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

July 15, 2015 – 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, Demond Dawkins and Todd Wintters.

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

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

## CITIZEN PARTICIPATION

Lynn Grimes informed the board that RaceTrac continues to do well with strong sales. The minion Fun Run fundraiser for the Christian Care Center was a success with 300 runners participating. She thanked the WEDC Board for their ongoing support and Mr. Fuller thanked Mrs. Grimes for her support for Wylie and for the WEDC Board.

With no further citizen participation, Mr. Fuller proceeded to Action Items.

## ACTION ITEMS

**ITEM NO. 1 – Consider and act upon approval of the June 18, 2015 Minutes of the Wylie Economic Development Corporation (WEDC) Board of Directors Meeting.**

Staff noted that Within Item No. 4 Sholz was spelled incorrectly.

**MOTION:** A motion was made by John Yeager and seconded by Todd Wintters to approve the June 18, 2015 Minutes of the Wylie Economic Development Corporation as amended. The WEDC Board voted 4 – FOR and 0 – AGAINST in favor of the motion.

**ITEM NO. 2 – Consider and act upon approval of the June 2015 WEDC Treasurer's Report.**

**MOTION:** A motion was made by Todd Wintters and seconded by Demond Dawkins to approve the June 2015 WEDC Treasurer's Report. The WEDC Board voted 4 – FOR and 0 – AGAINST in favor of the motion.

**ITEM NO. 3 – Consider and act upon issues surrounding the election of WEDC officers.**

On June 9, 2015 the Wylie City Council appointed Mr. Demond Dawkins and Mr. John Yeager to new three year terms as Members of the Wylie Economic Development Corporation Board of Directors. The appointees were sworn in by City Secretary Carole Ehrlich.

On an annual basis and following the selection of WEDC Board Members by the Wylie City Council, the WEDC elects officers for the upcoming year. Provided for review was Section V – Officers of the WEDC By-laws. Section V provides for the selection of Officers and the duties of the same.

In 2014 the WEDC Board of Directors elected the current officers:

Marvin Fuller.....President
Mitch Herzog .....Vice President
John Yeager .....Secretary
Todd Wintters.....Treasurer

Board Member Wintters expressed the Board's thanks to President Marvin Fuller for the outstanding leadership he provided during the preceding year and asked if he would be willing to serve another year as President. President Fuller thanked the Board and stated that he was willing to serve another year if that was the desire of the remaining Board Members. He asked the remaining officers if they were willing to serve another year in their current positions. All current officers were willing.

**MOTION:** A motion was made by Todd Wintters and seconded by John Yeager to elect the slate of officers including Marvin Fuller as President, Mitch Herzog as Vice President, John Yeager as Secretary, and Todd Wintters as Treasurer. The WEDC Board voted 4 – FOR and 0 – AGAINST in favor of the motion.

**ITEM NO. 4 – Consider and act upon the establishment of a Regular Meeting date and time for the WEDC Board of Directors for 2015-2016.**

Section 4.07 of the WEDC By-laws states that the President of the Board shall set a regular meeting date and time at the beginning of his/her term. With officers elected via the last Action Item, the WEDC President is required to establish the Regular Meeting date/time.

President Fuller asked the WEDC Board Members if the current Regular Meeting time/dates, the third Friday of each month at 6:30 a.m., was still convenient for all Board Members or if there needed to be a change. All Board Members preferred to keep the date/time the same.

**MOTION:** A motion was made by Todd Wintters and seconded by John Yeager to set the Regular Meeting date/time for the 2015-2016 WEDC Board Meetings

as the third Friday of each month at 6:30 a.m. The WEDC Board voted 4 – FOR and 0 – AGAINST in favor of the motion.

**ITEM NO. 5 – {REMOVE FROM TABLE} Consider and act upon issues surrounding a Performance Agreement between the WEDC and KREA Acquisitions, LLC.**

**MOTION:** A motion was made by Todd Wintters and seconded by John Yeager to remove this item from Table. The WEDC Board voted 4 – FOR and 0 – AGAINST in favor of the motion.

Staff informed the Board that La Quinta representatives met with City staff to discuss site planning, platting, construction standards and the permitting process. As is typical the topic of fees came up and KREA was informed that Thoroughfare Impact Fees would be $54,000 and Fire and Development Fees would be $33,750. Staff has since determined that total fees will be as follows:

| | |
|---|---|
| Thoroughfare Impact (75 rooms) | $54,000 |
| Building Permit (75 rooms) | 18,750 |
| Water Impact (3' compound) | 13,963 |
| Sewer Impact (3' compound) | 13,172 |
| Water Impact (1' landscaping meter) | 6,207 |
| Fire Development (75 rooms) | 33,750 |
| Fire Plan Review (per sq ft) | 896 |
| Trade Permits | |
| Mechanical | 100 |
| Electrical | 100 |
| Plumbing | 100 |
| Water Tap Fee | 2,500 |
| Sewer Tap Fee | 3,000 |
| Fire Sprinkler Overhead Permit (per sq ft) | 672 |
| Fire Sprinkler Underground Permit | 250 |
| Fire Alarm Installation Permit | 150 |
| Total: | $147,610 |

Mr. Parbhu requested that WEDC staff approach the City Manager and request a reduction in the fees. Staff explained that the WEDC preferred to coordinate all incentives, which a reduction in fees would be such, and proposed an alternative to Mr. Parbhu. With no change to the cumulative incentive being offered of $600,000, staff suggested a $100,000 payment to KREA at issuance of CO by the City with the maximum future incentive of $500,000 during the life of the Agreement.

Staff reviewed the changes that have occurred since the June meeting of the WEDC Board which impact this project:

1. The project square footage has increased from 40,000 square feet to 44,800 square feet;
2. The structure has increased from three (3) to four (4) stories;
3. The minimum number of rooms has been increased from seventy (70) to seventy (75) rooms;
4. The number of years KREA is eligible to receive reimbursement based on Hotel & Motel Occupancy Tax has been reduced from eight (8) to seven (7) years; and
5. KREA has requested an extension of time allowed to complete the project from December 31, 2016 to March 31, 2017.

Staff commented that he was comfortable with the structural change to the funding structure being that the scope of the project has been increased to the benefit of Wylie, the total incentive outlay remains unchanged, and there will be no reduction in fees paid to the City of Wylie. Staff informed the Board that all changes had been made to the Performance Agreement which was attached for the Board's review.

Staff recommended that the WEDC Board of Directors approve a Performance Agreement between the WEDC and KREA Acquisitions, LLC.

**MOTION:** A motion was made by Demond Dawkins and seconded by John Yeager to approve the Performance Agreement as presented between the WEDC and KREA Acquisitions LLC. The WEDC Board voted 4 – FOR and 0 – AGAINST in favor of the motion.

**ITEM NO. 6 – Consider and act upon issues surrounding the FY 2015-2016 WEDC Budget.**

Staff informed the Board that upon approval of the Budget, staff is prepared to present the same to the Wylie City Council at its Budget Work Session on July 16, 2015. The attached budget was consistent with two previously presented documents with several exceptions as outlined below:

**Incentives**

Assuming approval of the previous Action Item, a $100,000 payment is budgeted to KREA to be paid upon completion of the improvements contemplated within the Performance Agreement. While KREA is not required to complete the improvements until March 2017, the developer believes a July 2016 opening is possible. Further, with the Start Date beginning 6 months after CO, all monies budgeted for Hotel & Motel Occupancy Tax reimbursement have been removed.

An item that was to be discussed in Executive Session, Project HR moving costs of $338,000, was included within the budget. Staff believed this was a "not to exceed" figure.

**Community Development**

While the budget amount remained in the budget, staff recommended the discontinuation of the WEDC Invitational golf tournament. A more Broker/Developer focused event will be contemplated and discussed at a later Board Meeting.

**Dues**

With the hiring of a 'Vice President' level employee, staff is planning on being more strategic with its time and focusing on prospect recruitment. As a tool to do so, staff requested the Board consider membership at Prestonwood Country Club which is part of Club Corp. Prestonwood has 2 clubhouse facilities in North Dallas and as a part of Club Corp there are more than a dozen other clubs in the metroplex that a member can access. The one-time initiation fee is $3,000 with annual dues of $6,900.

The existing membership at Woodbridge G.C. would be maintained and be in the name of the new WEDC Vice President.

Within Dues as well, membership with the Texas Economic Development Council for the new VP is included.

**Other Financing – Woodbridge Parkway**

As discussed several times in Staff Reports, the WEDC has retained $559,567 out of the original loan from ANB to be used for final payment to the contractor and the outstanding issue of compensating a property owner for land which became part of the flood plain due to the development of the roadway. The City Engineer believes the issue to be resolved and anticipates utilizing the remaining WEDC funds within the current fiscal year. Therefore, the expense of $559,567 has been removed from the FY 2015-2016 budget in addition to the Fund Balance being reduced by an equal amount.

Staff recommended that the WEDC Board of Directors approve the FY 2015-2016 Budget as presented.

After discussion of the various items, it was decided to Table Final Budget approval until the next Regular Meeting but give approval for the budget to be presented to the Wylie City Council at its Budget Work Session on July 16, 2015.

**MOTION:** A motion was made by Todd Wintters and seconded by John Yeager to approve presentation of the Budget to Wylie City Council at its Budget Work Session on July 16, 2015 and to table Final Budget approval until the next Regular Meeting, or any Special Called Meeting held prior to that date. The WEDC Board voted 4 – FOR and 0 – AGAINST in favor of the motion.

**ITEM NO. 7 – Consider and act upon the purchase of property located at 106 N. Birmingham.**

The WEDC entered into a Real Estate Sales Contract to purchase 0.21 acre located at 106 N. Birmingham from Cora Aline Jones. With a landscaping company to the north and a dilapidated house to the south, the property and building located thereon currently are utilized by K&M Automotive. The WEDC has agreed to pay $190,000 for the property with a 90 day Feasibility Period expiring on August 26, 2015. Closing shall take place 30 days after the end of the Feasibility Period.

To date, the WEDC has determined through a Phase I Environmental Audit and a Limited Phase II that the property is free from any environmental contaminants exceeding allowable levels established by the Texas Council on Environmental Quality and the Environmental Protection Agency. Soil and foundation core samples were taken by Whitehead & Mueller confirming the findings and will be made available to all future buyers and financial entities contemplating the acquisition of this property.

At closing, the contract calls for the Seller to deliver the property free from all personal belongings. Staff of course will inspect the property prior to closing to confirm all vehicles and debris have been removed from the property.

Also attached for the Board's review was the Commitment Letter from American National Bank to lend the WEDC $185,000 at 4% interest on a 48 month maturity. While staff would normally present a 60 month note, it was staff's intention to request of the Board in the next Action Item that the WEDC payoff the Hobart Loan which has a 5% rate and 3.5 years remaining. The 6 month increase in term is offset by the 1% reduction in interest.

Staff further recommended that the WEDC put a total of 10% down on this purchase therefore bringing $14,000 to closing along with the $5,000 in earnest money already deposited with Lawyers Title. President Fuller, with Board support, believed that it was in the WEDC's best interest to borrow $185,000 for this project with WEDC presence in this area short lived.

Staff recommended that the WEDC Board of Directors approve the purchase of property located at 106 N. Birmingham and further authorize American National Bank to develop a Loan Agreement and other documentation necessary for the WEDC to borrow $185,000 to finance said purchase.

**MOTION:** A motion was made by Todd Wintters and seconded by John Yeager to approve the purchase of property located at 106 N. Birmingham and further authorize American National Bank to develop a Loan Agreement and other documentation necessary for the WEDC to borrow $185,000 to finance said purchase. The WEDC Board voted 4 – FOR and 0 – AGAINST in favor of the motion.

**ITEM NO. 8 – Consider and act upon issues surrounding the refinancing of an existing note with Hobart Industries.**

Staff explained that American National Bank had verbally indicated that the Hobart Note could be packaged with the Jones Note under the same terms. As cited previously, the remaining term would be increased by 6 months but the interest rate would be reduced a full percentage point (from 5% to 4%).

Staff recommended that the WEDC Board of Directors authorize American National Bank to package the ±$215,000 associated with the Hobart Industries Note along with the $185,000 note being developed to purchase the Jones tract.

**MOTION:** A motion was made by Demond Dawkins and seconded by John Yeager to authorize American National Bank to package the ±$215,000 associated with the payoff of the Hobart Industries Note along with the $185,000 note being developed to purchase the Jones tract. The WEDC Board voted 4 – FOR and 0 – AGAINST in favor of the motion.

**ITEM NO. 9 – Consider and act upon amending a Performance Agreement between the WEDC and Stephen Perkins, Inc.**

Staff reminded the Board that on February 20, 2015 the WEDC entered into an agreement with Stephen Perkins, Inc. to facilitate the renovation of a building located at 101 S. Ballard in Downtown Wylie. With an estimated project cost of $92,500, the WEDC agreed to reimburse Perkins $10,000. Board support for the project stemmed from the significant upgrade to the building and the addition of an elevator servicing the second story and in a sense doubling the usable square footage of the building.

Mr. Perkins has encountered one set back after another with this project with the most recent involving the elevator company abandoning the job and a death in the family. Unfortunately, Mr. Perkins was supposed to complete the project by July 1, 2015. While staff should have been monitoring the progress and impending deadline more closely, Mr. Perkins has some responsibility for the missed deadline as well. Regardless, Mr. Perkins will be receiving a CO within approximately 2 weeks with staff recommending the deadline for CO be extended to August 7, 2015.

Staff recommended that the WEDC Board of Directors approve an amendment to the Performance Agreement between the WEDC and Stephen Perkins, Inc. extending the deadline for CO to August 7, 2015.

**MOTION:** A motion was made by Todd Wintters and seconded by Demond Dawkins to approve an amendment to the Performance Agreement between the WEDC and Stephen Perkins, Inc. extending the deadline for CO to August 7, 2015. The WEDC Board voted 4 – FOR and 0 – AGAINST in favor of the motion.

**ITEM NO. 10 – Consider and act upon amending a Performance Agreement between the WEDC and R.R. Maguire Management, Inc.**

As with Item No. 9, staff reminded the Board that on February 20, 2015 the WEDC entered into an agreement with R. R. Maguire Management, Inc. to facilitate the renovation of a building located at 101 S. Ballard in Downtown Wylie. With an estimated project cost of $142,500, the WEDC agreed to reimburse Maguire $20,000. Board support for the project stemmed from the significant upgrade to the building. Additionally, Maguire demolished a dilapidated structure and built a new 700 square foot structure to house an aquatic therapy pool.

Similar to Perkins, Mr. Maguire has encountered one set back after another with this project with the most recent involving the elevator company abandoning the job. Mr. Maguire was supposed to complete the project by July 1, 2015 as well with staff recommending the deadline for CO be extended to August 7, 2015.

Staff recommended that the WEDC Board of Directors approve an amendment to the Performance Agreement between the WEDC and R. R. Maguire Management, Inc. extending the deadline for CO to August 7, 2015.

**MOTION:** A motion was made by Todd Wintters and seconded by John Yeager to approve an amendment to the Performance Agreement between the WEDC and R. R. Maguire Management, Inc. extending the deadline for CO to August 7, 2015. The WEDC Board voted 4 – FOR and 0 – AGAINST in favor of the motion.

## DISCUSSION ITEMS

**ITEM NO. 11 –** Staff report: review issues surrounding Performance Agreements between the WEDC and: Woodbridge Crossing, Ascend Custom Extrusions, CSD Woodbridge, Exco Tooling Solutions, and regional housing starts.

Analysis

As a reminder to Board members, the Board may not discuss an item which is not specifically identified on the agenda. Only those items listed above can be discussed. Should any Board member want an issue be placed on the agenda at any time prior to a Board meeting, please contact the WEDC President or staff.

*Woodbridge Crossing*

Attached for the Board's review was the Sales Tax Reimbursement Report which identifies all sales taxes received through June 2015 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.

$2,899,925 in reimbursements have been earned through June 2015 with net receipts of $1,984,072 after reimbursements. As well, it is estimated that $2.5 mm has been paid in ad valorem taxes to the City of Wylie (excluding the WISD).

As shown on the Sales Tax Reimbursement Report, $94,313.63 was generated in sales tax in April 2015 versus $85,673.03 in April 2014. This increase represents a 10% gain over 2014 receipts.

*Ascend Commercial Lease and Performance Agreement*

Attached for review was the Ascend Custom Extrusion Critical Dates Analysis and Performance Agreement Monitoring Procedures. Payment #4 of 5 for the Economic Incentives has been funded with Ascend meeting all Performance Obligations within Sections A and B of the attachment.

Also attached for review was the summary of a second Performance Agreement between the WEDC and ACE which was approved in December 2013. Payment #2 of 4 has been funded with Ascend meeting all Performance Obligations within Section A of the attachment.

*CSD Woodbridge Performance Agreement*

On July 15, 2013 a certificate of occupancy (CO) was issued for Kroger Marketplace. Beginning October 1, 2013 and ending October 1, 2023, Clark Street Development is eligible to receive a ½ cent sales tax reimbursement from the WEDC (City of Wylie not part of sales tax reimbursement agreement). Quarterly payments will be made to Clark Street based upon the data provided by the Comptroller. In addition to a $100,000 reimbursement incentive paid by the WEDC at CO, Clark Street is eligible to receive cumulative incentives of $1,100,000 over the life of the Agreement. Along with a summary of the Performance Agreement, a Sales Tax Reimbursement Report is included for the Board's review.

*Exco Tooling Solutions*

Exco has begun construction of its 30,000 square foot facility within Premier Business Park. While the Performance Agreement calls for a January 31, 2016 CO, Exco believes a December 31, 2015 CO is attainable even with all the rain. As provided in the Summary of Performance Obligations, the WEDC will fund an $87,000 incentive upon issuance of a CO followed by four payments of $20,000 over the following four years.

*Regional Housing Starts*

Fifty-seven homes were permitted in Wylie for June 2015. Sachse, Lavon, and Murphy permitted a combined fifty homes over the same period.

No action is requested by staff for this item.

## EXECUTIVE SESSION

*Recessed into Closed Session at 7:21 a.m. in compliance with Section 551.001, et.seq. Texas Government Code, to wit:*

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

- Project 2015-2a

**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 Drive and State Highway 78

## RECONVENE INTO OPEN MEETING

The WEDC Board of Directors reconvened into open session at 7:55 a.m. and took no action.

**ADJOURNMENT**

With no further business, President Fuller adjourned the WEDC Board meeting at 7:55 a.m.

**Marvin Fuller, President**

**ATTEST:**

**Samuel Satterwhite, Director**