

Minutes
Wylie Economic Development Corporation
Board of Directors Meeting

Monday, December 10, 2018 – 6:30 A.M.
WEDC Offices – Conference Room
250 South Highway 78 – Wylie, Texas

CALL TO ORDER

Announce the presence of a Quorum

President Bryan Brokaw called the meeting to order at 6:34 a.m. Board Members present were John Yeager, Marvin Fuller and Todd Wintters.

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

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

INVOCATION & PLEDGE OF ALLEGIANCE

Board Member Wintters gave an invocation and led the Pledge of Allegiance.

President Bryan Brokaw recessed into Executive Session.

EXECUTIVE SESSION

Recess into Closed Session at 6:36 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 at:

- State Highway 78 & 5th Street
- Birmingham & 78

Section 551.087 (Economic Development) of the Local Government Code, Vernon's Texas Code Annotated (Open Meetings Act). Deliberation regarding commercial or financial information that the WEDC has received from a business prospect and to discuss the offer of incentives for:

- Project 2018-10b

Mayor Hogue left the meeting at 7:08 a.m.

City Manager Manson left the meeting at 7:14 a.m.

RECONVENE INTO OPEN MEETING

The WEDC Board of Directors reconvened into open session at 7:17 a.m. and moved to Citizen Participation.

CITIZEN PARTICIPATION

With no citizen participation, President Brokaw moved to Action Items.

ACTION ITEMS

ITEM NO. 1 – Consider and act upon approval of the December 4, 2018 Minutes of the Wylie Economic Development Corporation (WEDC) Board of Directors Meeting.

MOTION: A motion was made by Marvin Fuller and seconded by John Yeager to approve the December 4, 2018 Minutes of the Wylie Economic Development Corporation. The WEDC Board voted 4 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 2 – Consider and act upon approval of the November 2018 WEDC Treasurers Report.

Sales Tax receipts for the month of December had not yet been updated by the Comptroller's Office. Staff agreed to forward this report to the Board once the data has been released.

MOTION: A motion was made by Todd Winters and seconded by John Yeager to approve the November 2018 Treasurer's Report for the Wylie Economic Development Corporation. The WEDC Board voted 4 – FOR and 0 – AGAINST in favor of the motion.

Prior to consideration of Items 3 and 4, Board Member Fuller indicated that McClure Partners had contacted Inwood National Bank regarding funding for these projects. Therefore, to avoid any potential conflict of interest, he would abstain from discussion of and voting on these items. Board Member Fuller left the meeting at 7:23 a.m.

ITEM NO. 3 – Consider and act upon issues surrounding a Real Estate Sales Contract between the WEDC and the Rocking M, L.L.C. (McClure Partners).

Staff reviewed a Real Estate Sales Contract between the WEDC and The Rocking M, LLC which is the legal entity created by the McClure family to own the proposed office building. The WEDC purchased the ±0.26-acre tract on Jackson Street from the McMillan family in 2017 for \$89,500, which included \$14,000 for the demolition of the family home which existed on the lot to complement its holdings on Jackson Street.

The Contract identifies a 30-day due diligence period and a 7-day close with the Purchaser having the opportunity to extend the due diligence period for one, 30-day period.

Under Article XI, should Purchaser fail to obtain a building permit from the City of Wylie for the contemplated office project by April 1, 2019. the WEDC shall have the right to repurchase the property back from the Purchaser for an amount equal to the purchase price.

MOTION: A motion was made by Todd Wintters and seconded by John Yeager to approve a Real Estate Sales Contract between the WEDC and the Rocking M, LLC and further authorize WEDC President Brokaw to execute all documentation necessary to effectuate the transaction. The WEDC Board voted 3 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 4 – Consider and act upon issues surrounding a Performance Agreement between the WEDC and the Rocking M, L.L.C. (McClure Partners).

Staff presented a Performance Agreement between the WEDC and The Rocking M, LLC. As an accompaniment to the previous Purchase and Sale Agreement, the WEDC is committing to fund an \$89,500 reimbursement incentive should The Rocking M construct the contemplated office project as evidenced by the issuance of a building permit by April 1, 2019 and a certificate of occupancy issued by April 1, 2020. Company must also provide documentation supporting construction costs of not less than \$300,000.

MOTION: A motion was made by Todd Wintters and seconded by John Yeager to approve a Performance Agreement between the WEDC and the Rocking M, LLC and further authorize the WEDC Executive Director to execute the Agreement. The WEDC Board voted 3 – FOR and 0 – AGAINST in favor of the motion.

Board Member Fuller rejoined the meeting at 7:27 a.m.

ITEM NO. 5 – Consider and act upon WEDC Resolution No. 2018-01 (R) approving a Project, a Loan from The American National Bank of Texas, the expenditure of funds, and enacting other provisions relating to the subject, further authorizing WEDC President Brokaw and Secretary Yeager to execute all documents relating to said Loan.

Staff reviewed Resolution and Loan Documents authorizing the WEDC to borrow an amount not to exceed \$4,500,000 from The American National Bank of Texas. The term of the loan is sixty (60) months at a 5.25% interest rate with a ten (10) year amortization. The first seven (7) months of the loan require interest only payments with the balance of the term being principal and interest payments. The loan is to be secured by a pledge of the Corporation's sales tax receipts as collateral for the debt.

The Loan proceeds will be utilized to purchase several contiguous properties within the City of Wylie under separate closings as part of a master-planned redevelopment effort pursuant to Chapter 501 of the Texas Local Government Code, as amended. Staff has committed to make a public presentation to Council detailing project specifics within the next 45 days.

On December 11, 2018 the Wylie City Council will be presented with a Resolution approving the attached WEDC Resolution authorizing the WEDC to enter into a Loan with The American National Bank in the amount of \$4,500,000. While staff has been communicating project specifics with Council since July 2018, should the City Council not approve the Resolution, the WEDC will not be moving forward with multiple acquisitions.

Board Member Wintters pointed out that the language in the loan documents requires 6 months interest only payments rather than 7. Staff will clarify with American National Bank whether the term is 6 or 7 months.

Board Member Fuller inquired about the liquidity requirements and staff indicated that this requirement had been reviewed with ANB and the WEDC was in compliance.

MOTION: A motion was made by John Yeager and seconded by Todd Wintters to approve Project, a Loan from The American National Bank of Texas in the amount of \$4,500,000, the expenditure of funds, and enacting other provisions relating to the subject, further authorizing WEDC President Brokaw and Secretary Yeager to execute all documents relating to said Loan. The WEDC Board voted 4 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 6 – Consider and act upon authorizing the WEDC Executive Director to execute an Assignment of Contract for the purchase of property located in Collin County, Texas which is further described as Railroad Addition, Block 4, Lot 9 and Lot 10, Wylie, Texas and further authorize WEDC President Brokaw to execute all documentation necessary to effectuate the transaction as prescribed within the terms of the Commercial Contract for Sale, all subject to Wylie City Council approval of WEDC Resolution No. 2018-01 (R).

As part of a WEDC property assemblage and master-planned redevelopment effort, and as contemplated and funded via WEDC Resolution No. 2018-01 (R), staff informed the Board that the WEDC plans to execute an assignment of Contract for the above referenced property under the below terms:

Purchase price	\$145,000
Area	16,292 square feet
Improvements	No
Due Diligence Expires	1-15-19
Closing	2-15-19

Staff anticipates having the contract assigned the week of December 10th and closing in January subject to receipt of a survey, issuance and evaluation of the title policy, and Wylie City Council approval of WEDC Resolution No. 2018-01 (R).

MOTION: A motion was made by Marvin Fuller and seconded by Todd Wintters to authorize the WEDC Executive Director to execute an Assignment of Contract for the purchase of property located in Collin County, Texas which is further described as Railroad Addition, Block 4, Lot 9 and Lot 10, Wylie, Texas for the purchase price of \$145,000 and further authorize WEDC President Brokaw to execute all documentation necessary to effectuate the

transaction as prescribed within the terms of the Commercial Contract for Sale, all subject to Wylie City Council approval of WEDC Resolution No. 2018-01 (R). The WEDC Board voted 4 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 7 – Consider and act upon authorizing the WEDC Executive Director to execute an Assignment of Contract for the purchase of property located in Collin County, Texas which is further described as Railroad Addition, Block 2, Lot 4b and Lot 5b, Wylie, Texas as otherwise known as the West one-half of Lots 4 and 5, Block 2 of Railroad Addition, and further authorize WEDC President Brokaw to execute all documentation necessary to effectuate the transaction as prescribed within the terms of the Residential Contract, all subject to Wylie City Council approval of WEDC Resolution No. 2018-01 (R).

As part of a WEDC property assemblage and master-planned redevelopment effort, and as contemplated and funded via WEDC Resolution No. 2018-01 (R), staff informed the Board that the WEDC plans to execute an assignment of Contract for the above referenced property under the below terms:

Purchase price	\$175,000
Area	8,146 square feet
Improvements	Yes – 940 Square Feet SF
Due Diligence Expires	11-20-18
Closing	1-7-19

Staff anticipates having the contract assigned the week of December 10th and closing on or before January 7, 2019, subject to Wylie City Council approval of WEDC Resolution No. 2018-01 (R).

MOTION: A motion was made by Marvin Fuller and seconded by Todd Winters to authorize the Executive Director to execute an Assignment of Contract for the purchase of property located in Collin County, Texas which is further described as Railroad Addition, Block 2, Lot 4b and Lot 5b, Wylie, Texas as otherwise known as the West one-half of Lots 4 and 5, Block 2 of Railroad Addition, for the purchase price of \$175,000, and further authorize WEDC President Brokaw to execute all documentation necessary to effectuate the transaction as prescribed within the terms of the Residential Contract, all subject to Wylie City Council approval of WEDC Resolution No. 2018-01 (R). The WEDC Board voted 4 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 8 – Consider and act upon authorizing the WEDC Executive Director to execute a Residential Contract to purchase a portion of Lots 4 and 5, Block 2 of Railroad Addition to the City of Wylie, Collin County, Texas, according to the plat thereof recorded in Volume

1, Page 11 of the Map Records, Collin County, Texas and further authorize WEDC President Brokaw to execute all documentation necessary to effectuate the transaction as prescribed within the terms of the Agreement, all subject to Wylie City Council approval of WEDC Resolution No. 2018-01 (R).

As part of a WEDC property assemblage and master-planned redevelopment effort, and as contemplated and funded via WEDC Resolution No. 2018-01 (R), staff informed the Board that the WEDC plans to execute a Residential Contract for the above referenced property under the below terms:

Purchase Price	\$204,388.38
Area	8,146 square feet
Improvements	Yes – 680 Square Feet SF
Due Diligence Expires	12-14-18
Closing	12-17-18

Staff anticipates having the contract executed on December 12th and closing on December 17th, subject to Wylie City Council approval of WEDC Resolution No. 2018-01 (R).

MOTION: A motion was made by John Yeager and seconded by Todd Wintters to authorize the Executive Director to execute a Residential Contract to purchase a portion of Lots 4 and 5, Block 2 of Railroad Addition to the City of Wylie, Collin County, Texas, according to the plat thereof recorded in Volume 1, Page 11 of the Map Records, Collin County, Texas, for the purchase price of \$204,388.38, and further authorize WEDC President Brokaw to execute all documentation necessary to effectuate the transaction as prescribed within the terms of the Contract, all subject to Wylie City Council approval of WEDC Resolution No. 2018-01 (R). The WEDC Board voted 4 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 9 – Consider and act upon ratifying an Agreement of Purchase and Sale between the WEDC and Karan Associates, LLC for the acquisition of a 2.3866-acre tract of land situated in the Francisco De LA Pina Survey, Abstract No. 686, and the J. Truett Survey, Abstract No. 920, same being Lots 1-A-A and 1-A-B of City Lot 1-A, City of Wylie, Texas as shown on the Revised Map recorded in Volume 1002, Page 194, Deed Records, Collin County, Texas and further authorize WEDC President Brokaw to execute all documentation necessary to effectuate the transaction as prescribed within the terms of the Agreement, all subject to Wylie City Council approval of WEDC Resolution No. 2018-01 (R).

As part of a WEDC property assemblage and master-planned redevelopment effort, and as contemplated and funded via WEDC Resolution No. 2018-01 (R), staff recommended that the

WEDC Board to ratify an Agreement of Purchase and Sale for the above referenced property under the below terms:

Purchase Price	\$1,250,000
Area	2.3866 acres
Improvements	Yes – 24,000 Square Feet
Due Diligence Expires	12-19-18
Closing	12-28-18

Staff is awaiting confirmation from an environmental consultant which is evaluating internal contaminants (asbestos) within the structure and a separate consultant evaluating soil samples. Due dates for those results are 12-8-18 and 12-14-18 respectively. As well, staff anticipates that the existing structure will be demolished at an estimated cost of \$100,000. Again, all recommendations are subject to Wylie City Council approval of WEDC Resolution No. 2018-01 (R).

MOTION: A motion was made by John Yeager and seconded by Marvin Fuller to Table this item until the next available meeting of the WEDC Board of Directors. The WEDC Board voted 4 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 10 – Consider and act upon authorizing the WEDC Executive Director to execute an Assignment of Contract for the purchase of a tract of land situated in the J. Truitt Survey, Abstract No. 920 and the F. De La Pina Survey, Abstract No. 688, City of Wylie, Collin County, Texas and being all and part of City Lot 1-C, the City of Wylie, Collin County, Texas according to the plat thereof recorded in Volume 1002, Page 194, Deed Records, Collin County, Texas, and further authorize WEDC President Brokaw to execute all documentation necessary to effectuate the transaction as prescribed within the terms of the Residential Contract, all subject to Wylie City Council approval of WEDC Resolution No. 2018-01 (R).

As part of a WEDC property assemblage and master-planned redevelopment effort, and as contemplated and funded via WEDC Resolution No. 2018-01 (R), staff asked the WEDC Board to ratify an Agreement of Purchase and Sale for the above referenced property under the below terms:

Purchase Price	\$6.84 psf
Area	2.13 - 2.599 acres
Improvements	Yes – 3,704 Square Feet
Due Diligence Expires	12-19-18

Closing

2-2-19

WEDC Counsel Randy Hullett is still evaluating abandoned City right-of-way impacting the property which will determine whether the WEDC is purchasing approximately 2.13 acres or approximately 2.599 acres. Should the final area be 2.13 acres, the contract has a floor of \$715,000. Should the area be 2.599 acres the purchase price will revert to \$6.84 per square foot or \$774,486.40. Staff anticipates Mr. Hullett's final evaluation/discussions with the Title Company will be on or about December 14th. Staff is also evaluating data recently received from WEDC environmental consultants which may require a renegotiated purchase price to offset potential enrollment in the TCEQ Voluntary Cleanup Program.

While there are still several 'open' issues, staff requested approval of the assignment of the contract in order to close under the worst-case scenario of accepting the property as-is and a maximum purchase price of \$774,486.40. Should the Board require more input pertaining the outcome of the City right-of-way and environmental impacts, this item can be tabled, and staff can post a Board Meeting for December 19th prior to the expiration of the due diligence period. Again, all action subject to Wylie City Council approval of WEDC Resolution No. 2018-01 (R).

Board Member Wintters clarified that the price range being approved was based on the outcome of the right-of-way property. Staff confirmed that was the case.

MOTION: A motion was made by Todd Wintters and seconded by John Yeager to authorizing the WEDC Executive Director to execute an Assignment of Contract for the purchase of a tract of land situated in the J. Truitt Survey, Abstract No. 920 and the F. De La Pina Survey, Abstract No. 688, City of Wylie, Collin County, Texas and being all and part of City Lot 1-C, the City of Wylie, Collin County, Texas according to the plat thereof recorded in Volume 1002, Page 194, Deed Records, Collin County, Texas, for the purchase price of no less than \$715,000 and no more than \$774,486.40, and further authorize WEDC President Brokaw to execute all documentation necessary to effectuate the transaction as prescribed within the terms of the Contract, all subject to Wylie City Council approval of WEDC Resolution No. 2018-01 (R). The WEDC Board voted 4 – FOR and 0 – AGAINST in favor of the motion.

Mayor Hogue returned at 7:52 a.m.

DISCUSSION ITEMS

ITEM NO. 11 - Staff report: review issues surrounding WEDC Performance Agreement Summary, Hotel Occupancy Tax, Environmental Activity Summary, Active Project Summary, and Regional Housing Starts.

Staff updated the Board on WEDC projects and activities noting that year-over-year sales tax receipts for the Woodbridge Crossing shopping center decreased 3.88% and Woodbridge Centre

experienced only a 6% increase over the same time period. Housing starts remained strong with thirty-four new homes permitted in Wylie.

With the addition of a second hotel, Hotel Occupancy Tax receipts to the City of Wylie rose 114% and 177% respectively for the months of August and September over last year's receipts.

ITEM NO. 12– Discussion of issues to be placed on a future WEDC Board Meeting agenda (no substantial consideration/discussion allowed).

No Board Member requested any items to be placed on future Agendas.

ADJOURNMENT

With no further business, President Brokaw adjourned the WEDC Board meeting at 7:57 a.m.



Bryan Brokaw, President

ATTEST:



Samuel Satterwhite, Director