

STATE OF TEXAS

§

September 14, 2007

COUNTY OF GRAYSON

§

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, 2007.

COUNCIL MEMBERS PRESENT: Mayor Bill Magers; Deputy Mayor Chip Adami.
Council Members Hughes, Smith, T. Steele, W. Steele.

COUNCIL MEMBERS ABSENT: Council Member Wacker.

SEDCO MEMBERS PRESENT: Andrew Olmstead, Kelly Bickerstaff, Gregory Kirkpatrick, Wendell Williams.

SEDCO MEMBERS ABSENT: Joseph Fallon, Jr.

CITY STAFF PRESENT: George Olson, City Manager; Robbie Hefton, Assistant City Manager/CFO; Jeff Miller, Director of Public Works; Mark Gibson, Director of Utilities and Engineering; Rita Gaither, Development Coordinator; 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 2007-2008

President's Presentation of the 2007-2008 Work Program

SEDCO WORK PROGRAM 2007-2008

City Council to Discuss and Consider Approval of the SEDCO Work Program 2007-2008

SEDCO BUDGET 2007-2008

President's Presentation of the SEDCO Budget 2007-2008

SEDCO BUDGET 2007-2008

City Council to Discuss and Consider Approval of the 2007-2008 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 12:00 p.m., declared a quorum present, and opened the City Council Meeting. Andy Olmstead, Vice Chairman of the Sherman Economic Development Corporation, declared a quorum present, and opened the SEDCO Meeting.

COUNCIL MINUTES -- SEPTEMBER 14, 2007

SEDCO WORK PROGRAM 2007-2008

PRESIDENT'S PRESENTATION OF THE 2007-2008 WORK PROGRAM

John Boswell, President of SEDCO, introduced current members, adding that Wendell Williams' term on the board expires in October and he will be ineligible to serve another term. He also presented SEDCO's Work Program for FY 2007-2008, outlining the goals that were set to promote capital investment and jobs.

Goals for the FY 2007-2008 Work Program include to retain and expand existing primary employers; recruit primary employers; facilitate government agency support for primary employers; and to coordinate real estate, infrastructure, and workforce development to support primary employers.

SEDCO WORK PROGRAM 2007-2008

CITY COUNCIL TO DISCUSS AND CONSIDER APPROVAL OF THE SEDCO WORK PROGRAM 2007-2008

Mayor Magers asked about the marketing materials that were included as a part of the action plan to recruit primary employers. He asked that SEDCO take a leadership position in the County as a leading economic development organization and coordinate a single map of infrastructure for industry that would include the location of major gas, power, and water lines that are available. Mr. Boswell felt this was a good suggestion and could easily be completed.

Council Member Willie Steele suggested that SEDCO relate to the public things that have been achieved and make them aware of their accomplishments. Mr. Boswell said they have discussed highlighting a "company of the month" through a guest column in the newspaper.

Mr. Boswell said some of the things SEDCO has done this past year and will continue next year include staff participation with the Regional Consortium to identify clusters of businesses that have opportunities to grow in Sherman. They also participated in expos and trade shows which provided an opportunity to meet directly with other companies.

Since last year's annual meeting, SEDCO has approved a \$6.7 million agreement with GlobiTech for new capital investment and an agreement with Consolidated Container to renew their lease and remain in their building. Consolidated Container was at risk of closing with 100 employees losing their jobs. Through the performance agreement they were able to secure a ten year lease extension to stay at the current location. They also plan to expand their truck port to alleviate trucks lining up along their driveway.

SEDCO is also working with the City to extend water and sewer north along U.S. Highway 75, which should open the corridor for additional commercial growth. They are also working with prospects now that should have a big impact on growth in the area.

Council Member Terrence Steele asked if all companies that have received a performance agreement are currently in good standing. Mr. Boswell said they currently have seven outstanding performance agreements that are in process and all are in good standing. The third and final installment of a performance agreement with the Center for Workplace Learning was completed this month for \$220,000. The project has been very beneficial to local businesses and has met and exceeded the expectations.

SEDCO BUDGET 2007-2008

PRESIDENT'S PRESENTATION OF THE SEDCO BUDGET 2007-2008

Mr. Boswell presented the proposed budget for FY 2007-2008. On his handout, the third column from the right, should be labeled "anticipated year end."

COUNCIL MINUTES -- SEPTEMBER 14, 2007

He said SEDCO began the fiscal year with \$7.7 million in reserve fund balance and project end of the year fund balance of \$8.5 million. SEDCO has now topped \$3 million in sales tax revenue.

Proposed budget increases include an increase of 5.81% in administrative expenses, mainly due to an increase in salaries. Operating expenses increased 0.63%, and marketing and attraction expenses are proposed to increase 22%. This increase is due to new marketing efforts and planned payouts for projects that already exist.

Mr. Boswell said the proposed budget leaves SEDCO with approximately \$4 million in unreserved fund balance for next year. This also includes a payment based on extension of the water and sewer lines. He added that as new projects arise, new incentives are budgeted on the unreserved fund balance for that year. The proposed budget leaves over \$5 million in unreserved fund balance that could be used for new projects.

SEDCO BUDGET 2007-2008

CITY COUNCIL TO DISCUSS AND CONSIDER APPROVAL OF THE 2007-2008 SEDCO BUDGET

Mayor Magers asked if the CertainTeed project was included in the \$5 million unreserved fund balance. Mr. Boswell said the CertainTeed project was \$4 million and was included in the unreserved fund and scheduled for 2011. If the project changes in scope or size, then SEDCO will renegotiate, in good faith, with CertainTeed.

Council Member Smith asked what type of new marketing was planned. Mr. Boswell said they planned more targeted marketing and direct mail. They also plan to purchase their own booth to be used at trade shows. In the past they have partnered with other entities such as Oncor or TXU Electric Delivery. The single booth will mean SEDCO pays the entire cost instead of splitting the cost with another entity, but will also give them a bigger presence at the trade shows.

Mr. Boswell added that they have more requested funds than they have unreserved fund balance.

ACTION TAKEN.

Motion by Council Member Hughes to approve the SEDCO Budget for FY 2007-2008, as presented. Second by Council Member Willie Steele.

VOTING AYE: Adami, Hughes, Smith, T. Steele, W. Steele.

VOTING NAY: None.

MOTION CARRIED.

ACTION TAKEN.

Motion by Council Member Hughes to approve the SEDCO Work Program for FY 2007-2008, as presented. Second by Council Member Willie Steele.

VOTING AYE: Adami, Hughes, Smith, T. Steele, W. Steele.

VOTING NAY: None.

MOTION CARRIED.

OTHER BUSINESS

WATER AND SEWER EXTENSION PROJECT

Mayor Magers said when they talked with SEDCO about the water and sewer extension project the question was how it would be paid for. He asked George Olson, City Manager, to discuss funding of the project.

Mr. Olson said on October 1, 2007, the City Council would be presenting a pro-rata ordinance that would be customary and consistent with what is in place now. The recommendation will be a 50% recapture and development. Mayor Magers confirmed that is how the situation is handled now.

COUNCIL MINUTES -- SEPTEMBER 14, 2007

NOVEMBER 6, 2007 SPECIAL ELECTION

Mayor Magers felt it was important for SEDCO Members to know what was being proposed at the November 6, 2007 Special Election.

The City Council has committed to a 20% property tax reduction for all businesses and residences throughout the City of Sherman, provided that on November 6 the voters approve two sales tax initiatives. One sales tax initiative is a 1/8% increase in the sales tax rate for streets and roads and will "sundown" in four years by statute. Mayor Magers felt this sales tax was an investment in the infrastructure. The other 1/8% sales tax is in lieu of property taxes and is a "switch" from property tax to sales tax revenues.

Mayor Magers said 53% of sales tax comes from visitors coming from outside the City limits and is the fastest growing revenue stream in Sherman today. He felt the trend would continue with more development in Sherman and the water and sewer extension along U.S. Highway 75 should also spur development which will generate more sales tax income.

Mayor Magers presented the four-year street maintenance plan that is proposed if the sales tax for street maintenance doesn't pass and the four-year plan that is proposed if the sales tax does pass. The regular plan would include regular budgeted maintenance and projects that will be financed with bonds. The "enhanced" version gives an east-west thoroughfare network that would help prepare Sherman for growth. He outlined the various projects which would allow Sherman to get their existing infrastructure in place prior to the coming growth.

Mayor Magers said by shifting the financial burden off of Sherman taxpayers onto people living outside but shopping in the City, the visitors are getting a chance to pay their fair share of the infrastructure needs. He reiterated that the sales tax for street maintenance would sundown in four years.

He added that, for businesses and residences, the property tax cut will mean that for every \$100,000 in real estate a citizen owns, they will see a reduction of \$80 off their tax bill annually. Mayor Magers added that the Council can't stop "appraisal creep" or rising values, but at least the cost will be \$0.08 less per \$100 than it was.

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 12:26 p.m.

MAYOR

ATTEST

CITY CLERK