

**Minutes**  
**Wylie Economic Development Corporation**  
**Board of Directors Meeting**

Friday, July 15, 2016 – 6:30 A.M.  
WEDC Offices – Conference Room  
250 South Highway 78 – Wylie, Texas

**CALL TO ORDER**

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*Announce the presence of a Quorum*

President Marvin Fuller called the meeting to order at 6:32 a.m. Board Members present were 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**

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

**ACTION ITEMS**

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**ITEM NO. 1 – Consider and act upon approval of the June 17, 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 June 17, 2016 Minutes of the Wylie Economic Development Corporation. The WEDC Board voted 3 – FOR and 0 – AGAINST in favor of the motion.

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

Staff reported that sales tax receipts were up 32.91% but that prior month collections accounted for \$42,402 which may have been a result of home improvements purchased as a result of the hail storm. Even with the prior month collections netted out for comparison sake, the gain would still be 26%.

**MOTION:** A motion was made by Demond Dawkins and seconded by Todd Wintters to approve the June 2016 WEDC Treasurer’s report as amended. The WEDC Board voted 3 – FOR and 0 – AGAINST in favor of the motion.

**ITEM NO. 3 – {Remove from Table} Consider and act upon issues surrounding the FY 2016-2017 WEDC Budget.**

**MOTION:** A motion was made by Todd Wintters and seconded by Demond Dawkins to Remove Item from Table. The WEDC Board voted 3 FOR and 0 – AGAINST in favor of the motion.

Staff reviewed the detailed budget providing \$4,484,297 in available resources as follows:

Beginning Fund Balance	\$465,686
Sales Tax	2,467,295
Note Receivable	11,958
Rental Income	72,600
Pad Sales	1,350,000
Infrastructure Participation	115,758
Interest Earnings	<u>1,000</u>
Total	\$4,484,297

The Beginning Fund Balance reflects significant expenses through the end of FY 15 - 16 including the purchase of property from FBC Wylie (\$150,000), demolition of WEDC properties on Cooper Drive and Industrial Court (\$237,000), incentive commitments (\$170,000), a new project staff is pursuing which may involve a \$200,000 expenditure in September, and debt service (\$250,000).

Sales tax receipts have been calculated by estimating FY 15 - 16 year-end receipts at \$2.35 mm and assuming a modest 5% gain for FY 16 - 17. Developed in conjunction with the City of Wylie Finance Department, projections are conservative by design so as not to be adversely affected by a downturn in retail sales.

Rental income has been greatly reduced from previous years with the redevelopment of the Cooper Drive/Industrial Court properties and the subsequent loss of 6 income producing properties (not including Mann Made and Exco). Conversely, the WEDC is anticipating revenue from the sale of a ±1.5-acre pad site at the corner of Cooper and State Highway 78. Additionally, the WEDC is also negotiating for participation (\$115,758) from the potential buyer for demolition of the Exco property and construction of the deceleration lane.

Expenses are typically budgeted to equal total available resources. In the last twenty years the WEDC has not expended more than the total available resources. However, with the lowest Beginning Fund Balance in recent history, the Board may be faced with cutting certain programs should a significant project present itself. To that end, funds could easily be reallocated to address an unanticipated projected at any time. For example, \$400,000 could be reallocated from Incentives (*future projects*), Travel & Training, and various other accounts should WEDC priorities shift.

The following provides detail within identified accounts which include items over and above fixed expenses or addresses a new program:

There are no significant changes in *Supplies* other than the inclusion of \$2,000 for WEDC pad folios distributed to clients and leadership Wylie classes which should meet WEDC needs for at least two years. Also within Supplies the budget reflects a continued commitment of \$5,000 for materials within the WEDC Small Business Center located in the Smith Public Library.

*Incentives* reflects a budget of \$1,174,019. Within this budget, \$862,947 is allocated for ongoing WEDC commitments associated with sixteen projects. Within those sixteen projects, eight projects will conclude in FY 16 – 17 freeing up \$313,173 for the FY 17 – 18 Budget. The *Future Projects* line item (\$311,072) within Incentives represents uncommitted funds within the total budget to be used for incentive programs.

**Special Services** includes general consulting services of \$50,000 and an additional \$50,000 for environmental services. While there are no new proposals for environmental services, staff anticipates various studies to be required for existing and future projects associated with Commerce, Cooper, and a new property staff will be recommending within Executive Session for acquisition.

**Advertising** represents the largest increase over prior year's spending. Staff had reported during the June Board Meeting that the 4Most Business funding would replace general advertising for the Wylie Connection and Wylie News. As well, the Board directed staff to ensure that a greater emphasis was given to a regional marketing initiative from a budget perspective and staff commitment. To that end, staff has been meeting with the City Public Information Office (PIO) which is much more capable of coordinating a regional marketing effort and is eager to do so. However, over the last 30 days it has not been possible to develop an advertising campaign with line item deliverables. What has been discussed though is that to undertake a marketing initiative to promote Wylie within the Metroplex a budget of \$100,000 is more realistic opposed to \$10,000 budgeted for in previous years.

The approach will be to coordinate everything in-house with the PIO office taking the lead with program design and creative license, and then present the overall direction and budget to the WEDC Board of Directors for approval. The PIO has assured staff that a plan can be put in place and rolled out in October/November. Staff understands that this is a significant departure from past budgets, but to be seriously committed to the goal of making Wylie more of a household name inside and outside Collin County a budgetary commitment is required.

Within **Community Development** a Regional Brokerage event is budgeted to promote Wylie to 15 – 20 of the commercial brokers from the Metroplex. Approximately 10 WEDC/City representatives will also be in attendance so it will be a much more focused event than previous business promotion efforts. In addition, there will be \$5,000 budgeted for an Industrial Appreciation event focusing solely on local businesses. Also tying into the BRE Program will be participation in the Education Foundation Fit 4 Business event within which the WEDC will seek out multiple local businesses to participate. Also included within the Community Development budget is Sporting Events which includes 12 tickets to Mavericks games.

Within **Travel & Training** the only change from previous budgets is \$5,500 itemized for certification classes (3) for the Assistant Director. The budget also continues to support registration, travel, lodging, and meals for the ICSC National Retail Conference.

New within **Debt Service** are principal and interest payments associated with the Edge/Linduff project. Also new to the budget is debt service for Project DW<sup>2</sup> which will be detailed more specifically within Executive Session. Finally, based upon the pending (and required) sale of a WEDC pad site on 78, staff is proposing Principal Reduction of \$1,000,000.

**Land** has been reduced from a previous presentation to \$50,000. Funds were reallocated to account for increased expenses associated with Project DW<sup>2</sup>. Also, \$331,300 is budgeted for infrastructure improvements to develop WEDC pad sites on 78.

**Finally**, the WEDC continues to fund Interdepartmental Assistance in the amount of \$5,000 for payroll and accounting services from the City Finance Department.

Staff recommended that the Board of Directors approve the FY 2016 – 2107 WEDC Budget as presented.

The Board requested to continue voting on the final budget until after Executive Session discussion to ensure that no changes were needed as a result of those discussions.

**MOTION:** Following Executive Session discussion, a motion was made by Demond Dawkins and seconded by Mitch Todd Winters to approve the FY 2016-2017 WEDC Budget as presented. The WEDC Board voted 3 – FOR and 0 – AGAINST in favor of the motion.

**ITEM NO. 4 – Consider and act upon a Budget Amendment for FY 2015-16.**

Board President Fuller noted that the Agenda erroneously identified the budget year for this item as FY 2016-2017 with the Item Memorandum correctly identifying the budget year as FY 2015-16. Staff reminded the Board that in February 2016 the remaining balance of American National Bank Loan #88157334 in the amount of \$1,685,000 completed funding. These loan proceeds were applied to the purchase of 710 Business Way and 398 S. Hwy 78. In order to account for these funds in the proper accounts, WEDC requested that a budget transfer be approved to increase the revenue account for loan proceeds by \$1,685,000 and to increase the expense account for land purchases by \$1,685,000.

Staff recommended that the WEDC Board of Directors approve a Budget Transfer Request increasing revenues in loan proceeds by \$1,685,000 and expenses for Land Purchases by \$1,685,000.

**MOTION:** A motion was made by Todd Winters and seconded by Demond Dawkins to approve a Budget Transfer Request increasing revenues in loan proceeds by \$1,685,000 and expenses for Land Purchases by \$1,685,000. The WEDC Board voted 3 – FOR and 0 – AGAINST in favor of the motion.

## **DISCUSSION ITEMS**

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### **ITEM NO. 5 – Discuss issues surrounding a potential amendment to WEDC By-Laws.**

Each year the Wylie City Council considers appointments to the WEDC Board of Directors for Board Members who have a term expiring. This current year Board Members Fuller and Herzog were reappointed to new three year terms. During the Boards & Commission Committee Meeting, which included three Council Members, and at the full Council Meeting at which all Boards & Commission members were appointed/reappointed, there was significant discussion surrounding the potential need for a Board Member ‘in training’. The overriding theme of the discussion was that in the future there may be a need to replace one of the five voting Board Members and there might be a short term void in terms of historical perspective and understanding of certain WEDC initiatives which may take years to accomplish.

Staff was present during these discussions and commented that there is no mechanism within the By-Laws which allow for this type of position and even if there was an informal ‘Board Member in training’ position created, the individual could not participate in Executive Session which would be counter to the intent of the position. Within the full Council discussion, Mayor Hogue directed WEDC staff to take this issue to the WEDC and return to the Council with Board feedback. Staff did comment however that the By-Laws could be changed with approval of the Board and Council to create a new Ex-Officio, non-voting, Board Member.

First of all, staff believes that additional input is always welcome and furthers the decision making process. While there has been very little turnover in Board positions over several years, there will probably come a day in the near future where turnover is imminent solely based upon 20-year plus tenure in multiple Board Members. Therefore, having an individual which has participated in the Board decision making process for multiple years prior to becoming a voting member will create a seamless transition from a member in training to a voting member if the Council so chooses to make that decision during the appointment process. In theory however, the Council would not be required to replace a Member with a member in training. Hence, the discussion of whether the ‘in-training’ member automatically transitions to be a voting member at the proper time is mute.

Staff sought direction from the Board on this matter. Should the Board be interested in pursuing the creation of an ex-officio board member in training, staff will convey the same to the City Council and begin preparing changes to the existing By-Laws which were last amended in 1999 and presented as an attachment to this item for Board members to review.

Staff had no recommendation and no formal Action was required as this Item was posted as a Discussion Item only. The Board discussed the logistics of making this change and directed Staff to continue with the Board composition as is for the time being.

**ITEM NO. 6 - Staff Report:** review issues surrounding WEDC Performance Agreement Summary, 605 Commerce, Collin College Workforce & Economic Development, Bart Peddicord Community Center, insurance claims resulting from hail storm, demolition of WEDC properties located on Commerce/Industrial, 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.

Collin College Workforce & Economic Development

On July 27, 2016 Collin College will be hosting a luncheon at which partnership opportunities with the College will be presented. Representatives from Wylie, Sachse, Murphy, Lavon, St. Paul, and Farmersville will be invited. More specifically representatives from the above municipalities, WISD, Chambers of Commerce, EDC's, and local businesses.

Bart Peddicord Community Center

On July 19<sup>th</sup> representatives from the WEDC, City Manager's Office, and Parks Department will be discussing the future of the Bart Peddicord Center. The Center is currently closed due to hail damage. The primary topic will be does the current utilization of the facility justify the expense of repairing the damage in addition to ongoing operating expenses.

Insurance Claims

For the six structures on Industrial Court the insurance adjuster identified \$95,507.88 in Actual Cash Value (ACV). For the four structures on Birmingham, Cooper, Oak, and Commerce an ACV of \$191,097.97 was identified in addition to \$100,046.95 in Recoverable Depreciation. There will be no deductible associated with this claim for the WEDC and the City-wide deductible is only \$1,000.

Demolition of WEDC Properties on Commerce/Industrial Court

Demolition of the remaining 6 structures located on Industrial Court will begin on July 22<sup>nd</sup>. The process should take approximately 4 weeks depending on whether Intercon reuses the buildings. If Intercon does not reuse the structures, the time frame could be cut in half. Upon completion of the remaining demolition, Intercon will be grading the Exco/Mann property as well.

Regional Housing Starts

Fifty-eight homes were permitted in Wylie for the month of June 2016. Sachse, Lavon, Murphy and Inspiration permitted a combined forty-three 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
- F.M. 544 & Sanden

**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 2016-6b
- Project 2016-6c
- Project 2016-7a

**RECONVENE INTO OPEN MEETING**

The WEDC Board of Directors reconvened into open session at 7:45 a.m. and a motion was made by Demond Dawkins and seconded by Mitch Todd Winters to approve the FY 2016-2017 WEDC Budget as presented. The WEDC Board voted 3 – FOR and 0 – AGAINST in favor of the motion.

**ADJOURNMENT**

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With no further business, President Fuller adjourned the WEDC Board meeting at 7:46 a.m.



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**Marvin Fuller, President**

**ATTEST:**



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**Samuel Satterwhite, Director**