

STATE OF TEXAS

§

September 18, 2008

COUNTY OF GRAYSON

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BE IT REMEMBERED THAT A Joint Meeting of the Sherman City Council and the Sherman Economic Development Corporation was begun and held in the City Council Chambers on September 18, 2008.

COUNCIL MEMBERS PRESENT: Mayor Bill Magers; Deputy Mayor Cary Wacker.
Council Members Adami, Smith.

COUNCIL MEMBERS ABSENT: Council Members Howeth, Softly, Steele.

SEDCO MEMBERS PRESENT: Kelly Bickerstaff, Joseph R. Fallon, Jr., Gregory Kirkpatrick,
Andrew Olmstead.

SEDCO MEMBERS ABSENT: Rad Richardson.

CITY STAFF PRESENT: George Olson, City Manager; Robbie Hefton, Assistant City
Manager/CFO; Doreen McGookey, City Attorney; Jeff Miller,
Director of Public Works; Rita Gaither, Development
Coordinator; Mary Lawrence, Controller; Pam Cloer, Assistant
to the City Manager; Linda Ashby, City Clerk.

SEDCO STAFF PRESENT: John Boswell, President; Frank Gadek, Vice President;
Darlene Brown, Administrative Assistant.

PURPOSE: Call to Order, Quorum Determined, Meeting Declared Open,
Recognition of Guests and Visitors

SEDCO WORK PROGRAM 2008-2009

President's Presentation of the 2008-2009 Work Program

SEDCO WORK PROGRAM 2008-2009

**City Council to Discuss and Consider Approval of the SEDCO Work
Program 2008-2009**

SEDCO BUDGET 2008-2009

President's Presentation of the SEDCO Budget 2008-2009

SEDCO BUDGET 2008-2009

**City Council to Discuss and Consider Approval of the 2008-2009
SEDCO Budget**

Other Business

Adjournment

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

Mayor Magers called the meeting to order at 12:15 p.m., declared a quorum present, and opened the City Council Meeting. Joe Fallon, Jr., Chairman of the Sherman Economic Development Corporation, declared a quorum present, and opened the SEDCO Meeting.

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SEDCO WORK PROGRAM 2008-2009

PRESIDENT'S PRESENTATION OF THE 2008-2009 WORK PROGRAM

John Boswell, Sherman Economic Development Corporation President, thanked George Olson, City Manager; Robby Hefton, Assistant City Manager/CFO; and Mary Lawrence, Controller; for their work with the SEDCO Board this past year.

On August 11, 2008, the SEDCO Board approved their 2008-2009 Work Program which includes four goals. The goals include retaining and expanding existing primary employers, recruiting primary employers, facilitating government agency support for primary employers, and coordinating real estate, infrastructure, and workforce development to support primary employers.

The marketing plan is directed to the target audience. They focus on food processing, high tech, metal fabrication, and plastics. SEDCO works with State officials and utility companies, and they have a plan to work with Grayson County and the City of Denison for a regional marketing plan. SEDCO also works with the school districts and colleges in the area. SEDCO has a plan to work with Workforce Texoma to fund a billboard to retain existing employees that are driving outside the area.

SEDCO has also developed a marketing campaign where they can respond to requests immediately through the Internet. They can provide customized packages within a matter of minutes. This puts Sherman a step ahead of the competition.

SEDCO WORK PROGRAM 2008-2009

CITY COUNCIL TO DISCUSS AND CONSIDER APPROVAL OF THE SEDCO WORK PROGRAM 2008-2009

Council Member Adami asked how SEDCO came up with the industries that they have chosen to target. Mr. Boswell said they talked with industries already located in Sherman to find out what was available and what Sherman could support. SEDCO is not actively seeking call centers or low tech jobs.

Deputy Mayor Wacker verified that SEDCO Members reviewed the list of target industries annually. She asked if they had considered green industries or innovators that have sustainability products. Sherman is a good area for that type of industry because of the clean air resource.

Mr. Boswell said they are working with Rita Gaither, Development Coordinator, as the Comprehensive Master Plan is developed to identify any emerging industry that should be considered. Sherman doesn't have the skill set yet for those types of jobs.

Mayor Magers understood that SEDCO's incentives are limited to primary employers, but there are opportunities that don't fit SEDCO criteria to receive incentives, but they are important to Sherman. He used an example of a wi-fi company that comes into a City and sets up a franchise, but they need 50,000 households to make it work. The City staff isn't equipped to go after these opportunities but they don't meet SEDCO criteria either. Is it a Chamber of Commerce responsibility? Who needs to work these opportunities for Sherman? He felt there was a gap in this area for Sherman and there would be other opportunities that won't be primary employers but will mean money to Sherman.

Mr. Fallon did not feel that SEDCO would be in the lead with these types of opportunities, however the job falls to everyone. It does need someone to spearhead the effort. Mr. Boswell said SEDCO works with the Chamber of Commerce on a regular basis to encourage retail development, but they are not the lead organization on the job.

COUNCIL MINUTES -- SEPTEMBER 18, 2008

Mr. Olmstead reiterated that SEDCO works with more than primary employers. Council Member Adami felt there should be a general plan to approach this type of opportunity and determine where these people will be sent. Mayor Magers said there is a difference between recruiting and incentives.

Mayor Magers said there maybe an opportunity for additional water to become available for purchase from Lake Texoma. He felt that would be a key component for manufacturing and he asked if there was any way SEDCO might be able to participate in the purchase of the water. Mr. Boswell said the interpretation would be "tight" but they could look into the possibility. Mr. Olmstead added that water is a primary attraction to Sherman.

Council Member Adami asked that SEDCO help look for industries that use water, instead of actually funding the purchase. Mr. Boswell said they could focus their target areas for water users if they need too. High tech and food processing industries are generally high water users.

Mayor Magers wanted SEDCO and the City Council to look for opportunities to work together and to have good communication between the entities without breaking the law. Mr. Olmstead agreed that SEDCO is an extension of the City Council and expressed concern about the numerous requests to fund highway construction. Many of these requests are coming from the State. He asked for clarification from the Council on these requests.

Mayor Magers said the Council did not want SEDCO in the road business either, however there may be some instances where the Council feels it is important and might be asked to consider a project.

ACTION TAKEN.

Motion by Council Member Smith to approve the SEDCO Work Program for FY 2008-2009, as presented. Second by Council Member Adami.

VOTING AYE: Magers, Adami, Smith, Wacker.

VOTING NAY: None.

MOTION CARRIED.

SEDCO BUDGET 2008-2009

PRESIDENT'S PRESENTATION OF THE SEDCO BUDGET 2008-2009

Mr. Boswell presented SEDCO's proposed Budget for FY 2008-2009. Mayor Magers said revenue was down \$500,000 and he asked if that was caused by the economy and a reduction in sales tax. Mr. Boswell said the overall revenue is projected to be down 4% from what was budgeted last year. The budgeted amount is still \$3.3 million.

The Budget shows a 1.83% increase in expenses, with the largest amount in the marketing and attraction line item and includes some of the programs discussed earlier. The net income after the scheduled incentive payouts is at negative \$2.1 million. This amount uses some of the reserves, but all are payable based on reserves SEDCO has and the revenue expected. Mayor Magers confirmed that SEDCO would probably have flat revenues for the year. Mr. Hefton said the Budget includes the payback to Texas Instruments which is over 16 years and is interest free.

SEDCO BUDGET 2008-2009

CITY COUNCIL TO DISCUSS AND CONSIDER APPROVAL OF THE 2008-2009 SEDCO BUDGET

Mayor Magers asked about the \$2.5 million increase for incentive payouts. Mr. Boswell said Tyson is \$1 million of that amount. MD Helicopters is also included for \$1 million, but that incentive won't be paid if they don't come to the North Texas Regional Airport at Perrin Field. Tyson has met the terms of this contract, but it won't be paid until the time frame is reached. Total incentive payouts are budgeted at \$4.7 million.

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ACTION TAKEN.

Motion by Deputy Mayor Wacker to approve the SEDCO Budget for FY 2008-2009, as presented. Second by Council Member Adami.

VOTING AYE: Magers, Adami, Smith, Wacker.

VOTING NAY: None.

MOTION CARRIED.

OTHER BUSINESS

There was no other business to be discussed.

ADJOURNMENT

There being no further business to come before the City Council or the Sherman Economic Development Corporation, motion was duly made and approved to adjourn the Joint Meeting at 12:48 p.m.

MAYOR

ATTEST

CITY CLERK