

Minutes
Wylie Economic Development Corporation
Board of Directors Meeting

Friday, October 28, 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, Demond Dawkins and Todd Wintters.

Ex-officio member City Manager Mindy Manson was present.

WEDC staff present was Executive Director Sam Satterwhite, Assistant Director Jason Greiner 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 October 10, 2016 Minutes of the Wylie Economic Development Corporation (WEDC) Board of Directors Meeting.

MOTION: A motion was made by Mitch Herzog and seconded by Todd Wintters to approve the October 10, 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 September 2016 Treasurers Report.

MOTION: A motion was made by John Yeager and seconded by Demond Dawkins to approve the September Treasurers Report for the Wylie Economic Development Corporation. The WEDC Board voted 5 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 3 – Consider and act upon WEDC Resolution 2016-01 (R) approving Loan Documents between the WEDC and The American National Bank of Texas in the cumulative amount of \$2,000,000 for the acquisition of Lot 1, Block 1 (approximately 1.3433 acres); Lot 2 Block 1 (approximately 0.14155 acre); and Lot 3 Block 1 (approximately 0.8123 acre), all situated in Wallace Industrial Park; and approximately 2.4683 acres, situated in Abstract A0266, E.C. Davidson Survey, located at 908 West Kirby Street in the City of Wylie, Collin County, Texas from Dallas Whirlpools, Ltd., pledging as security the sales and use tax receipts the WEDC receives from the City of Wylie for repayment of said Loan, and further authorizing President Marvin Fuller to execute all documents necessary to effectuate the Loan Documents.

Documents were provided to the Board which formalize the Loan between the Wylie Economic Development Corporation (WEDC) and The American National Bank of Texas (ANB) to purchase property from the Wallace Family (Dallas Whirlpools, Ltd.) generally located at 908 West Kirby. The Loan Agreement and associated documents detail borrowing \$2,000,000 of the \$2,200,000 purchase price, specifying a 4% fixed interest rate for 60 months with the first 36 months comprised of interest only payments, pledging the WEDC sales and use tax as collateral for repayment, and no prepayment penalty.

Following approval of the WEDC Resolution and Loan documents, the Wylie City Council will be required to authorize, via resolution, the WEDC entering into debt in the amount of \$2,000,000 and the pledge of sales tax receipts as security for said Loan with ANB. The City Council will consider this issue November 14, 2016.

Staff detailed the history of this project with the WEDC first contemplating the purchase of the Wallace tract to complement an adjacent 4.79-acre tract owned by the City of Wylie. It was perceived that the relative narrow width of the City tract (239') and the Wallace tract (243') would be difficult to develop independently and that the combined tracts could be master planned to support pad development fronting 544 with mutual access to the rear of the site. Further benefit of a combined tract is the WEDC ownership of light industrial property (2.7 acres) on Commerce Street adjacent and to the west of the Wallace tract creating the opportunity for the extension of Business Way and the development of lots off a contemplated cul-de-sac extending to the east.

As shown on the attached survey and as reported at the 10-10-16 Board Meeting, the City property is impacted by Zone 'A' which has been determined to be within an area which has a 1% annual chance to flood, but no study has been completed proving or disproving the designation. While this status within the flood plain does not impact the Wallace property independently, it could impact the joint development of the two tracts.

Mr. Michael Boyd, a well-respected hydrologist who has processed a majority if not all the flood study's in Wylie, has evaluated the site and surrounding conditions to determine how the flood plain will impact the City tract and how much can be utilized for development. Analyzing current elevations and culvert capacity at 544, Mr. Boyd has preliminarily determined that via a full flood study it can be proven that all the floodplain is confined to the channel east of the railroad track and that the entire City tract can be utilized for development. To receive a Conditional Letter of Map Revision (CLOMR) and ultimately a Letter of Map Revision (LOMR) from FEMA, the flood study process will take up to nine months at a cost of ±\$18,000. Regardless of the Board decision to purchase the Wallace tract, a flood study must be performed for the City property which staff will coordinate with the City Manager's office.

Other factors impacting the purchase relate to the Phase I and Limited Phase II on the Wallace site which was performed by W&M Environmental. As suspected initially, there have been hot spots identified in the groundwater and soil which will be more fully described by W&M staff at the Board Meeting. The result will be that the Wallace site must be enrolled in the TCEQ Voluntary Cleanup Program (VCP) in order to develop the property. Even though the contamination levels are only slightly above the protective concentration levels established by the TCEQ, the existence of the previous EPA Superfund site to the east and a property enrolled in the VCP to the west, will bring a heightened level of scrutiny to the site which no sophisticated buyer will overlook and no bank will make a loan on without a Final

Certificate of Closure from the TCEQ. With all that said, the Wallace tract could be enrolled in the VCP program and benefit from the Municipal Setting Designation established by the City of Wylie within a reasonable timeframe with additional costs which can be discussed in further detail at the Board Meeting.

Staff summarized that even with floodplain issues to the east and the existence of contaminated soil and groundwater issues on-site, staff recommends that WEDC Board approve the project and the borrowing of funds to support the purchase. The only caveat would be that a discussion needs to take place with the Seller as to the additional costs which must be incurred to develop the site. The Board asked for Staff's estimate of these costs with staff responding that a minimum of \$25,000 in additional costs would be incurred due to the identified environmental issues.

The Due Diligence Period within the Real Estate Contract expires on November 15th with closing to take place on November 22nd.

Staff recommended that the WEDC Board of Directors approve WEDC Resolution 2016-01 (R) approving Loan Documents between the WEDC and The American National Bank of Texas in the cumulative amount of \$2,000,000 for the acquisition of Lot 1, Block 1 (approximately 1.3433 acres); Lot 2 Block 1 (approximately 0.14155 acre); and Lot 3 Block 1 (approximately 0.8123 acre), all situated in Wallace Industrial Park; and approximately 2.4683 acres, situated in Abstract A0266, E.C. Davidson Survey, located at 908 West Kirby Street in the City of Wylie, Collin County, Texas from Dallas Whirlpools, Ltd., pledging as security the sales and use tax receipts the WEDC receives from the City of Wylie for repayment of said Loan, and further authorizing President Marvin Fuller to execute all documents necessary to effectuate the Loan Documents.

EXECUTIVE SESSION

Recessed into Closed Session at 7:00 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:

- F.M. 544 & Commerce

RECONVENE INTO OPEN MEETING

The WEDC Board of Directors reconvened into open session at 7:08 a.m. and took the following action:

MOTION: A motion was made by Mitch Herzog and seconded by John Yeager to approve WEDC Resolution 2016-01 (R) approving Loan Documents between the WEDC and The American National Bank of Texas in the cumulative amount of \$2,000,000 for the acquisition of Lot 1, Block 1 (approximately 1.3433 acres); Lot 2 Block 1 (approximately 0.14155 acre); and Lot 3 Block 1 (approximately 0.8123 acre), all situated in Wallace Industrial Park; and approximately 2.4683 acres, situated in Abstract A0266, E.C. Davidson Survey, located at 908 West Kirby Street in the City of Wylie, Collin County, Texas from Dallas Whirlpools, Ltd., pledging as security the sales and use tax receipts the WEDC

receives from the City of Wylie for repayment of said Loan, and further authorizing President Marvin Fuller to execute all documents necessary to effectuate the Loan Documents. 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 T.W. Snider & Associates, LLC.

Staff reported to the Board that the WEDC has been approached by Mr. Tony Snider seeking assistance with an office project that has underperformed which is located on Kirby Street behind the Exxon. Mr. Snider presented the opportunity to finish out an office shell which has sat vacant for at least two years and begin construction of a third phase of the office complex consisting of 6,000 square feet.

The finish out of the existing 4,800 square foot shell will be comprised of two owner-occupied sales for professional services (1,200 sq ft) and a medical use (2,400 sq ft). The final 1,200 sq ft space is currently under negotiation for a two-year lease. Based upon historic tax rolls, the finish out of the office will add approximately \$150,000 in value. Mr. Snider has committed to complete the finish out by February 1, 2017.

Upon completion of the above, Mr. Snider proposes to immediately begin the construction process for a 6,000-square foot office with 5, 1,200 sq ft units. Mr. Snider has committed to have Building 3 plans approved by the City no later than March 1, 2017 and complete construction of the shell by October 1, 2017. Again, based upon historic appraised value of office concepts in the area, Building 3 will generate approximately \$785,000 in new value.

Staff proposed two incentive payments with Incentive No. 1 being \$8,000 and based upon finish out of Building 2 no later than February 1, 2017. Incentive payment No. 2 will be \$42,000 and paid upon completion of construction plans for Building 3 and a certificate of completion from the City of Wylie. Staff has not placed any finish out requirements for Building 3 to incentivize the shell to be built and let the market impact completion. Further, Mr. Snider is developing the highest and best use in a challenging area with staff not wanting to set unrealistic expectations.

The Board indicated that Mr. Snider was pursuing development of a difficult property location and it would be in the best interests of Wylie to support his efforts.

Staff recommended that the WEDC Board of Directors approve a Performance Agreement between the WEDC and T.W. Snider & Associates.

MOTION: A motion was made by Mitch Herzog and seconded by John Yeager to approve a Performance Agreement between the WEDC and T.W. Snider & Associates. The WEDC Board voted 5 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 5 – Consider and act upon issues surrounding a WEDC Budget Transfer Request for FY 2016-2017.

Staff explained that in the FY 2016-2017 Budget, WEDC budgeted \$122,600 for Special Services. During the Budgeting process, staff anticipated that \$236,417 in costs associated with the demolition of Highway 78 and Industrial Court properties would be incurred in FY 2015-2016. This expense was factored into the calculation of the Beginning Fund Balance for the 2016-17 WEDC Budget. However, the final billing in the amount of \$136,525.29 was delayed and processed in October 2016 which falls within the FY 2016-17 Budget. Therefore, it is necessary to transfer funds into Special Services to accommodate the timing of these expenses. Staff emphasized that because these expenses were not incurred in 2015-16 the Beginning Fund Balance is higher than projected which offsets this expense.

Staff proposed reducing Incentives by \$137,000 and increasing Special Services by \$137,000 to accommodate these expenses in the 2016-17 FY Budget.

Staff recommended that the WEDC Board of Directors approve the attached Budget Transfer Request increasing Special Services by \$137,000 and decreasing Incentives by \$137,000.

MOTION: A motion was made by Todd Wintters and seconded by Demond Dawkins to approve the Budget Transfer Request increasing Special Services by \$137,000 and decreasing Incentives by \$137,000. 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 Agreement Summary, 605 Commerce, Retail Coach Activities, paving of WEDC property located at 111 North Ballard, 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, McClure Partners, Patna Properties, VIAA Properties, Von Runnen Holdings, Wedge Corporation, Woodbridge Crossing, and Wylie Flower & Gift.

Woodbridge Crossing

Attached for the Board's review was the Sales Tax Reimbursement Report which identifies all sales taxes received through September 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.

\$3,790,869 in reimbursement has been earned through September 2016 with net receipts of \$3,006,543.88 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, \$93,851.48 was generated in sales tax in July 2016 versus \$99,628.08 in July 2015. This represents 5.8% decrease over 2015 receipts. Staff has reviewed the reports and can find no missing businesses or explanation for the decrease.

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, 111 N. Ballard, 908 Kirby, is processing the VCP application for the Commerce property, and processing the Municipal Setting Designation through the City.

Retail Coach Activities

Staff continues to work with The Retail Coach to promote Wylie to Retailers and Developers. Their team worked on our behalf at the recent Retail Live Conference in Austin, ICSC Conference in San Diego, and earlier this month at the ICSC Deal Making Conference in Dallas. Follow up with prospects continues, as does the evolution of our property flyers and development of additional sites and opportunities in Wylie. As a preliminary review of Retail Coach activities, it is difficult to point to a specific project that our consultant has single handedly attracted to Wylie. The fact is that most every retailer in the metroplex along with concepts outside our region and state that are expanding have Wylie on their radar. Contributing reasons for interest in Wylie include existing demographics, traffic patterns, updated infrastructure, stable government, quality school district, etc., etc. with the Retail Coach reinforcing the commercial momentum that has been created over the past 10 years. If data and the creation of marketing materials are our only benefit from this relationship, with that grossly underrating their impact, staff believes it is money well spent.

Paving WEDC Property at 111 N. Ballard

Staff is in the preliminary stages of evaluating the paving of WEDC property on Ballard Street next to Boyd Recording Studios. The current layout as attached creates 22 new parking spaces and empties into the FBC parking lot with a rough cost estimate of \$50,000 - \$60,000. This layout is being evaluated opposed to utilizing the existing alley right-of-way which intersects Oak. Utilizing the alley would require the relocation of two utility poles and replacement of three transformers which staff anticipates will be cost prohibitive.

Final cost estimates for both layouts will be presented in November with a recommendation from staff on proceeding.

Regional Housing Starts

Eighteen homes were permitted in Wylie for the month of September 2016. Sachse, Lavon, Murphy permitted a combined twenty-six with Inspiration permitting fourteen homes over the same period. Staff called the Board's attention to the fact that 0 homes have been permitted in Lavon for the last several

months which seems to be an anomaly. Staff has spoken to Lavon and the issue is availability of sites to permit. Lavon and Grand Heritage Homes expect this situation to correct itself by the beginning of the year.

No action is requested by staff for this item.

EXECUTIVE SESSION

Recessed into Closed Session at 7:33 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:

- Highway 78 & Birmingham
- F.M. 544 & Commerce

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

- Project 2016-12a
- Project 2016-10a
- Project 2016-10b
- Project 2016-10c
- Project 2016-10d
- Project 2016-10e

Mindy Manson departed at 8:40 a.m.

Section 551.074 (Personnel Matters) of the Local Government Code, Vernon's Texas Code Annotated (Open Meetings Act).

- Performance Evaluation – WEDC Executive Director

Sam Satterwhite, Jason Greiner and Angel Wygant were excused during this portion of the discussion and returned prior to reconvening into Open Meeting.

RECONVENE INTO OPEN MEETING

The WEDC Board of Directors reconvened into open session at 9:01 a.m. and took the following action:

MOTION: A motion was made by Mitch Herzog and seconded by Demond Dawkins to increase the Annual Salary of the WEDC Executive Director by \$8,000 effective the first pay period of November 2016 and to fund a bonus of \$10,000. The WEDC Board voted 5 – FOR and 0 – AGAINST in favor of the motion.

Board Member Herzog informed the Board that he was resigning from the WEDC Board of Directors. He explained that his business activity in the future could pose the appearance of a conflict of interest and therefore necessitated the need for this action. He emphasized that he regretted leaving the Board at a time when so many of the long-term strategic plans were coming to fruition and encouraged the Board to continue the strategic redevelopment of key areas of the City, particularly in relation to the Jackson Street redevelopment and its impact on the Downtown area. The Board thanked him for his long and dedicated service to Wylie's economic development. Staff indicated that he regretted this decision but completely understood Board Member Herzog's position and appreciated the integrity it represented. Staff agreed to notify the City Secretary immediately to facilitate appointment of a replacement member by the City Council as quickly as possible.

ADJOURNMENT

With no further business, President Fuller adjourned the WEDC Board meeting at 9:11 a.m.



Marvin Fuller, President

ATTEST:



Samuel Satterwhite, Director