

Minutes
Wylie Economic Development Corporation
Board of Directors Meeting

Friday, August 19, 2016 – 6:30 A.M.
WEDC Offices – Conference Room
250 South Highway 78 – Wylie, Texas

CALL TO ORDER

Announce the presence of a Quorum

President Marvin Fuller called the meeting to order at 6:33 a.m. Board Members present were John Yeager, Mitch Herzog, Todd Wintters and Demond Dawkins.

Ex-officio members City Manager Mindy Manson and Mayor Eric Hogue were present.

WEDC staff present was Executive Director Sam Satterwhite and Senior Assistant Angel Wygant.

CITIZEN PARTICIPATION

With no citizen participation, President Fuller proceeded to Action Items.

ACTION ITEMS

ITEM NO. 1 – Consider and act upon approval of the July 15, 2016 Minutes of the Wylie Economic Development Corporation (WEDC) Board of Directors Meeting.

MOTION: A motion was made by Todd Wintters and seconded by Demond Dawkins to approve the July 15, 2016 Minutes of the Wylie Economic Development Corporation. The WEDC Board voted 5 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 2 – Consider and act upon approval of the July 2016 Treasurer’s Report.

MOTION: A motion was made by Mitch Herzog and seconded by John Yeager to approve the July 2016 WEDC Treasurer’s report. The WEDC Board voted 5 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 3 – Consider and act upon issues surrounding repairs to WEDC property located at 605 Commerce Street.

Staff recapped for the Board the damage to 605 Commerce from the March 2016 hail storm. As a temporary measure a tarp was installed by Blackman Mooring and it has since failed. Regardless of whether the 1 acre upon which the 20,000 square foot building sits will be redeveloped in the near future or not, the tenants occupying 605 need almost immediate relief from a roof that has significant leaks throughout.

Options for sealing the damaged roof include re-tarping, replacing the entire roof, installing a thermos-plastic membrane, or applying a metal seal roof repair system. Bids were solicited from Blackmon Mooring, LSR Commercial, ServPro, and Systems Roofing.

Blackmon Mooring's bid included re-tarping the building for \$26,620 with no warranty, applying a 45 mil thermo-plastic membrane with a one-year warranty for \$36,300, and replacing the entire roof system for \$133,000. **LSR Commercial's** bid was to replace the entire roof with a 5-year warranty for \$125,204. **ServPro's** bid included replacing the entire roof system with a 15-year warranty for \$133,000, or applying a Universal Metal Seal Roof Repair Sealant with a 10-year warranty for \$61,200. **Systems Roofing's** bid was to apply a 60 mil thermo-plastic membrane with a 15-year warranty for \$128,560.

Re-tarping or replacing the roof entirely do not appear to be good options because there is either no warranty or it is too expensive. Blackman Mooring has suggested applying a 45 mil thermo-plastic membrane for \$36,300 but only a one-year warranty is provided. ServPro appears to have the best bid applying a metal sealant for \$61,200 with a 10-year warranty provided. The sub-contractor doing the work (MRB Corporate Group) is currently repairing the roof at Sanden.

The WEDC has proceeds from an insurance claim at 605 Commerce totaling \$149,002 with an ACV of \$101,122 and depreciation of \$47,879.

Staff recommended that the WEDC Board of Directors authorize the Executive Director to contract with ServPro for roof maintenance at 605 Commerce in an amount not to exceed \$61,200.

MOTION: A motion was made by John Yeager and seconded by Mitch Herzog to authorize the Executive Director to contract with ServPro for roof maintenance at 605 Commerce in an amount not to exceed \$61,200. The WEDC Board voted 5 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 4 – Consider and act upon issues surrounding a Performance Agreement between the WEDC and Wylie Flower and Gift Shop.

Wylie Flower and Gift Shop initially came to the WEDC in an attempt to evaluate options surrounding the renovation of underperforming commercial space in downtown Wylie. Wylie Flower and Gift Shop owns both 131 N. Ballard and 129 N. Ballard totaling 5,950 square feet. Wylie Flower was formerly conducting business in the downstairs portion of 129 and 131 N. Ballard. The upstairs portion of 131 N. Ballard was only used for storage. Following direction from the WEDC Board in Executive Session and an oral commitment by the WEDC staff for assistance, Wylie Flower and Gift Shop relocated all of their 131 N. Ballard operations into 129 N. Ballard.

With 131 N. Ballard now vacant, Wylie Flower has freed up lease space and already attracted a tenant. In addition to the renovation of the commercial space, two upstairs residential units totaling one thousand three hundred forty-five (1,345) square feet are being remodeled and marketed for lease. While total renovations exceed \$300,000, performance measures will only be tied to commercial remodeling costs equaling \$82,000.

The attached Agreement proposes a total maximum incentive of \$24,000 which is broken down as follows:

Incentive No. 1 \$24,000

- Renovation of 3,125 sq ft at 131 N Ballard
- Expenditures verified at \$82,000
- Proof of Certificate of Occupancy & Building Life Safety Inspection

Should Wylie Flower and Gift Shop fail to meet the Performance Measures for Incentive No. 1, the entire Performance Agreement is voided in advance. Further, no partial incentive payments will be provided.

Staff recommended that the WEDC Board of Directors approve a Performance Agreement between WEDC and Wylie Flower and Gift Shop providing for a maximum incentive of \$24,000 and further authorizing the WEDC Executive Director to execute said Agreement.

The Board noted a correction needed in the Performance Agreement and staff clarified that the required investment for the renovations should have read \$82,000 rather than \$84,000. The Performance Agreement will be amended to reflect the correction prior to execution.

MOTION: A motion was made by John Yeager and seconded by Todd Winters to approve a Performance Agreement, as amended, between WEDC and Wylie Flower and Gift Shop providing a maximum incentive of \$24,000 and further authorizing the WEDC Executive Director to execute said Agreement. The WEDC Board voted 5 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 5 – Consider and act upon issues surrounding a Performance Agreement between the WEDC and McClure Partners Development Company, LLC.

Staff informed the Board that Mr. Charles McClure has approached the WEDC and requested additional assistance in recruiting a business to the Wylie community via a build-to-suit opportunity on a property in need of redevelopment. Mr. McClure has under contract two properties totaling 1.9 acres owned by Ronald & Patricia Williford. The Williford property is just south of the southeast corner of F.M. 544 and Regency Drive. With approximately 6,000 square feet of improvements (4 structures), approximately 3,000 square feet of additional paving, and a significant number of dilapidated vehicles as further shown on the attached aerials, the Project calls for complete clean-up of the site by year end and construction of no less than a 6,000 square foot commercial building.

Following purchase of the site by McClure, which is required to close under the Agreement by October 1, 2016, complete demolition and removal of all improvements and debris must take place by December 31, 2016. Completion of these performance measures will result in a \$25,000 incentive payment from the WEDC. An additional incentive payment of \$50,000 will be funded following the construction of at least a 6,000 square foot commercial building with construction costs equaling no less than \$1.35 mm which also must have a certificate of occupancy no later than September 30, 2017.

Staff reminded the Board that the WEDC had previously entered into a Performance Agreement with FLM Development, LLC (an affiliate of McClure Partners Development Company, LLC) for the redevelopment of a 3.8-acre tract which included demolition of 2 metal structures, the removal of a billboard, constructing storm sewer improvements in Regency Drive for the additional benefit of surrounding properties, and reconstructing the median in F.M. 544 to provide north and south bound turn bays. The Board was presented with a site plan identifying three pad sites have been created from the previous project with FLM which significantly enhances redevelopment options on the adjacent Williford tract. The WEDC will be funding an incentive payment of \$76,673 in the near future for the FLM project.

Staff recommended that the WEDC Board of Directors approve a Performance Agreement between the WEDC and McClure Partners Development Company, LLC.

MOTION: A motion was made by Mitch Herzog and seconded by Todd Winters to approve a Performance Agreement between WEDC and McClure Partners Development Company, LLC. The WEDC Board voted 5 – FOR and 0 – AGAINST in favor of the motion.

DISCUSSION ITEMS

ITEM NO. 6 - Staff Report: review issues surrounding WEDC Performance Agreements, 605 Commerce, demolition of WEDC properties, insurance claims on WEDC properties, WEDC/City of Wylie Regional Marketing Campaign, ICSC Expenses, Woodbridge Crossing/InvenTrust, and regional housing starts.

WEDC Performance Agreement Summary

Attached for the Board's review was a summary of all outstanding Performance Agreements including: Ascend Custom Extrusion, All State Fire Equipment, B&B Theatres Operating Company, Clark Street Development, Dank Real Estate, Exco Extrusion Dies, FLM Development, Freudiger Holdings, Getset, KREA Acquisition, Patna Properties, VIAA Properties, Von Runnen Holdings, Woodbridge Crossing and the Wedge Corporation.

Woodbridge Crossing

Attached for the Board's review was the Sales Tax Reimbursement Report which identifies all sales taxes received through June 2016 within Woodbridge Crossing for the City General Fund, the WEDC, and the 4B. As a reminder, the City and WEDC reimbursed 85% of all sales tax generated within Woodbridge Crossing through September 2013 with the reimbursement percentage reduced to 65% thereafter. Due to the default under the Amended and Restated Performance Agreement, Woodbridge Crossing is only eligible to receive up to \$6 million in sales tax reimbursement through September 2021 as opposed to the maximum reimbursement of \$12 million originally contemplated.

\$3,617,285 in reimbursement has been earned through June 2016 with net receipts of \$2,723,657.84 after reimbursements. As well, it is estimated that \$3.5 mm has been paid in ad valorem taxes to the City of Wylie (excluding the WISD).

As shown on the Sales Tax Reimbursement Report, \$100,410.40 was generated in sales tax in April 2016 versus \$94,313.63 in April 2015. This represents a 6.46% increase over 2015 receipts.

605 Commerce

Attached for the Board's review was a spreadsheet tracking all activities with W&M Environmental for FY 2014-15 and FY 2015-16. W&M has prepared Phase I & II reports for Mann Made, K&M, Business Way, is processing the VCP application for the Commerce property, and processing the Municipal Setting Designation through the City. As the Board will recall the MSD process was put in place by the Wylie City Council to facilitate redevelopment of environmentally damaged properties such as the Commerce building. The MSD application for Commerce was submitted to the City and ready to be processed, but staff recalled the application recently to allow for other properties in the area to potentially be including within this application. A new application will be submitted as the WEDC determines the future direction of surrounding properties.

Demolition of WEDC Properties

Demolition of Industrial Court properties continues to progress. Rough grading will take place within the next 2 weeks.

Insurance Claims on WEDC Properties

City staff is preparing a recommendation to the Wylie City Council and the WEDC Board as to whether to continue to utilize the Bart Peddicord Center. Repairs are estimated at \$105,884.32 which includes an Actual Cash Value of \$61,923.98, Depreciation of \$21,330.69, and code upgrades of \$22,629.65. Staff anticipates that City staff will receive input from Council in September or October at the latest and then make a final recommendation to the WEDC Board of Directors as to the future use of the Peddicord Center.

WEDC /City of Wylie Regional Marketing Campaign

The City of Wylie PIO is continuing to develop options for a Regional Marketing Campaign which is proposed to be rolled out in the 4th quarter of 2016. As a reminder, the framework or philosophy that has been presented to the PIO is to improve upon and expand upon promoting Wylie quality of life advertising which is already taking place, while accentuating business development options at the same time. For example, if there is an existing emphasis on the promotion of Blue Grass on Ballard, added dollars from the WEDC/City regional campaign could be used to expand the reach of the same advertising program not only promoting Wylie as a whole but also bringing in dollars from outside the community for the special event. Further, the program will not specifically promote 'restaurant development in Wylie' but more so emphasize a young population, housing growth, with high disposable incomes – the qualities that restaurants are looking for.

ICSC Expenses

Staff wanted the Board to be aware that an anonymous Facebook post placed online on 8-15-16 claiming that six WEDC representatives had a \$1,120 meal at Capitol Grill in Las Vegas, expended an additional \$350 on drinks, and that the Mayor had flown first class to the ICSC conference for \$1,597. Ms. Manson utilized a City Facebook page to let the public know that there were eleven people at the dinner which totaled \$1,120 of which the WEDC paid for \$350. Further it was noted that no alcohol was paid for by the WEDC and that the Mayor's \$1,597 Expedia receipt was airfare, four night's hotel and was not a first class ticket. The post was taken down off Facebook later that same day.

La Quinta Inn & Suites

La Quinta will go vertical the week of August 22nd and take 6 months to complete from that point forward. The WEDC Performance Agreement with KREA Acquisitions, LLC requires a certificate of occupancy no later than March 31, 2017.

Woodbridge Crossing/InvenTrust

InvenTrust had indicated at ICSC that a 10,000 square foot lease space was to be built adjacent to and east of Cotton Patch. InvenTrust confirmed the same at a meeting recently and indicated that the requirement for space to be 100% leased prior to construction will be suspended due to the strength of the Wylie market. A national restaurant has already committed to take 4,000 square feet on the end cap.

Regional Housing Starts

Thirty-four homes were permitted in Wylie for the month of July 2016. Sachse, Lavon, Murphy permitted a combined twenty-five homes with Inspiration permitting forty homes over the same period.

No action is requested by staff for this item.

EXECUTIVE SESSION

Recessed into Closed Session at 7:15 a.m. in compliance with Section 551.001, et.seq. Texas Government Code, to wit:

Section 551.072 (Real Estate) of the Local Government Code, Vernon's Texas Code Annotated (Open Meetings Act). Consider the sale or acquisition of properties located near the intersection of:

- Cooper & State Highway 78
- F.M. 544 & Commerce

Section 551.087 (Economic Development) of the Local Government Code, Vernon's Texas Code Annotated (Open Meetings Act).

- Project 2016-1b
- Project 2016-6a

- Project 2016-6c
- Project 2016-8a
- Project 2016-8b
- Project 2016-10a

Mayor Hogue departed the meeting at 7:56 a.m.

RECONVENE INTO OPEN MEETING

The WEDC Board of Directors reconvened into open session at 8:10 a.m. and took no action.

ADJOURNMENT

With no further business, President Fuller adjourned the WEDC Board meeting at 8:10 a.m.



Marvin Fuller, President

ATTEST:



Samuel Satterwhite, Director