

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

Friday, January 22, 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 6:34 a.m. Board Members present were Mitch Herzog, John Yeager, Demond Dawkins and Todd Winters.

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

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

**CITIZEN PARTICIPATION**

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Lynn Grimes was in attendance and informed the Board that The Taste of Wylie Event is planned for April 25<sup>th</sup> and encouraged the Board to attend and support the event. With no further citizen participation, Mr. Fuller proceeded to Action Items.

**ACTION ITEMS**

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

**MOTION:** A motion was made by Todd Winters and seconded by John Yeager to approve the December 18, 2015 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 December 2015 WEDC Treasurer's Report.**

**MOTION:** A motion was made by Mitch Herzog and seconded by John Yeager to approve the December 2015 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 a Commercial Lease Agreement for office space at 250 South Highway 78.**

Staff became aware in January that the WEDC Commercial Lease for office space with Wylie Industrial Court Development, Ltd. (ICD) had expired as of November 30, 2015. The current

lease allows for a 60 month extension should the WEDC exercise the same. ICD has indicated that the extension will be honored should the WEDC choose to extend.

The WEDC has three offices, a dedicated work/copy room, filing room, a dedicated conference room which accommodates six, and a shared conference room within which WEDC Board meetings are held. Utilities are shared according to percent of office space utilized with the WEDC responsible for its own cleaning services. As approved in the FY 2015 – 2016 WEDC Budget, a monthly lease rate of \$2,250 is paid to ICD.

Staff could not identify another option for alternate WEDC offices unless the Board would like to discuss utilizing office space at the Wylie Municipal Complex. Short of City Hall, there is no adequate alternative regardless of price.

While staff is confident that office space at the Municipal Complex could be financially beneficial, there is still value in having a perceived separation when dealing with developers and business owners.

Staff recommended that the WEDC Board of Directors authorize the Executive Director to exercise a 60 month extension of a Commercial Lease between the WEDC and Industrial Court Development, Ltd. for the lease of office space at 250 S. Highway 78, Wylie, Texas.

The WEDC Board agreed with this recommendation and suggested that Staff explore installing some type of signage on the building in order to identify the Wylie Economic Development Corporation as a tenant at that location.

**MOTION:** A motion was made by John Yeager and seconded by Todd Winters to authorize the Executive Director to exercise a 60 month extension of a Commercial Lease between the WEDC and Industrial Court Development, Ltd. for the lease of office space at 250 S. Highway 78, Wylie, Texas. The WEDC Board voted 5 – FOR and 0 – AGAINST in favor of the motion.

**ITEM NO. 4- {Remove from Table} Consider and act upon a Performance Agreement between the WEDC and Freudiger Holdings, LLC.**

**MOTION:** A motion was made by Mitch Herzog and seconded by John Yeager to Remove Item from Table. The WEDC Board voted 5 – FOR and 0 – AGAINST in favor of the motion.

Staff explained that there was still information that was lacking for a complete analysis and requested that this item again be Tabled for consideration until the next Regular or Special Called Meeting of the WEDC Board of Directors.

**MOTION:** A motion was made by Todd Winters and seconded by Demond Dawkins to Table this item for consideration at the next Regular or Special Called Meeting of the WEDC Board of Directors. The WEDC Board voted 5 – FOR and 0 – AGAINST in favor of the motion.

**ITEM NO. 5 – Consider and act upon issues surrounding the WEDC 2015 Annual Report.**

As per the WEDC By-laws, the WEDC must present an annual report to the Wylie City Council no later than January 31<sup>st</sup> of each year. The report must include, but is not limited to, a review of all expenditures made by the Board, a review of accomplishments, and a review of other than direct economic development. Staff believed the attached Report met the intent of the requirements of the By-laws with the same being presented to the Wylie City Council on January 26, 2016.

Board member Wintters asked that progress with the Chemical Recycling property and Commerce Street property be included in the presentation to Council.

Staff recommended that the WEDC Board of Directors approve the 2015 WEDC Annual Report as presented by staff and recommended it be presented to the Wylie City Council.

**MOTION:** A motion was made by Todd Wintters and seconded by Demond Dawkins to approve the 2015 WEDC Annual Report as presented by staff and recommended it be presented to the Wylie City Council. The WEDC Board voted 5 – FOR and 0 – AGAINST in favor of the motion.

**ITEM NO. 6 – Consider and act upon a Performance Agreement between the WEDC and B&B Theatres Operating Company.**

The WEDC originally approved a Performance Agreement with B&B Theatres Operating Company on December 9, 2011 and subsequently approved a First Amendment to the Agreement on December 1, 2014. The 2011 Agreement called for real and personal property valuation of \$9.5 mm, along with confirmation of construction costs and CO, with the Amendment allowing for a cumulative value of \$7.3 mm. Also part of the negotiations for amending the Agreement was the voiding of all commitments made by the City of Wylie due to an Event of Default.

With cumulative values of \$7,328,267, B&B is eligible to receive an economic incentive of \$25,000 plus a sales tax reimbursement equivalent to ½ cent collected by the WEDC. Taxes generated by the WEDC ½ cent tax, as reported by the Comptroller of Public Accounts for the period beginning December 2014 and ending November 2015, equals \$19,087.01.

Staff recommended that the WEDC Board of Directors approve payment to B&B Theatres Operating Company in the amount of \$44,087.01 as required under the terms of the Performance Agreement and First Amendment to the same between the WEDC and B&B.

**MOTION:** A motion was made by Mitch Herzog and seconded by John Yeager to approve payment to B&B Theatres Operating Company in the amount of \$44,087.01 as required under the terms of the Performance Agreement and First Amendment to the same between the WEDC and B&B. The WEDC Board voted 5 – FOR and 0 – AGAINST in favor of the motion.

**ITEM NO. 7 – Consider and act upon a Performance Agreement between the WEDC and Ascend Custom Extrusions, LLC.**

Attached for the Board’s review was a Performance Agreement between the WEDC and Ascend which was executed on November 19, 2010. In order to qualify for the 5<sup>th</sup> and final incentive payment of \$76,518 Ascend must maintain continuous occupancy of the facility and have cumulative personal property value of not less than \$7,100,000.

Ascend currently has personal property valued at \$8,951,010, real property valued at \$8,863,2887, in addition to 225 employees. As the Ascend project was being negotiated in 2010, the total appraised value for the project was estimated at \$14.3 mm.

Payment of Incentive #5 will finalize the WEDC commitment per the attached Performance Agreement. The WEDC still owes two payments of \$24,000 each associated with the real and personal property expansion completed in 2014.

Staff recommended that the WEDC Board of Directors approve an incentive payment of \$76,518 to Ascend Custom Extrusions, LLC per the terms of the Performance Agreement between the WEDC and Ascend.

**MOTION:** A motion was made by Demond Dawkins and seconded by John Yeager to approve an incentive payment of \$76,518 to Ascend Custom Extrusions, LLC per the terms of the Performance Agreement between the WEDC and Ascend. The WEDC Board voted 5 – FOR and 0 – AGAINST in favor of the motion.

Board Member Dawkins departed the meeting at 7:27 a.m.

**ITEM NO. 8 – Consider and act upon issues surrounding the development of WEDC properties near the intersection of State Highway 78 and Cooper Drive.**

Staff informed the board that all WEDC tenants on Industrial Court have received notice to vacate on or before May 31, 2016. Staff has yet to receive demolition bids for the 8 subject buildings on Cooper and Industrial Court. Staff has yet to receive final bids on the demolition but with Mann Made occupying their offices until at least March 1, 2016, final consideration of the complete bid packages can wait until February.

In working with J. Volk Consulting, staff has received cost estimates for proposed site work for the benefit of three restaurant pad sites as shown on the attached exhibit. Median modification and site improvements are summarized below:

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|--|----------|
| 1. Driveway & Fire Lane Access (at Williams)             | \$79,400 |
| 2. Median Modification (left turn lane)                  | 81,200   |
| 3. Right Turn Lane at Cooper (with oversized decel lane) | 114,600  |
| 4. Right Turn Lane at Driveway (Williams St. decel lane) | 55,900   |

In terms of importance to the overall project, the items are listed in order of priority from highest to lowest (in staff's opinion). Item No. 1 is required to provide a second access point to the site closest to Starbucks in addition to fire lane access to the middle pad site. Item No. 2 would enable north bound traffic to access the property in a safer manner with 115' of stacking or storage in addition to enhancing the marketability of the two remaining restaurant pad sites. Item No. 3 is an oversized deceleration lane for Cooper Drive not only accommodating increased traffic to the WEDC properties but also existing traffic from Starbucks. Standard deceleration lanes are 200' with the probable cost contemplating 300'. If the final design is 200' there would be a cost reduction of approximately \$40,900. Item No. 4 is a 200' deceleration lane at the Williams Street entrance.

Staff commented that if cost became an issue, Item No. 4 could not be built without significantly impacting access to the site. Board member Wintters indicated that all four items seemed to be important to internal and external flow and that the WEDC should proceed with the design of all improvements. President Fuller agreed and encouraged staff to negotiate with any prospective buyers to participate in the construction of Item No. 3 being that the decel lane will greatly improve access to the site closest to Starbucks.

Staff requested no action.

## **DISCUSSION ITEMS**

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**ITEM NO. 8 – Staff report:** review issues surrounding Performance Agreements between the WEDC and: Woodbridge Crossing, Ascend Custom Extrusions, CSD Woodbridge, Exco Tooling Solutions, Von Runnen Holdings, All State Fire, B&B Theatres Operating Company, Inc., proposed mixed-use development on Jackson Street, redevelopment of 801 S. State Highway 78, remodeling of 710 Business Way, sporting events 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 September 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.

\$3,258,412.42 in reimbursement has been earned through December 2015 with net receipts of \$2,446,781.73 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, \$97,527.61 was generated in sales tax in October 2015 versus \$92,795.93 in October 2014. This increase represents a 5% 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 #5 of 5 for the Economic Incentives was funded pending Board approval with Ascend meeting all Performance Obligations within Sections A and B of the attachment. Board consideration of Payment #3 will take place in February.

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 the \$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 was included for the Board's review.

*Exco Tooling Solutions*

Exco has completed construction of its 30,000 square foot facility within Premier Business Park, moved the majority of equipment, and received a temporary Certificate of Occupancy. All indications point to a Final CO by January 31, 2016. 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.

Exco has experienced challenges with the installation of their new age oven and is still utilizing the old age oven located at their Highway 78 location. Staff has agreed to extend their lease of the 78 property until February 15<sup>th</sup> at no cost to accommodate their use of the age oven.

On January 25<sup>th</sup>, staff will present the Wylie ISD with a check for \$7,195.76 in avoided taxes collected from Exco over the last 11 months. The City of Wylie will also receive \$1,186.56 in avoided taxes for the period beginning October 1, 2015 thru January 31, 2016.

*Von Runnen Holdings*

Von Runnen Holdings has received a temporary Certificate of Occupancy (CO). A Final CO is anticipated in January as required by the WEDC Performance Agreement. Upon issuance of a CO and confirmation of \$1.25 mm in construction costs, the WEDC will issue Incentive Payment No. 1 of \$20,000. Two additional payments of \$10,000 each will be issued over the following two years.

*All State Fire Equipment*

All State Fire Equipment was issued a building permit on July 2, 2015 and held their Ground-Breaking ceremony on September 18, 2015. Work is progressing well and ASFE appears to be on track to receive a Certificate of Occupancy by the August 1, 2016 as required in their Performance Agreement.

*Remodeling of 710 Business Way*

Able Machinery Movers has completed the moving of Mann Made equipment to Business Way and Pulliam Construction Management (PCM) has received a Temporary Certificate of Occupancy. The WEDC will have an as-built survey completed by January 22<sup>nd</sup> which is the final item required of the WEDC to close on the purchase of the Edge property on 78. Assuming no unanticipated issues arise, closing is scheduled for the week of January 25<sup>th</sup>.

Final costs have not been received yet from PCM but it appears as though we will come in under budget. Staff hopes to have a more specific figure prior to the Board Meeting.

While temporary phone lines have been installed by Verizon to service the fire alarm monitoring system, the extension of fiber will not be complete until the middle of February. Therefore, Mann Made will maintain their office at the 78 site until fiber improvements are completed. Under the existing contract Mann Made is allowed to utilize the 78 site for a period not to exceed 60 days post-closing. Mr. Edge has indicated that there will be no reason to remain following the completion of fiber.

*106 N. Birmingham*

A WEDC tenant located on Industrial Court has inquired as to the possibility of occupying the K&M building. Being that there is no clear direction for future use, staff had an initial interest so long as the use did not negatively impact adjoining properties (i.e. no outside operations or excessive traffic generated). If the right use /tenant were identified, the property would require less maintenance by the WEDC and the property would not deteriorate as quickly.

*Venue for WEDC Board Meeting*

With a third WEDC staff person and seven Board Members, staff suggested that the Board may want to discuss the possibility of meeting at an alternative location. The only reasonable option that staff could identify was the City Council Conference Room at the Wylie Municipal Complex

which comfortably seats twelve at the conference table with ample room for guests around the perimeter. Staff did not believe this was an immediate need as there is still room for guests in our existing Board room but would be interested in feedback from the Board on this issue.

### ICSC 2016

ICSC will be held May 22-25, 2016. Two staff members will be in attendance and Mayor Hogue and Board Member Wintters have expressed an interest in attending as well. Should any other Board member be interested in attending, please contact staff at your earliest convenience.

### Regional Housing Starts

Thirty-eight homes were permitted in Wylie for December 2015. Sachse, Lavon, and Murphy permitted a combined eighteen homes over the same period.

No action is requested by staff for this item.

### EXECUTIVE SESSION

*Recessed into Closed Session at 7:34 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 Drive & State Highway
- Martinez and Alanis
- Hooper and F.M. 544

Board Member Dawkins rejoined the meeting at 7:54 am.

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

- Project 2016-1a
- Project 2016-1b
- Project 2016-1c

Mayor Hogue departed the meeting at 8:42 a.m.

### RECONVENE INTO OPEN MEETING

The WEDC Board of Directors reconvened into open session at 8:57 a.m. and took no action.

**ADJOURNMENT**

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With no further business, President Fuller adjourned the WEDC Board meeting at 8:57 a.m.



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**Marvin Fuller, President**

**ATTEST:**



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**Samuel Satterwhite, Director**