

# SCHERTZ

ECONOMIC DEVELOPMENT CORPORATION

## MINUTES THURSDAY, JUNE 28, 2018

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The City of Schertz Economic Development Corporation (SEDC) Board of Directors met for a Regular Monthly Meeting on Thursday, June 28, 2018 at 6:00 p.m. in the City Council Municipal Complex, City Council Chambers, Building No. 4, Conference Room, 1400 Schertz Parkway, Schertz, Texas. This is an open meeting, subject to the open meeting laws of the State of 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.

The following being present and in attendance:

#### **Board of Directors:**

Tim Brown – President  
Paul Macaluso – Treasurer/ Secretary  
Roy Richard  
Sammi Morrill  
Jesse Hamilton

#### **Staff:**

Kyle Kinateder – SEDC Executive Director  
Patty Horan – ED Executive Assistant  
Jennifer Kolbe – Business Retention Manager  
Drew Vincent – ED Analyst  
James Walters – Director of Finance  
Brenda Dennis – City Secretary

#### **Directors absent:**

Mark Tew

2. Oath of office for newly appointed SEDC Board Members: Sammi Morrill, and Jesse Hamilton. Also, reappointment of Paul Macaluso. All members were appointed by City Council during their regular session held on 6/5/2018 to serve for a two-year term: 5/31/2018-2020. (P. Horan)

City Secretary, B. Dennis, administered the oath of office to appoint and reappoint Board Members: Sammi Morrill, Jesse Hamilton and Paul Macaluso.

3. Introduction of new Board Members: Sammi Morrill, and Jesse Hamilton. (T. Brown)

President Brown presented each new member with the Schertz Pin, congratulated and officially welcomed them to the Board of Directors. President Brown invited each of the new Board Members to introduce themselves. Mr. Hamilton has a background in public health, finance, and law enforcement. Mr. Hamilton is a local business owner and the health consultant for the City. He holds a master's degree in Public Administration and Education from the University of Phoenix and a bachelor's degree in Biology from the University of Texas in San Antonio. Ms. Morrill also thanked the Board for the opportunity and shared that she has 16 years of civil service in career/vocational training for the US Air Force. She holds a Ph.D. degree in Educational Administration from the University of Texas at Austin and has been a Schertz resident for 12 years.

4. Consider/Discuss/Act on election of corporation officer for the Vice President vacancy and other matters connected therewith. (T. Brown)

President Brown opened up the item for nominations. Mr. Richard made a **motion to nominate** Mr. Macaluso. President asked for a Second. Mr. Hamilton Seconded. President asked for any discussion. Mr. Richard **made a motion for the nomination to cease** and that Mr. Macaluso be elected by acclamation. President asked if all were in favor. All present voted yes. **Motion passed** unanimously.

Mr. Kinatader clarified that Mr. Macaluso will served as the Vice President for the remainder of the position's term which will expire next May.

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.*

No public comments were made.

## **PRESENTATIONS**

6. SEDC monthly financial statement: May 2018. (J. Walters)

Mr. Walters reported that sales taxes increased 12.1% year over year for the month of May. This growth maintains a steady level of construction related sales as seen in last year while growing the stated amount in the large retail centers. The 12-month rolling average in sales tax receipts is the highest growth rate of growth since November 2014. The Corporation has \$15,926,274.77 in cash and investments.

7. 2<sup>nd</sup> Quarter 2018 Recruitment update. (K. Kinatader)

Mr. Kinatader provided a brief background on the recruitment strategy and efforts. He stated that during the second quarter, the SEDC saw a tremendous increase in web traffic. The increase was primarily the result of the job board webpage and new blog postings. Staff participated in two recruitment events during the second quarter. No questions were asked.

## **ITEMS FOR INDIVIDUAL CONSIDERATION**

8. Consider/Discuss/Act on approval of the minutes for the Board of Directors Regular Monthly Meeting held on Thursday, May 24, 2018. (P. Horan)

**A motion to approve** the minutes for the Board of Directors regular monthly meeting held on Thursday, May 24, 2018 was made by Mr. Richard. Seconded by Mr. Macaluso. **Motion passed** unanimously.

9. Consider/Discuss/Act on the Agreement For Provisions of Professional Services Between The City of Schertz and The City of Schertz Economic Development Corporation and recommend approval by the City Council for the expenditures provided for in the Agreement For Provisions of Professional Services Between The City of Schertz and The City of Schertz Economic

Development Corporation in the amount of \$456,630.00 for the 2018-19 fiscal year. (K. Kinateder)

Mr. Kinateder explained that under the SEDC/City of Schertz Service Agreement, the SEDC transfers funds to the City of Schertz to pay for expenses related to office staff, administration support and other specific services provided to the SEDC. Services include managing financial records, preparing the budget, and providing office space. The total amount of the FY 2018-19 Service Agreement is \$456,630 which is a 3.5% increase from the FY 2017-18 budget. The funds will be transferred to the City of Schertz in two equal transfers on October 1, 2018 and April 1, 2019. Mr. Richard asked about the property owned by the SEDC located at 1300 Schertz Parkway. Mr. Kinateder confirmed ownership of the vacant lot, and the SEDC's responsibility to maintain the site

**A motion to approve** and authorize the President to sign the Agreement For Provisions of Professional Services Between The City of Schertz and The City of Schertz Economic Development Corporation and to recommend approval by the City Council for the expenditures provided for in the Agreement in the amount of \$456,630.00 for the 2018-19 fiscal year was made by Mr. Macaluso. Seconded by Mr. Hamilton. **Motion passed** unanimously.

10. Consider/Discuss/Act on approval for recommendation to the City Council for the proposed SEDC FY 2018-19 Budget and Reserves. (K. Kinateder)

Mr. Kinateder stated that all expenses listed on the Agreement For Provisions of Professional Services are built into the proposed budget. Mr. Kinateder stated that no changes have been made to the budget since the May 24<sup>th</sup> Board Meeting. Staff elected to delay the vote on the budget so that the new Board Members would be able to provide input. During this time, staff met individually with the newly appointed Board Members and provided orientation about the budget. Staff has proposed a FY 2018-19 Budget that includes a revenue increase of 2.9%, project expenses of \$4,137,500, and operational expenses of \$949,581. Because of significant project expenses that have been approved, \$753,156 is needed from the SEDC reserves. Mr. Kinateder also mentioned that one other significant expense that he didn't get elaborate much during the last meeting was the allocation of \$15,000 to produce a video to be used as a recruitment and business retention tool. Mr. Kinateder made a recommendation that the Board either forms a committee or allocates additional time at each month to strategize how the Board will invest its reserves.

The Board held a discussion and they were equally agreeable to hold a workshop or allocate additional time to each of the upcoming meetings for further discussion of the reserves.

**A motion to approve** the budget and on approval for recommendation to the City Council to approve the proposed SEDC FY 2018-19 Budget and Reserves was made by Mr. Richard. Seconded by Ms. Morrill. **Motion passed** unanimously.

## 11. REQUESTS AND ANNOUNCEMENTS

Staff provided the following information:

A. Announcements by staff:

- Office closure – Independence Day – July 4, 2018

Staff shared news on the Baker Hughes', A GE Company (BHGE), announcement to close its Schertz facility. Despite closing the facility, the company is still planning on repaying its incentive agreement. Staff has also been working with BHGE to acquire the right-of-way needed to finish complete David Lack Drive. Mr. Kinateder gave credit to our Business Retention Manager and the implementation of our Business Retention Plan that have allowed us to be in front of this and help all the employees at the Schertz facility.

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

No requests were made.

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

- CCAB meeting notes for June 20, 2018

President Brown recessed into Closed Session at 6:32 p.m.

13. **CLOSED 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-040
- Project E-041
- Project E-042
- Project E-043
- Project E-044

Start time: 6:34 p.m.

End time: 7:16 p.m.

**RECONVENE TO REGULAR SESSION**

President Brown reconvened into regular session at 7:16 p.m.

14. 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 Closed Session under Agenda Item No. 13:

- Project E-040
- Project E-041– Kellum Family Medicine, Inc. – Discussion, public hearing, and possible action relating to an expenditure of SEDC funds for infrastructure improvements.
- Project E-042
- Project E-043

President Brown noted for the record that Mr. Richard recused himself from participating in the Closed Session and from voting on this item due to a conflict of interest that has come up since our last meeting.

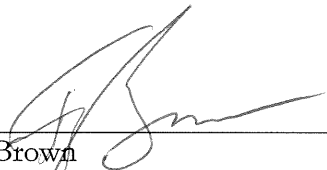
President Brown open the Public Hearing at 7:18 p.m.  
No public comments were made.  
President Brown closed the Public Hearing at 7:18pm

**A motion to approve** the agreement and to authorize the Board President to authorize the expenditures and to recommend that the City Council authorizes the funds was made by Mr. Macaluso. Seconded by Mr. Hamilton. **Motion passed** with one abstention from Mr. Richard.

### **ADJOURNMENT**

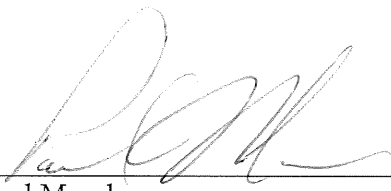
President Brown adjourned the meeting at 7:20 p.m.

**MINUTES PASSED AND APPROVED THIS 23 DAY OF AUGUST 2018.**



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Tim Brown  
President



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Paul Macaluso  
Vice President/Treasurer/Secretary