

SCHERTZ

ECONOMIC DEVELOPMENT CORPORATION

MINUTES
CITY OF SCHERTZ
ECONOMIC DEVELOPMENT CORPORATION
BOARD OF DIRECTORS
REGULAR MONTHLY MEETING
THURSDAY, JANUARY 26TH, 2017

The City of Schertz Economic Development Corporation (SEDC) Board of Directors met for a Regular Monthly Meeting on Thursday, January 26th, 2017 at 6:00 p.m. in the City Council Chambers, conference room, 1400 Schertz Parkway, Schertz, Texas.

CALL TO ORDER

1. Roll call and recognition of visitors.

President Brown called the meeting to order at 6:00 p.m. and welcomed everyone in attendance.

Board of Directors:

Tim Brown – President
Paul Macaluso – Treasurer/Secretary
Roy Richard
Gary Howell

Staff:

Kyle Kinateder – SEDC Executive Director
Patty Horan – Executive Assistant - ED
Jennifer Kolbe – Business Retention Manager
James Walters – Director of Finance

Directors absent:

Katie Chain

Other present:

Erica Hernandez – The Chamber/CORE
Gerri Lawing – GVEC
Mark Tew

2. Oath of office for newly appointed SEDC Board Members: Mireille Ferdinand-Hercule (appointed to finish term left vacant by Ms. R. Scott - 5/31/2016-5/31/2018), and Mark Tew (appointed to finish term left vacant by Ms. A. Kiser - 5/31/2015 - 5/31/2017). (P. Horan)

Ms. Mireille Ferdinand-Hercules did not attend the meeting. Ms. Horan administered the Oath of Office to Mr. Mark Tew, who was appointed to the SEDC Board by City Council on 12/20/2016.

3. Introduction of new Board Members (T. Brown)

President Brown congratulated, introduced and officially welcomed Mr. Tew to the Board of Directors.

4. Consider/Discuss/Act on election of corporation officers for the vacant Vice President position, and other matters connected therewith. (T. Brown)

The Board held an election for the corporation's Vice President position. The appointment is only for a short period until the next annual election of officers to be held on May 31, 2017. The Board elected to nominate Mr. G. Howell who accepted the nomination.

A motion to elect Mr. Gary Howell was made by Mr. P. Macaluso. Seconded by Mr. T. Brown.
Motion passed unanimously.

5. Public comment.

This time is set aside for any person who wishes to address the Board. Each person should fill out the Citizen's to be Heard registry form prior to the meeting. Presentations should be limited to no more than 3 minutes. The presiding officer, during the Public Comment portion of the agenda, will call on those persons who have signed up to speak in the order they have registered.

Ms. Lawing provided information on the new GVEC economic development focal website.

At the request of the President of The Chamber, Mr. Kinatader distributed an email documenting The Chamber's position on the Schertz Incentive Policy. The document was shared with everyone in attendance.

ITEMS FOR INDIVIDUAL CONSIDERATION

6. Consider/Discuss/Act on approval of the Minutes for the Board of Directors Regular Monthly Meeting held on Thursday, October 27^h, 2016. (P. Horan)

A motion to approve the Minutes for the Board of Directors Regular Monthly Meeting held on Thursday, October 27^h, 2016 was made by Mr. R. Richard. Seconded by Mr. G. Howell. **Motion passed** with one abstention from Mr. M. Tew.

7. Review of the SEDC Monthly Financial Report for the months of September, October, November and December 2016. (J. Walters)

Mr. Walters provided a summary review of the Financial Statements for the months of September, October, November and December 2016.

8. Consider/Discuss/Act on the Schertz Incentive Policy. (K. Kinatader)

Mr. Kinatader presented the proposed Schertz Incentive Policy (the "Policy"). The Policy replaces the existing Chapter 380 program and establishes a voluntary program for the SEDC. The Policy aligns with state regulations which require, with few exceptions the creation or retention of primary jobs. This Policy uses a unified approach for retention and attraction through the creation of specific categories of Existing Schertz Businesses, Small Businesses, Large Impact Businesses, and Extra Large Impact Businesses. The Board reviewed the proposed Policy and provided direction and changes on the following sections:

Under the Primary Jobs (page 2) – defined by Chapter 501 of the Texas Local Government Code. We changed the formatting.

Under the Background (page 3). We changed "policy" to "programs"

SEDC Incentive Program:

Program (section 2 page 5)

- a. **Company Direct Incentives** – in connection with the creation and retention of Primary Jobs, the SEDC will evaluate companies under the following categories:
 - i. **Existing Businesses** – a business with at least 5 years of operation within the City of Schertz or its extraterritorial jurisdiction may receive a Performance Grant and Development Fee Grant to help create or retain Primary jobs in Schertz and to encourage new capital investment.
 - ii. **Small Businesses** – a business with fewer than 50 full-time jobs or annual sales less than \$10 million_ that seeks to establish operations in Schertz may receive a Small Business Grant. Each year, the SEDC will budget \$500 thousand to be used exclusively for Small Business Grants.
 - iii. **Large Impact Businesses** – a business that seeks to create Primary Jobs and increase the Total Taxable Value in order to maintain and diversify our local economy may receive a Performance Grant. A Performance Grant will be used exclusively for all Projects with a Total Taxable Value of up to \$100 million.
 - iv. **Extra Large Impact Businesses** – for those Projects that exceed a Total Taxable Value of over to \$100 million, the City and SEDC will use a combination of a Performance Grant and a Chapter 380 Incentive Agreement to leverage the creation of new Primary Jobs and Total Taxable Value.
- b. **Infrastructure Incentives** – Certain infrastructure improvements, such as streets and roads for retail or office developments, may qualify for an Infrastructure Grant if the infrastructure expenditures adheres to state law and are found by the Board of Directors to be necessary to promote or develop new or expanded business enterprises.
- c. **Other Authorized Projects** – The SEDC retains its right to utilize any Project authorized for Type B Corporations. All Projects will be subject to the execution of a Performance Agreement.

Program (section 3 page 6)

- a. **Real & Personal Property Investment** – Ventures that create a minimum of \$100 million in new Total Taxable Value may qualify to receive a Real & Personal Property Investment Grant.
- b. **Gross Sales and Use Tax** – Retail ventures that create a minimum of \$35 million in gross retail sales, that is subject to local sales and use tax collection, may receive a Sales and Use Tax Grant.

A Motion to approve the Schertz Incentive Policy and present to City Council for their review was made by Mr. R. Richard. Seconded by Mr. P. Macaluso. **Motion passed** unanimously.

9. Review Annual Report

Mr. Kinatader provided a brief overview of the 2016 Annual Report including highlights on SEDC projects and major development that has occurred over the past year. Development included the completion of multiple speculative industrial space throughout the Tri County business area. The speculative industrial space has been driven by large institutional developers like Robinson Weeks Partners, Connor Commercial and Industrial Group Southwest putting up buildings that ranged

between 175,000 – 360,000 square feet. In addition to the large facilities, Schertz also saw smaller speculative buildings ranging in size between 7,000 – 12,000 square feet being built on Guada Coma Drive and Windy Meadows Drive. The new commercial growth was not limited to the industrial sector. New retail product was added along Interstate 35 at the 17155 IH 35 retail center, where the Bank of San Antonio and Chicago Title office. Pollo Tropical restaurant also built a new building next to Walmart. Schertz also experienced infill retail and office projects along Roy Richard Drive and Schertz Parkway helping to diversify our commercial development and strengthen the city's economic engine.

The SEDC was successful in closing out many several outstanding projects including the demolition of 1300 Schertz Parkway and the completion of the David Lack Boulevard extension. Additionally, the SEDC welcomed Major Wire Texas which added new manufacturing jobs to the City of Schertz.

Behind the Scenes, SEDC staff worked to formalize many of the standard operating practices of the SEDC through formalized practices such as the Professional Services Agreement and the implementation of the finance ladder system for SEDC reserves.

The SEDC increased its marketing efforts through the update of the SEDC website which allows for measurable marketing campaigns that will allow the SEDC to increase its effectiveness in business recruitment. Lastly, the SEDC has renewed its focus on strengthening existing Schertz businesses through the business retention efforts and setting the stage for a formalized business retention and expansion plan in 2017.

10. Presentation/information on conflict of interest. (K. Kinatader)

Mr. Kinatader showed the Board the City's Affidavit of Conflict of Interest Form and explained how the form is to be used by Board Members needing to recuse themselves from a meeting due to a substantial interest in dealings with a business entity that may receive special economic effect by a vote or decision of the Board Member.

11. Director's Report. (K. Kinatader)

- Project updates
Advanced Stores Company. Inc. did not execute their lease with the property resulting in the termination of the SEDC incentive agreement.
- Personnel updates
Staff attended a couple of professional training sessions at the OU-EDI Certified Economic Developers Program, and the Public Funds Investment Act (PFIA) Workshop
- Business visited
The following businesses were visited during this period: Innovative Technology Machinery (ITM), Cadillac Products, Visionworks (HVHC), Keaco, Aqua Metric, Brace Integrated Systems, UFP Schertz, Discount Tire, River Whey Creamery, Sysco Central Texas, Inc. and Texas Utility Engineering (TXUE)
- Events attended
San Antonio Manufacturing Association (SAMA) | November 1, 2016
Certified Commercial Investment Member (CCIM) 25th Annual Symposium | November 8, 2016
WSA Board Plan Program 2017-2020 Public Review | New Braunfels | November 29, 2016

REQUESTS AND ANNOUNCEMENTS

Announcements:

Office closures: February 20, 2017 – Presidents' Day

Next regular scheduled Board Meeting: Thursday, February 23, 2017

Wilenchik Walk for Life – Saturday, March 4, 2017

12. Requests by Board Members that items be placed on a future SEDC Board Meeting Agenda.

Mr. Richard mentioned watching a recent marketing video for the City of Cibolo and requested for the staff to place a review of the SEDC marketing efforts on the next meeting agenda.

13. EXECUTIVE SESSION

- A. Called in accordance with Section 551.087 of the Texas Government Code, Deliberation Regarding Economic Development Negotiations; Closed Meeting. The governmental body is not required to conduct an open meeting (1) to discuss or deliberate regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay, or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiations; or (2) to deliberate the offer of a financial or other incentive to a business prospect.

- Project E-023-Texas Plumbing Supply Company, Inc.
- Project E-027

Start time: 7:15 p.m.

End time: 7:30 p.m.

RECONVENE TO REGULAR SESSION

Present reconvened the meeting to Regular Session at 7:31 p.m.

14. Discussion, public hearing and possible action to authorize the SEDC Executive Director to take the necessary and appropriate actions to proceed with negotiations based on discussions held in Executive Session under Agenda Item No.13-A:
 - Project E-023/Texas Plumbing Supply Company, Inc. – Discussion, public hearing, and possible action relating to an expenditure of SEDC Funds for a warehouse and distribution project.

Mr. Kinateder distributed a copy of the Economic Development Incentive Agreement with Texas Plumbing Supply Company, Inc. to all present. Mr. Kinateder went over the project parameters, performance criteria and the incentive amount. Mr. Kinateder explained that a public hearing was

required before spending money to undertake a project. Mr. Kinateder explained that the company must secure their certificate of occupancy before they would receive the grant.

President of the Board opened the meeting for public comment:

Time start: 7:34 p.m.

There were no public comments.

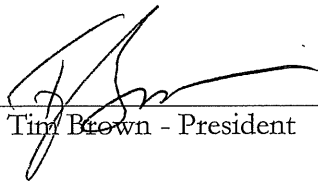
Time end: 7:34 p.m.

A motion to recommend that the City Council authorize the payment of an economic development incentive agreement among the SEDC and Texas Plumbing Supply Company, Inc. as outlined in the Agreement was made by Mr. P. Macaluso. Seconded by Mr. G. Howell. **Motion passed unanimously.**

ADJOURN

President Brown adjourned the meeting at 7:37 p.m.

MINUTES PASSED AND APPROVED THIS 23 DAY OF FEBRUARY, 2017



Tim Brown - President



Paul Macaluso - Treasurer/Secretary