

**SHERMAN ECONOMIC DEVELOPMENT CORPORATION  
MINUTES OF THE BOARD OF DIRECTORS  
ON MAY 12, 2020  
AT 11:30 A.M.**

A meeting of the Sherman Economic Development Corporation Board of Directors was convened in the Council Chambers of City Hall, 220 West Mulberry Street, Sherman, Texas on May 12, 2020 at 11:30 a.m.

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

MEMBERS ABSENT: None

EX OFFICIO MEMBERS PRESENT: Mr. Willie Steele, Mayor David Plyler, Mr. Shawn Teamann

EX OFFICIO MEMBERS ABSENT: Mr. Robby Hefton, Dr. David Hicks

STAFF PRESENT: Mr. Kent Sharp, Ms. Dondra Kendall

STAFF ABSENT: Ms. Ashton Ghaemi

GUESTS PRESENT: Mr. Terrence Steele, Mr. Jeff Moore, Mrs. Mary Lawrence, Mr. Michael Hutchins

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

Mrs. Bates called the meeting to order at 11:31 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. Bandemir and seconded by Mr. Worrell to approve the Regular Scheduled Board Meeting minutes of April 14, 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 March 31, 2020 and reported the following:

- Total Assets: \$12,681,100.34
- Accounts Payable: \$4,723.65
- Fund Balance: \$11,429,155.22
- Revenues Over/Under Expenses: \$1,247,221.47
- Revenue is at 54.43% used but should be at 50% for the 6 months.
- Expense total is at \$1,050,882.32 which is 18.82% of the total budget.

Mr. Sharp said the biggest portion is due to incentives that have not been paid. Some of those may not be paid out this year or at all.

Mr. Sharp reported the Commitments paid are over half a million so far this year for infrastructure costs and the first incentive payment to Modular Power Solutions (MPS). SEDCO has received the final incentive payment request from MPS for \$255,000 plus about \$3,200 for the Buy Local Grant. The staff has validated the documentation, and after a walkthrough is completed, SEDCO will issue the check.

Eaton does not show on the report, because they performance agreement has not been signed and finalized.

Motion was made by Ms. Utter and seconded by Mr. Bandemir to approve the financial reports for the month ending March 31, 2020. Motion was approved unanimously.

Mrs. Lawrence presented the Investment Report for quarter ending March 31, 2020 and reported the following:

- The portfolio book value and market value was approximately \$9.4 million. Of this amount, \$2.9 million was held in a Local Government Investment Pool (LGIP), \$3.1 million was held in the Certificates of Deposit (CD) and \$3.4 million was held in an FDIC insured investment account. During the quarter there were no investment maturities or purchases.
- The weighted average yield on the portfolio was 1.64%, 153 basis points above the three-month Constant Maturity Treasury Index of 0.11%, and 23 basis points below the previous quarter.
- The weighted average maturity of the portfolio decreased from 103 days at December 31, 2019 to 73 days at March 31, 2020.

Motion was made by Ms. Utter and seconded by Mr. Brumm to approve the Investment Report for the quarter ending March 31, 2020. Motion was approved unanimously.

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

Mr. Sharp presented the Historical Sales Tax Report and noted the numbers for May could have been a loss of double digits if not for a great first half of March. Mrs. Lawrence stated that the City could expect a 15-22% loss.

Mr. Sharp presented the April 2020 Economic Barometer Report and noted the original numbers in the report were in error and the correct numbers were in the packet. Mr. Sharp reported the following:

- Total City Building Permits are down approx. 19% from this time last year, but the YTD is up 3.91%. The new multi-family permit was for the Cypress Lofts Apartments which will feature 65 units with 80 total bedrooms.
- Total City Building Permits Value saw a 93% decrease from April 2019. Some of the larger permits that make up that \$18M in April 2019 included \$2.5M for the remodel of 3 cleanrooms at Finisar, \$2.5M for the construction of the athletic field house, and \$9.5M for the construction at Modular Power Solutions.
- Total Permits Value YTD is down just over 81%. The highest value permit so far has been \$4.2 million for an addition at Red River ER.
- Utility customers are up 38 customers from the last report and 395 customers from this time last year.
- Sales tax is up 6.27% from April 2019 and up 7.66% on the YTD.
- Grayson County's months supply of housing inventory dropped from 4.1 months in March 2019 to 3.9 months this past March.
- Sherman's unemployment for March was 4.4%. February was 3.3%.

Mrs. Bates stated the newest unemployment numbers are not yet in. Ms. Utter clarified whether March or April numbers were due. Per Mrs. Bates, March numbers should be in today, and normally new claims for a month are 15 but were up to 600 per month. Mrs. Bates also stated that calls are now down about 2,000. Ms. Utter asked if some of these could be furloughed employees. Mrs. Bates stated yes because they can also file unemployment. Mrs. Bates goes on to explain that if you qualify for \$1 of state money then you automatically qualify for the federal \$600 which ends July 31, 2020. This puts many in excess amount of what they make working.

### **EXECUTIVE SESSION**

The Sherman Economic Development Corporation will hold 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:

- a. 551.071 (Consultation with Attorney)
  1. Five-0
  2. Flanary Road
- b. 551.072 (Deliberations about Real Property)
  - c. Five-0
  - d. Flanary Road
- c. 551.087 (Business Prospect/Economic Development)
  1. Five-0
  2. Flanary Road
  3. Zep, Blue Phoenix, Brady Bunch, Clara, Enterprise, Free Flow, Ice Water, LIV-LAP, Radio, Ringmaster, Sundance, Leaf, Pink

The open meeting recessed in executive session at 11:41 a.m.

**RECONVENE OPEN MEETING AND CONSIDER ITEMS DISCUSSED IN EXECUTIVE SESSION**

Mrs. Bates reconvened the open meeting at 12:25 p.m.

**DISCUSSION OF THE PROPOSED FY 2020-2021 SEDCO BUDGET**

Ms. Utter asked who will get the sales tax with the online ordering. Mr. Moore explained that currently the destination of the order receives the tax dollars. Mr. Sharp added that some areas like Round Rock have made deals with suppliers to change how the dollars are received, point of sales vs. destination. Ms. Utter asked Mr. Moore when the issue of sales tax designation will be resolved, and Mr. Moore's response was that initially it was set to confirm in the next few months but that COVID may have pushed that back.

Mr. Sharp explained that the proposed \$4 million in the budget may be affected by COVID. The projected \$4.1 in revenue from sales tax may change as well as the \$2 million in expenses. He said this is the first draft, and the staff are looking for input and suggestions from the Board.

Mr. Sharp noted in the past the September joint meeting was when the Council approved the SEDCO budget; however, it needs to be done 30 days prior to the fiscal year in October. The staff would prefer the Board pass in June and then send to the Council for review.

Mr. Terrence Steele stated that in general it is always passed in August by the Board and Council at the joint meeting and only last year was it in September. Mr. Sharp commented that best practice is that the Board pass the budget first. Ms. Utter agreed. Mrs. Bates stated that if we start now, it is not the first time you see it. Ms. Utter stated it is what the Board wants to do. Mr. Sharp noted that we can approve the budget in June and then send to the Council for input.

Mr. Willie Steele stated that the City of Sherman is pushing back their budget timeline to get good sales tax numbers for April through June.

Mrs. Bates noted that we just need to get ours ready and then make changes if needed.

**DISCUSSION OF THE ENTREPRENEURIAL CHALLENGE GRANT PROGRAM**

Mr. Sharp noted that the grant recognizes a need and rewards entrepreneurs. He described how the program would start by setting aside budget dollars of approx. \$500,000. Businesses must meet eligibility requirements such as being in business for more than one year, in need of capital investment for equipment, not be pure start-ups. He compared the program to "Shark Tank" and said the application would be submitted to a team of judges from the community who would allocate the dollars to several companies based on criteria the Board sets.

Ms. Utter said this would show that the Board appreciates the spirit of entrepreneurship and their efforts. She said it is a great idea. All Board members agreed that Mr. Sharp should bring a detailed proposal for the grant.

**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 12:40 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