

**SHERMAN ECONOMIC DEVELOPMENT CORPORATION
MINUTES OF THE ANNUAL JOINT MEETING
OF THE BOARD OF DIRECTORS
AND THE SHERMAN CITY COUNCIL
SEPTEMBER 9, 2013
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 9, 2013, at 12:00 p.m.

MEMBERS PRESENT: Mr. Dean Gilbert, Jr., Mr. Chris Pendergrass, Mr. Mike Barnes,
Mr. Juston Dobbs, Mr. Todd Thompson

MEMBERS ABSENT: None

EX-OFFICIO MEMBERS PRESENT: Mayor Cary Wacker, Dr. Al Hambrick, Mr. George Olson

EX-OFFICIO MEMBERS ABSENT: None

CITY COUNCIL MEMBERS PRESENT: Mayor Cary Wacker, Deputy Mayor Pam Howeth, Council Member
Ryan Johnson, Council Member Jason Sofey, Council Member
Robert Softly, Council Member David Plyler

CITY COUNCIL MEMBERS ABSENT: Council Member Joe Smith

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

STAFF ABSENT: None

CITY STAFF AND GUESTS PRESENT: Mr. Robby Hefton, Mr. John Hunter Smith, Linda Ashby,

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

Mayor Wacker called the meeting to order at 12:00 p.m., declared a quorum present and opened the City Council Meeting. Mr. Gilbert, Jr., Chairman of the Sherman Economic Development Corporation, called the meeting to order at 12:01 p.m., declared a quorum present and opened the SEDCO meeting.

PRESIDENT'S PRESENTATION OF THE 2013-2014 SEDCO WORK PROGRAM

Mayor Wacker introduced Scott Connell, SEDCO President, who presented a recap of the 2012-2013 Work Program. Mr. Connell presented Council Members with a packet of information about SEDCO.

Mr. Connell recognized the SEDCO staff, Sherman's citizens, the City Council, City staff, local businesses, and the SEDCO Board, saying that it is truly a partnership.

He presented key success points, reminding Council that there is still three weeks left in the fiscal year. Year-to-date the total capital investment is \$346,710,000, including a large project with Texas Instruments. They have also secured 371 new jobs and 2,045 retained jobs. There have been eight local projects and six new companies. SEDCO has initiated a new retail incentive program, which can be used in the future. There is also a site under contract in Progress Park. Based on their numbers, Mr. Connell said SEDCO has had a one-year return of 81% and a ten-year return of 79%.

He outlined the results on SEDCO's goals for FY 2012-2013. There were eight projects for \$330,585,000 under the goal

to retain and expand existing employers. The projects resulted in 177 new jobs and 2,045 retained jobs.

Presco Polymers had two projects that split the investment and new jobs on a new Engineered Films Division. The investment part was completed during the second quarter with \$485,000 in investment for new production equipment. The jobs part will add 14 new jobs in a third shift during the fourth quarter.

There were two projects at the North Texas Regional Airport, which is marketed by both SEDCO and the Denison Development Alliance. The first project was with US Aviation Group for an aircraft maintenance facility with \$150,000 capital investment and 30 new jobs.

Texas Instruments had two projects. The first was for a \$300,000,000 investment for warehouse equipment and the second was a modernization project for an \$18,000,000 investment for new production equipment. Mr. Connell said it is a great testament to the employees and the market, for TI to decide to invest this amount of money in an existing facility when they are located in so many other communities.

Consolidated Container added a new production line, a facility expansion, and new parking lots for their trucks. Their new investment was \$1.1 million for six new jobs and to retain 70 jobs. Tyson Fresh Meats added new production equipment at an \$11,000,000 investment for 75 new jobs. Tyson is now the largest employer in Grayson County.

West Business Solutions is one of the largest employers in Sherman with 326 employees currently on staff. They handle call center work as a third party for many different companies. They are adding 22 jobs and were looking to add in a new division. Mr. Connell said he and Tony Kaai, President of the Denison Development Alliance, will be promoting Sherman and Denison at an upcoming conference for "back offices" because it is a great opportunity for growth. He felt this would be a long-term strategy for the area in the future.

SEDCO also worked with Eco Green Recycling in Southmayd, which added 65 jobs. The company cleans and shreds plastic bottles for the recycled plastic process. Texas Turbines is located at the North Texas Regional Airport and provides engine conversions for small aircraft. The company moved from another North Texas location. The project added 27 new jobs.

Mr. Connell said 903 Brewers was SEDCO's first start-up project. They looked at ways to encourage development in companies whose owners have already made an initial investment. The result was a promotional agreement to help them get going. The company invested \$125,000 and added two jobs.

Southeastern Freight Lines has a 13.77 acre site under contract in Progress Park, just to the north of FedEx Ground. They will be investing \$4,000,000 in a new truck terminal facility and will add 25 new jobs. Texas is a large logistics area and might be a good target area for SEDCO in the future.

Modular Power Solutions makes power skids for data centers and they are investing \$400,000 in a new manufacturing facility and will add 43 jobs. They will be locating to an existing building in Midway Industrial Park and should be up and running in late October or early November 2013. The company is moving their headquarters to Dallas because of the opportunity in the Texas market.

SEDCO undertook its first retail incentive project with Brookshire Grocery Company, which will be located at F.M. 1417 and Washington Street. The new grocery store will have an \$8,000,000 investment and will add 80 jobs. SEDCO's goal is not to participate with every retail project, but there may be a middle ground where they might be effective. The City has the tax increment financing program for the large projects. This project focused on the reimbursement for water and sewer.

Mr. Connell also outlined several programs that SEDCO had for existing industry during this past year, as well as marketing programs. The new advertising campaign is "Sherman Works." A good tool that they instigated is the online site, shermanheadlight.com, which gives a lot of data and demographic information about Sherman and Grayson County. The shermansites.com website makes it easy to find available buildings, sites, and real estate in the community. These tools help extend the information and help SEDCO present Sherman to the world. This year, Mr. Connell said they have submitted 72 proposals in the last eleven months.

SEDCO has a Master Plan process underway with the engineers to look at where they have invested and where they

should expect to build the new water lines and roads. They are also rebranding everything in Progress Park to add existing industries to the Progress Park infrastructure.

Infrastructure projects included an agreement for the U.S. Hwy 75 ramp at F.M. 1417, partnering with the City for a study for a wastewater effluent re-use system, funding for utilities at S.H. 289 and U.S. Hwy 82, and continued support of the GIS development.

Mr. Connell addressed the work program for FY 2013-2014, adding that there are not a lot of big changes. He said that they will continue to focus on industries that are big water users, but will not specifically focus on water. A lot of activity is from the Dallas market so they will focus on that.

The first goal is to expand local industries through three projects at an investment of \$50,000,000 with 50 new jobs and 200 retained jobs. Incentive agreements will be specifically tailored for each project. Other goals include attracting primary employers with four projects, \$40,000,000 investment and 100 new jobs; develop DFW Metroplex allies to seek project referrals; increase retail market center with three projects, \$5,000,000 investment and 40 jobs; manage SEDCO real estate by selling 40 acres in Progress Park; enhance projects by creating an environment that attracts companies; and elevate Sherman's profile by enhancing positive awareness.

CONSIDER FOR APPROVED THE SEDCO WORK PROGRAM FOR FY 2013-2014

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

Council Member Sofey addressed the Southeastern Freight Lines project and asked if they were going to relocate or expand. Mr. Connell said they are currently co-located with Central Freight. They wanted to "test the market" but it is time for them to move to a larger facility. They will be increasing their activity and will be building a new facility and adding jobs.

Council Member David Plyler made a motion to approve the SEDCO Work Program for FY 2013-2014, as presented and was seconded by Council Member Ryan Johnson. Motion passed unanimously.

PRESIDENT'S PRESENTATION OF THE 2013-2014 SEDCO BUDGET

Mr. Connell introduced SEDCO's proposed budget for FY 2013-2014. In an operating sense, there is not a great deal of change. The sales tax revenue is estimated at \$3,093,615. Other revenue will be from the sale of the site in Progress Park and is estimated at \$378,450.

SEDCO also hired a full-time administrative staff person. They originally hired a temporary person which was budgeted in a contract services account. The operating budget is basically a response to reality. There is an increase in office supplies for next year because of better results than anticipated this year. Additional money is designated for marketing and several items have been moved to another line item. From an operating standpoint, the overall budget has increased about 3.14%

Mr. Connell said in the incentive payouts, SEDCO has included the first two major incentive payouts for Panda Energy, which is a multi-million dollar incentive. Therefore the incentive payout number has "really ballooned" for this year. There is a possibility that the payouts might be this year so it needed to be included in the budget.

He added that the debt service includes the programs for new utility lines in the U.S. 82/S.H.289 area.

CONSIDER FOR APPROVED THE SEDCO BUDGET FOR FY 2013-2014

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

Robby Hefton, Assistant City Manager, said the City does try to tie sales tax revenue estimates to SEDCO's estimates to be consistent. The debt service is debt that is issued through the Greater Texoma Utility Authority that the City pays and SEDCO reimburses the City. The City acts as a "pass through" entity.

Council Member Johnson asked what is included in the land maintenance line item. Mr. Connell said that includes mowing mostly, but also water and electricity. He added that SEDCO covers the frontage on F.M. 1417, including several signs and the edge of the highway.

Mayor Wacker said SEDCO's proposed budget is similar to last year's budget, but with slightly different focus issues.

CONSIDER FOR APPROVED THE SEDCO BUDGET FOR FY 2013-2014

Deputy Mayor Howeth made a motion to approve the SEDCO Budget for FY 2013-2014, as presented and was seconded by Council Member Softly. Motion passed unanimously.

Mr. Connell thanked the City Council for their support. Mayor Wacker said the Council appreciated SEDCO's hard work to advance the City and the School District. She was excited to celebrate their success from last year.

ADJOURNMENT

No other business came before the City Council or SEDCO Board. The meeting adjourned at 12:49 p.m.

CERTIFICATION OF CHAIRMAN AND SECRETARY

I, Dean Gilbert Jr., Board Chairman, and I, Chris Pendergrass, Board Vice-Chairman, 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 VICE-CHAIRMAN