

# SCHERTZ

ECONOMIC DEVELOPMENT CORPORATION

## MINUTES THURSDAY, FEBRUARY 22, 2018

The City of Schertz Economic Development Corporation (SEDC) Board of Directors met for a Regular Monthly Meeting on Thursday, February 22, 2018 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  
Gary Howell – Vice President  
Paul Macaluso – Treasurer/ Secretary  
Mark Tew  
Katie Chain

#### Staff:

Kyle Kinateder – SEDC Executive Director  
Patty Horan – ED Executive Assistant  
James Walters – Director of Finance

#### Directors absent:

Roy Richard  
Victoria Readnour

#### Others present:

Deborah Fraser, CPA/Armstrong, Vaughn & Associates  
John Sullivan - Resident

2. Public comment.  
No one spoke during public comment.

President Brown moved to agenda item No. 7.

### PRESENTATIONS

3. SEDC Monthly Financial Statements: January 2018. (J. Walters)

Mr. Walters provided an overview of the revenues and expense report. Highlights on the report included: January 2018 sales tax revenues increased by 12.1% (year-over-year comparison). Cash & Investments totaled \$15,291,946.32. Remaining debt service was \$360,768.75. Mr. Walters presented a chart showing the 12-month rolling average for sales taxes showing sales tax trends since 2014. Mr. Walters responded to questions/comments from the Board.

4. Business Retention and Expansion Plan and Workforce Update. (J. Kolbe)

Mr. Kinateder presented on Behalf of Ms. Kolbe was absent. Mr. Kinateder provided an update on the Business Retention and Expansion Plan (BRE) and associated company visits and industry roundtables. Through these meetings, staff has been able to hear about issues that are most pressing to Schertz

businesses. For manufacturers the key concern is finding reliable employees who can fulfill entry level positions; once hired most Schertz companies have internal training programs. The most in demand manufacturing positions are machine operators, industrial maintenance technicians, production supervisors, controls engineers, assemblers, carpenters, engineers and sales.

Mr. Kinatader also provided an update on staff's efforts on workforce development. At the direction of the Schertz manufacturers, staff has been working with the Schertz-Cibolo-Universal City school district to connect the district's Career Technology Education (CTE) efforts with Schertz employers. As part of these efforts, staff participates in the School to Employment Advisory Committee where the district is identifying which CTE and certification programs to pursue. Staff has also worked with both the CTE and Schertz employers to encourage teamwork and collaboration through Job Shadow Day and other events. Mr. Kinatader responded to questions/comments from the Board.

5. Freeway Manor Subdivision Property discussion. (K. Kinatader)

Mr. Kinatader provided a brief summary and background about the location, condition, and the City's role regarding the purchase of property in the Freeway Manor Subdivision. Mr. Kinatader emphasized that staff seeks input and direction from the SEDC Board for the continuation of acquiring vacant land as it becomes available. Mr. Kinatader told the Board that Legal advised that they should only acquire the property for a specific Projects pursuant to the Texas Local Government Code, Chapters 501, or 505. Mr. Kinatader sought the Board's direction regarding the continued practice of purchasing lots in the Freeway Manor Subdivision pursuant to an authorized Project. The Board suggested that the item be postponed, and that Staff take pictures of the property and bring the item back later.

No action was taken.

6. SEDC 20th Anniversary Celebration. (K. Kinatader/P. Horan)

Mr. Kinatader and Ms. Horan provided an update regarding the proposal of a SEDC 20th year anniversary celebration as presented in the FY 2017-18 SEDC Budget. The event will be a promotional campaign to highlight 20 years of service and achievements. Guests will have the opportunity to learn more about the history and purpose of the SEDC, significant Projects, company relocations and expansions, and infrastructure projects that have helped shape Schertz into the premier city that it is today. The event will be held on May 10th, additional details will be provided as they become available.

**ITEMS FOR INDIVIDUAL CONSIDERATION**

7. Consider/Discuss/Act on Independent Auditor's Report for the SEDC Annual Financial Report for the Year Ended September 30, 2017. (Deborah Fraser, CPA/Armstrong, Vaughn and Associates)

Ms. Fraser informed the Board that her team of certified accountants had audited the basic financial statements of the SEDC as of and for the year ended September 30, 2017. She reviewed the annual report which consists of three parts: Management's Discussion and Analysis, Financial Statements and Required Supplementary Information. Ms. Fraser reported that there were no sensitive accounting estimates affecting the financial statements of the SEDC, and no disagreements arose during the audit. The Corporation did not exceed the budgeted expenditures during 2017. Financial highlights included:

- The Corporation's net position was \$15.3 million at September 30, 2017, an increase of \$3.0 million.
- The Corporation's total revenues were \$3.7 million, while total expenses (including transfers to and from the City) were \$771,000.

- Balance Sheet showed total assets at year end, Sep. 30, 2017 were \$15,073,888. Total Liabilities \$4,357. Total Liabilities and Fund Balance \$15,073,778.

Ms. Fraser thanked the SEDC staff for their thoroughness in explaining different local economic development programs. Ms. Fraser answered questions/comments from the Board.

**A motion to approve** the Independent Auditor's Report for the SEDC Annual Financial Report for the Year Ended September 30, 2017 was made by Mr. G. Howell. Seconded by Ms. K. Chain. **Motion passed** unanimously.

President Brown moved to agenda item No. 3.

8. Consider/Discuss/Act on approval of the minutes for the Board of Directors Regular Monthly Meeting held on Thursday, January 25, 2018. (P. Horan)

**A motion to approve** the minutes for the Board of Directors Regular Monthly Meeting held on Thursday, January 25, 2018 was made by Mr. P. Macaluso. Seconded by Mr. G. Howell. **Motion passed** unanimously.

9. Consider/Discuss/Act on the Main Street Project in relation to the creation and retention primary jobs and certain infrastructure improvements. (K. Kinateder) (Item was postponed from agenda meeting held on 1/25/2018.)

Mr. Kinateder provided background and overview as follows: During the November 16th SEDC Board Meeting and December 12th Joint City Council and SEDC Board Meeting, staff presented information on the proposed improvements and efforts to help revitalize the Main Street district. Currently, the City has proposed approximately \$1.35 million, exclusive of SEDC participation, for parking, signage, sidewalk, bump-outs, and other improvements for Main Street. The City Council has requested that the SEDC participate in the effort by contributing \$300,000 to \$500,000. The money would be used for infrastructure improvements which is an authorized expense by the Texas Local Government Code Section 501.003.

Board Member Howell, requested that the SEDC considers developing a specific incentive for those companies that create Primary Jobs and locate or expand in the Main Street District. Such an incentive would be authorized by the Texas Local Government Code Section 501.101. Qualifying companies may include: certain financial institutions, architectural, engineering, management, research and development, scientific and technical service companies, or call centers.

President Brown suggested for the Board to wait until the City holds the upcoming Main Street Stakeholder Input Meeting to get more information.

No action was taken.

#### 10. **REQUESTS AND ANNOUNCEMENTS**

Requests by Board Members to place items on a future SEDC Board Meeting agenda.

No requests were made.

#### 11. Information available in SEDC Board Packets – **NO DISCUSSION TO OCCUR**

- Annual Report to State Comptroller

- Eminent Domain Filing

No questions were asked on the information submitted.

President Brown recessed into Executive Session at 7:04 p.m.

## 12. EXECUTIVE SESSION

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-038
- Project E-039

Start time: 7:06 p.m.

End time: 7:55 p.m.

## RECONVENE TO REGULAR SESSION

President Brown reconvened the meeting back into regular session at 7:56 p.m.

13. Discussion 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. 12:

- Project E-038
- Project E-039

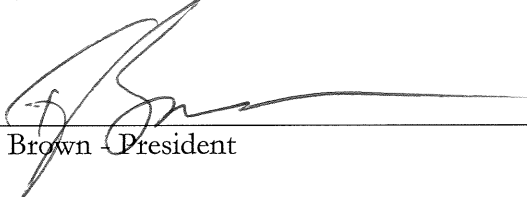
In connection with Project E-039 and at the direction of the SEDC legal counsel, pursuant to the Texas Non-Profit Corporation Act the Board found that no member had a conflict of interest for this project.

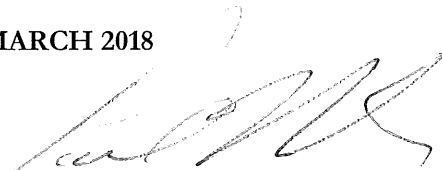
**A motion to authorize** the SEDC Executive Director to proceed with negotiations on Project E-038 and E-039 as discussed during executive session. The motion was made by Mr. P. Macaluso. Seconded by Mr. G. Howell. **Motion passed** unanimously.

## ADJOURNMENT

President Brown adjourned the meeting at 7:58 p.m.

**MINUTES PASSED AND APPROVED THIS 22 DAY OF MARCH 2018**

  
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Tim Brown - President

  
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Paul Macaluso – Treasurer/Secretary