

STATE OF TEXAS

§

September 14, 2021

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 14, 2021.

COUNCIL MEMBERS PRESENT: Mayor David Plyler; Deputy Mayor Daron Holland.
Council Members Howeth, Melton, Steele, Teamann.

COUNCIL MEMBERS ABSENT: Council Member Stevenson.

SEDCO MEMBERS PRESENT: Janie Bates, Chairman; Gail Utter, Vice-Chairman; Scott Bandemir, Secretary; Daniel Worrell; Jason Brumm; David Plyler (Ex-Officio); Shawn Teamann (Ex-Officio); Jeff Moore, Attorney.

SEDCO MEMBERS ABSENT: Robby Hefton (Ex-Officio); Dr. David Hicks (Ex-Officio).

CITY STAFF PRESENT: Terrence Steele, Assistant City Manager; Clint Philpott, Assistant City Manager; Rob Rae, Director of Development Services; Mary Lawrence, Director of Finance; Wayne Lee, Director of Engineering; Tammy Davis, Controller; Tom Pruitt, Utility Engineer; Jim Cross, Water Systems Manager; Moises Duran, Emergency Management Coordinator; Linda Ashby, City Clerk.

CITY ATTORNEY: Ryan Pittman, Abernathy, Roeder, Boyd, Hullett

SEDCO STAFF PRESENT: Kent Sharp, President; Ashton Bellows, Chief Administrative Officer; Shannon Blake, Economic Development Specialist; Brandy Washington, Assistant.

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

Pledge of Allegiance and Invocation by Council Member Pam Howeth

CITIZEN'S COMMENTS

SEDCO WORK PROGRAM 2020-2021

SEDCO's Presentation of the 2020-2021 Work Program Results

SEDCO WORK PROGRAM 2021-2022

SEDCO's Presentation of the 2021-2022 Work Program

SEDCO WORK PROGRAM 2021-2022

City Council to Discuss and Consider Approval of the SEDCO Work Program 2021-2022

SEDCO BUDGET 2021-2022

SEDCO's Presentation of the SEDCO Budget 2021-2022

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SEDCO BUDGET 2021-2022

**City Council to Discuss and Consider Approval of the 2021-2022
SEDCO Budget**

MEDIA QUESTIONS

COUNCIL COMMENTS

EXECUTIVE SESSION

**IN ACCORDANCE WITH CHAPTER 551, GOVT. CODE, V.T.C.S., (OPEN
MEETINGS LAW)**

**The City Council will now hold an Executive Session pursuant to the
provisions of the Open Meetings Law, Chapter 551, Government Code,
Vernons Texas Codes Annotated, in accordance with the authority
contained in the following sections.**

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**Seeking the advice of its attorney about pending or contemplated
litigation, settlement offers or any matter in which the duty of the
attorney to the City Council under the Texas Disciplinary Rules of
Professional Conduct of the State Bar of Texas clearly conflicts with
the Texas Open Meetings Act**

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deliberation in an Open Meeting would have a detrimental effect on the
position of the City in negotiations with a third person**

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**Deliberating A Negotiated Contract For A Prospective Gift Or Donation
To The City If Deliberation In An Open Meeting Would Have A
Detrimental Effect On The Position Of The City In Negotiations With A
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duties, discipline or dismissal of a public officer or employee; or to
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officer or employee who is the subject of the deliberation or hearing
requests a public hearing**

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implementation, of security personnel or devices or a security audit**

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**Discussing or deliberating commercial or financial information that
the City has received from a business prospect that the City seeks to
have locate, stay or expand in or near the City and with which the City
is conducting economic development negotiations; or deliberating the
offer of a financial or other incentive to a business prospect**

TEX. GOV'T CODE § 551.089 --

Deliberating security assessments or deployments relating to

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information resources technology, network security information, or the deployment or specific occasions for implementation of security personnel, critical infrastructure or security devices

OPEN MEETING

Reconvene into Open Meeting and Consider Action, if any, on items discussed in Executive Session

ADJOURNMENT

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

Mayor Plyler called the meeting to order at 12:04 p.m., declared a quorum present, and opened the City Council Meeting.

PLEDGE OF ALLEGIANCE AND INVOCATION BY COUNCIL MEMBER PAM HOWETH

Council Member Pam Howeth led the Pledge of Allegiance and gave the invocation.

CITIZEN COMMENTS

There were no citizen's comments.

SEDCO WORK PROGRAM 2020-2021

SEDCO'S PRESENTATION OF THE 2020-2021 WORK PROGRAM RESULTS

Janie Bates, Sherman Economic Development Corporation Chairman, called the SEDCO Meeting to order at 12:05 p.m. The SEDCO Board considered and approved the minutes of their August 10, 2021 Meeting.

Kent Sharp, SEDCO President, introduced Shannon Blake, SEDCO's new Economic Development Specialist. He also presented a brief report on their financials for July 2021. The SEDCO Board considered and approved the Financial Report for July 2021.

Mr. Sharp introduced the six goals of the 2020-2021 Work Program, saying generally, these goals don't change. Last year they did add a goal to encourage minority-owned and women-owned businesses.

For the goal to "retain and expand existing primary employers", he presented five performance agreements that were approved. These include:

- **Elevate Recoveries** – third incentive payment of \$48,000; 13 jobs created (50 total new)
- **Eternity Technologies** – first incentive payment of \$90,163; \$1.8 million CAPEX invested
- **Eaton** – approved incentive up to \$67,200; estimated \$672,000 CAPEX
- **Emerson Automation Solutions** – first incentive payment of \$115,322; 23 jobs created; \$6,440 invested locally; (includes "Buy Local")
- **903 Brewers** – approved for a performance agreement conveying five acres in Progress Park I

SEDCO recruited a new company, P.Q.D. International, which purchased a business that was going out of business, and kept their six or eight employees. They are also adding additional employees to the payroll.

They also worked on 28 new projects and performed 11 site visits for companies actually coming to Sherman. Mr. Sharp said they targeted 50 California companies and distributed quarterly reports to

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more than 1,200 contacts. He visited the California headquarters of one business, "Project Wrap." The 28 companies include equipment, food, and high-tech manufacturers.

SEDCO has also worked to support workforce development and employment programs. They continue to work with students to encourage skills for employment in local industries and with many industrial partners.

At the request from some companies, they also partnered with the Center for Workplace Learning to offer free training in "soft skills," such as safety, health, and OSHA type issues. SEDCO allowed some of the money that was approved for their other programs to be used for this needed training. They also sponsored three job fairs with Workforce Solutions Texoma.

Another goal is the management and marketing of real estate to attract industrial investments. They have purchased or are purchasing the tracts, including 10.3 acres at the southeast corner of Dorset and Howe Drives; 115 acres south and southeast of Emerson, off of Hwy 75 in Progress Park VIII; and are trying to purchase another 71 acres. They also sold 10 acres in Progress Park I to the City for the new Police Headquarters. SEDCO approved a contract with an architect for plans and pricing on a 78,000 square foot spec building, with expansion capabilities, in Progress Park V.

The goal to cultivate and fund an entrepreneurial program resulted in RISE, the "Raising Innovative Sherman Entrepreneurs" program. The program offered \$250,000 in potential grants to fledgling businesses in the area to help foster growth.

They only had two applications, that were reviewed by the program partners, and disqualified based on Type A eligibility. Retail and commercial don't qualify for the Type A employment, which is basically manufacturing and other businesses that primarily sell outside the community. Mr. Sharp said they did major advertising, but are now working with the partners to brainstorm ideas on how to improve the challenge.

The last goal was added last year and was to encourage minority-owned and women-owned businesses. They have formed a committee and scheduled a meeting to try and get ideas on ways to encourage and promote minority and women-owned businesses. It's a worthy goal and he hoped the committee would think of ways to promote these businesses.

Ashton Bellows, SEDCO Chief Administrative Officer, briefed the City Council on SEDCO's use of social media. They are using FaceBook, Twitter, Instragram, and LinkedIn.

SEDCO WORK PROGRAM 2021-2022

SEDCO'S PRESENTATION OF THE 2021-2022 WORK PROGRAM

Mr. Sharp presented SEDCO's Work Program for FY 2021-2022, adding that it included the same goals as this year's program. He said he would rather do a few things really good, instead of many things, not as good.

He did outline some new actions for each goal:

- **Goal A (Retention)**
 - Land the Texas Instruments project for Sherman
 - Continue to target other existing industry opportunities like TI
- **Goal B (Attraction)**
 - Highly target campaigns with Advanced Mfg, Food, and High-Tech using Gazelle AI and referral system

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- **Goal C (Workforce)**
Evaluate AMP and IMT Programs with the goal of improving participation
- **Goal D (Real Estate)**
Determine highest and best uses for SEDCO R/E portfolio
- **Goal E (RISE)**
Kick off the 2022 RISE Challenge
- **Goal F (Minority and Women-Owned Businesses)**
Increase awareness and opportunities for Sherman minority-owned and women-owned businesses

Council Member Howeth said it looked like SEDCO was predominately targeting the west coast, and asked why not the east coast. Mr. Sharp said California is a “hot spot” and 275 companies have moved from California to Texas in the last couple of years. They are trying to exploit the “out-migration” from California. But he said they can shift those campaigns to all parts of the country. Some campaigns will be geographically based on location, but others will be based on type of manufacturing, such as food manufacturers.

Council Member Howeth said many of the local employers still need staff. Several years ago, she thought that the east was a target area because of the number of layoffs they had. Ms. Bates said they were targeting areas with higher unemployment because of the layoffs. However, one problem was that those people didn't want to relocate.

Mr. Sharp said on workforce recruitment, they find more success by staying within approximately 60 miles of Sherman. Their staff has looked at the Dallas area, for people to commute.

Council Member Teamann asked if adding multi-family projects in Sherman makes it easier for companies. Mr. Sharp said he asked six of the larger employers recently, and they said housing and housing prices are one of the top issues. They need more houses in the \$200,000 to \$250,000 price range for first-time homebuyers.

Deputy Mayor Holland said he appreciated SEDCO's effort on working with the minority-owned businesses.

SEDCO WORK PROGRAM 2021-2022

CITY COUNCIL TO DISCUSS AND CONSIDER APPROVAL OF THE SEDCO WORK PROGRAM 2021-2022

Mayor Plyler asked for a vote on SEDCO's Work Program for 2021-2022.

ACTION TAKEN.

Motion by Council Member Howeth to approve the SEDCO Work Program for FY 2021-2022, as presented. Second by Council Member Melton.

VOTING AYE: Holland, Howeth, Melton, Steele, Teamann.

VOTING NAY: None.

MOTION CARRIED.

SEDCO BUDGET 2021-2022

SEDCO'S PRESENTATION OF THE SEDCO BUDGET 2021-2022

Mr. Sharp presented the report on SEDCO's proposed Budget for 2021-2022 with the Executive Summary. There are three revenue line items, Sales Tax (4A), Interest Earned, and Miscellaneous Revenue, with a projected total revenue for FY 2021-2022 of \$4,558,500. They just completed this fiscal year with \$4.8 million.

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He referenced two large expense items, “Contractual or Sundry Services” and “Capital Expenses”. Contractual Services can fluctuate because that’s where the incentives are included. Currently there are \$1,091, 827 known incentive commitments, but that doesn’t include any new incentives that might be approved. He said there is a “real possibility” that number will change.

The \$7,000,000 in Capital Expenses is the spec building. That number also assumes that SEDCO is not borrowing any of that amount, and that it will all be paid for in cash. He said that has not been discussed with the SEDCO Board, so that could change, and is really just an estimate.

With those numbers, Mr. Sharp said the total expenses would be approximately \$9.2 million, leaving a deficit of \$4.6 million, which would be funded out of reserves. This means, this fiscal year would end with an ending balance of \$13.6 million and FY 2022 would end with a balance of about \$9 million.

Mr. Sharp said usually, their incentive numbers are not fluctuating as much as they are this year, but there are a couple of projects they’re working on.

SEDCO BUDGET 2021-2022

CITY COUNCIL TO DISCUSS AND CONSIDER APPROVAL OF THE 2021-2022 SEDCO BUDGET

Mayor Plyler asked for a vote on SEDCO’s Budget for 2021-2022.

ACTION TAKEN.

Motion by Council Member Melton to approve the SEDCO Budget for FY 2021-2022, as presented. Second by Deputy Mayor Holland.

VOTING AYE: Holland, Howeth, Melton, Steele, Teamann.

VOTING NAY: None.

MOTION CARRIED.

MEDIA QUESTIONS

There were no media questions.

COUNCIL COMMENTS

There were no Council comments.

EXECUTIVE SESSION

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Council Members determined there was no need for an Executive Session.

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 12:38 p.m.

MAYOR

ATTEST

CITY CLERK