

SCHERTZ

ECONOMIC DEVELOPMENT CORPORATION

MINUTES THURSDAY, NOVEMBER 29, 2018

The City of Schertz Economic Development Corporation (SEDC) Board of Directors met for a Special Called Meeting on Thursday, November 29, 2018 at 6:00 p.m. in the City of Schertz Municipal Complex, Administration Building No. 2, Administration 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.

Vice President Macaluso called the meeting to order at 6:01 p.m. and welcomed everyone in attendance.

The following being present and in attendance:

Board of Directors:

Paul Macaluso –VP/Treasurer-Secretary
Roy Richard
Mark Tew
Jesse Hamilton
Sammi Morrill
Daniel Ortega

Staff:

Kyle Kinateder – SEDC Executive Director
Patty Horan – ED Executive Assistant
Drew Vincent – ED Analyst
James Walters – Finance Director

2. Consider/Discuss/Act on election of corporation officers for the President, Vice President, Secretary, and Treasurer and other matters connected therewith. (K. Kinateder)

Mr. Kinateder referenced the information provided in the board meeting packet related to criteria for each position according to the bylaws. The election of officers was prompted by the recent resignation from the Board President, Tim Brown, who won his bid for the election to City Council. The election was held for the remainder of the term ending 5/31/2019. Vice President Macaluso opened the floor for nominations for the following Board officers' positions:

President

Mr. Richard made a **motion to nominate Mr. Macaluso** for the Board President position. Motion was seconded by Mr. Ortega. Mr. Macaluso accepted the nomination and the **motion passed** unanimously.

Vice President

Mr. Richard made a **motion to nominate Mr. Hamilton** for the Vice President position. Motion was seconded by Mr. Ortega. Mr. Hamilton accepted the nomination and the **motion passed** unanimously.

Treasurer

Mr. Richard made a **motion to nominate Mr. Ortega** for the Board Treasurer position. Motion was seconded by Mr. Tew. Mr. Ortega accepted the nomination and the **motion passed** unanimously.

Secretary

Mr. Richard made a **motion to nominate Ms. Morrill** for the Board Secretary position. Motion was seconded by Mr. Tew. Ms. Morrill accepted the nomination and the **motion passed** unanimously.

3. 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 was present.

PRESENTATIONS

4. SEDC monthly financial statements: September 2018. (J. Walters)

Mr. Walters provided a brief review of the monthly financial statements, reinstated highlights provided on the board meeting packet related to the update on the sales tax revenue for September continued to be strong with a 10.6% increase over last year. 40% of the increase comes from construction related projects and new businesses which leaves more than half of the increase from existing businesses. During September, the SEDC's largest expense was \$265,000 to the General Fund for the new permit software as its largest expense.

5. SEDC Quarterly Report Q4 FY 2017-18. (D. Vincent)

Mr. Vincent opened this presentation by asking if there were any questions related to the report included in the board meeting packet. He summed up the presentation by highlighting that Ace Mart Restaurant Supply Company held a grand opening on September 24th celebrating its new 215,765 square foot Schertz distribution center. Weiderstein Ranch 1's anchor tenant, EVO Entertainment, continued construction on their 73,000 square foot facility and erected the building's walls. Schertz' average asking price for industrial space declined from the previous quarter by 0.5% to \$5.81 NNN. Additionally, the industrial sector's vacancy rate took a slight dip to 10.2%, down from its previous rate of 10.7% from Quarter 3. Schertz' retail inventory saw quarterly absorption at 82,000 square feet, with 73,000 square feet of this figure attributed to a single leased space at 17975 Interstate 35 to Stars Vipers Cheer and Tumbling. Year-over-year new residential building permits were down by 3.1% from the same period last year. Mr. Macaluso complemented Mr. Vincent and the staff for the quality of the presentation and the valuable information provided in the quarterly reports.

6. SEDC Annual Report FY 2017-18. (D. Vincent)

Mr. Vincent pointed out to the Board that the Annual Report is presented to the them at this time for their input for any changes to be made. The final version will be presented to the City Council and posted online for public access. Mr. Vincent summed up his presentation by providing an overview of the report for the SEDC's fiscal year (October 1, 2017 to September 30, 2018; the business recruitment and retention efforts; the business community data and city demographics; active Projects and other developments in Schertz, and the SEDC's annual financial summary. The Board asked questions related to the website traffic count and breakdown. The report was accepted as presented and no changes were requested.

ITEMS FOR INDIVIDUAL CONSIDERATION

7. Consider/Discuss/Act on approval of the minutes for the Board of Directors Regular Monthly Meeting held on Thursday, September 27, 2018. (P. Horan)

A **motion to approve** the minutes for the Board of Directors Regular Monthly Meeting held on Thursday, September 27, 2018 was made by Mr. Richard. Seconded by Mr. Hamilton. **Motion passed** unanimously.

8. Consider/Discuss/Act on the SEDC's Development Agreement and associated Amendments with GE Oil & Gas LLC. and other matters connected therewith. (K. Kinateder)

Mr. Kinateder provided a brief background on the history of the incentive agreement and amendments to the agreement with the company. Mr. Kinateder stated that the Development Agreement with GE Oil & Gas LLC fails to address a voluntary termination. To date, GE Oil & Gas LLC has fulfilled each of its obligations according to the agreement. GE Oil & Gas LLC has repaid the infrastructure incentive received under the development agreement with the intention of terminating the Development Agreement. Funds will go back to the SEDC reserves. The Board asked about the company designating the right-a-way for the thoroughfare. Mr. Kinateder explained that the company is out of time to commence that process. He suggested to leave that option to be negotiated with the new facility owner. Mr. Kinateder's recommendation was for the Board to approve the Resolution No. 2018-1 to terminate the agreement.

A **motion to approve** Resolution No. 2018-1 was made by Mr. Richard. Seconded by Ms. Morrill. **Motion passed** unanimously.

President Macaluso moved to skip agenda item No. 9 and to recesses into closed session at 6:32 p.m.

9. **REQUESTS AND ANNOUNCEMENTS**

The following announcements were provided by the staff:

A. Announcements by staff:

- Holiday party – Dec. 12, 2018
- Next Board regular monthly meeting – Dec. 13, 2018
- Office closure – Christmas Day – Dec. 24-25, 2018
- Office closure – New Year's Eve – Dec. 31, 2018 – Jan. 1, 2019

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

No requests were made.

10. 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-048

RECONVENE TO REGULAR SESSION

President Macaluso reconvened to open session at 7:31 p.m. and moved to agenda item No. 9.

11. 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. 10:

- Project E-048

Start time: 6:32 p.m.

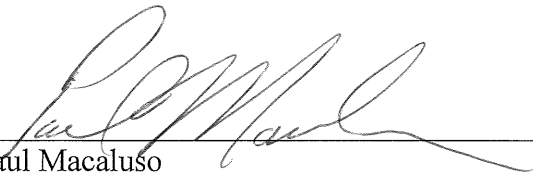
End time: 7:31 p.m.

No action was taken under closed session.

ADJOURNMENT

President Macaluso adjourned the meeting at 7:35 p.m.

MINUTES PASSED AND APPROVED THIS 6th DAY OF DECEMBER 2018.



Paul Macaluso
Board President



Sammi Morrill
Board Secretary