,000 in a week for Workforce Solutions Texoma, then 3,200, and this last week was 2,400. She added that her team was running scenarios and were thinking between 7-8% unemployment and possibly double digits but maybe not this month.

### **DISCUSSION OF COVID-19 ISSUES AFFECTING THE SHERMAN BUSINESS COMMUNITY, ESPECIALLY THOSE TYPE A ECONOMIC DEVELOPMENT ELIGIBLE ENTITIES**

Mr. Sharp described some of SEDCO efforts and his hope to have a discussion and receive feedback from the SEDCO Board. He said SEDCO has been working with a group that includes Brett Graham, who has been posting informational YouTube videos; Tony Kaai and William Meyers of Denison Development Alliance, the Small Business Development Center, Mrs. Bates with Workforce Solutions Texoma, and Brad Douglass. The group has chosen to focus on the federal assistance programs including the PPP, the Economic Disaster Loan, and the other \$10,000 loan. Mr. Sharp said the group is advocating and be proactive in getting the information out to eligible small businesses under 500 employees and encouraging them to apply for these loans. The group put together a full-page ad for the paper, and it ran last weekend. The ad issued a plea from SEDCO, DDA, and the Sherman and Denison Chambers of Commerce to businesses to go and apply for these loans.

Mr. Willie Steele stated that there has been a lot of information and misinformation, and the facts have been slow to trickle down to the banks. He said their bank has received over 120 applications and most have been approved, and they are scheduling to fund the first loans today. There are still questions about the bank reimbursement. Mr. Sharp said he has heard some comments about banks being reluctant, because if the loans go bad, who is blamed? Mr. Willie Steele replied that their bank has included additional verbiage in the loan agreements to protect the bank, and they have been servicing their own customers first.

Mrs. Bates commented that with this blanket of information, it is important that everyone understands that not all the loans will be forgiven. She said we want to make sure that whatever SEDCO puts out that people are aware they will have to satisfy the criteria and or it will not be forgiven.

Mr. Steele added that his bank has not advertised the loans, because they are concerned about non-customer backgrounds. He said there will be a lot of fraud.

Mr. Bandemir said his bank has processed over 3,500 applications with over \$500 million in funding, and they are concerned with the payback. He explained how his bank has a maturity date of June 30<sup>th</sup>, which is the date the government is supposed to reimburse the customers for their PPP loans if they adhere to the program, which is monitored by the bank and the reason why banks only want to loan to their customers. He said he does not expect a lot of fraud locally, because the banks are working with their customers; however, the bigger banks will see more fraud.

Mr. Sharp said SEDCO will back off on the language about the “forgiveness” part and will modify anything else that SEDCO sends out. Mrs. Bates suggested SEDCO connect with Dr. Stidham from the Small Business Association (SBA) to obtain literature that can be linked on SEDCO’s website to define the obligations upon accepting the money. Mr. Sharp stated that he has scheduled a call with Dr. Stidham, and that she is also part of the group. He said Dr. Stidham thinks the SBA will have access to the information about how many loans were processed but when that information will be available is unknown.

Mr. Sharp asked Mr. Bandemir if the 3,500 applications he mentioned were local or system wide. Mr. Bandemir replied they are system wide, and their local number is probably a couple hundred. Mr. Sharp asked if the majority were PPP loans, and Mr. Bandemir replied every one of them. Mr. Sharp asked if the EDIL is open yet. Mr. Bandemir said he thinks it is open, but it is a direct program through the SBA. He also described the challenges his bank has experienced processing of the loans due to lack of information.

Mr. Steele said his bank has had to front money for some businesses to make payroll in hopes they can pay it back when their loan is funded. He added that his bank has just seen the actual SBA loan note today, and they have added language to protect the bank more than what the SBA notes.

Mr. Sharp said the group is trying to find a way to measure the participation of the businesses applying for the loan programs and the success of those that do receive the loans. He added that the TWC website reports about 1,600-1,700 businesses under 500 employees, and he hopes the SBA can help provide more data.

Mr. Sharp said statutorily SEDCO has do what the law says, and that means SEDCO cannot help retail or non-Type A businesses. He added that cities are setting up programs for local businesses and one of the discussion points for Sherman was to buy interest down on loans prior to the federal money approvals. He described how Sherman has only had a couple Type A business that were concerned due to losing most of their contracts. He said one company had a group health insurance payment due and considered not making it based on if the business would close, but both businesses were able to come through because it was not as bad as they anticipated. He said he contacted all the companies SEDCO works with, and they are reporting strong employment levels and strict protocols they have put in place for employees and visitors.

**UPDATE FROM PRESIDENT KENT SHARP REGARDING THE TEXAS ECONOMIC DEVELOPMENT COUNCIL (TEDC) DISCUSSION AND ACTION FROM A STATE-WIDE PERSPECTIVE REGARDING COVID-19**

Mr. Sharp reported that some towns had an existing 501c foundation where individuals or private businesses could make contributions, and those foundations have made loans to smaller retail businesses. He said these towns are now reporting that they were overrun with requests, and it is questionable if the money will be paid back.

Mr. Sharp announced that there is a statewide call/webinar tomorrow, and he is serving as a panelist. He said the webinar will include EDCs around the state discussing what they have been doing.

Mr. Moore discussed how Type A organizations are limited to the primary employer, targeted infrastructure, or promotional activity, and all of these require performance agreements which requires a capital investment made by the business and jobs created or retained. He added that he does not expect the Governor to waive the requirements under the act.

Mr. Sharp said on a call with state level SBA representatives and other EDCs from around the state, the question was raised if EDCs would work with banks to mitigate some of the risks for Type A eligible entities to participate

in the loans. He said he thinks the best thing for SEDCO is to stay open to ideas and work in partnership with other institutions when we can.

Mr. Sharp asked the Board to contact SEDCO with any questions, comments, ideas, or suggestions.

Mr. Terrence Steele reminded the Board to spread the word about the Census and said it has been extended to October 2020.

**ADJOURNMENT**

Motion was made by Ms. Utter and seconded by Mr. Bandemir to adjourn the meeting. Motion was approved unanimously. The meeting was adjourned at 12:12 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.

  
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PRESIDING OFFICER