



The sweetest place in Texas for business.

CITY OF SWEETWATER & SEED BOARD JOINT MEETING MINUTES – May 18, 2017

PRESENT: Ken Becker, Mayor Jim McKenzie, Larry May, David Vela, Patty Torres, Lisa Adames, Grant Madden, Scott Morgan, Pam Renyolds, Carolyn Lawrence, Kirby Andrews, David Welch, Billy Whisenant, Larissa Place, Kathy Keane, Eddy Campbell, Kirk Harriss, Zach Adames, Tonya Challis, Brian Frieda, Pat Gerald, Richard Ferguson, Leah Andrews, Guy Andrews, Russell Gallahan

CALL TO ORDER: 10:01 AM by Mayor Jim McKenzie and SEED President Billy Whisenant

PRAYER: Larry May

PLEDGE

SEED EXECUTIVE DIRECTOR KEN BECKER

- SEED was created in 1989 as a Type A organization
- Ken introduces Russell Gallahan with the Texas Comptroller's office.

RUSSELL GALLAHAN

- History
 - 1979 – Development Corporation Act was passed
 - 1989 – 4A Corporation was created and funded by sales tax
 - 1991 – Tax rate set 1/8% to ½% & 4B Corporation was created
 - 2009 – Recodified as Type A & Type B Corporations
 - HS Bill 157 - Total combined local sales tax cannot exceed 2%. Can use 1/8%, ¼%, 3/8%, ½%, 1%
- Sweetwater – Type A
 - October 1990 – tax implemented
 - Rate .05% (1/2 of city's total sales tax)
 - 2016 FY Sales Revenue Type (\$1,125,816)
 - 2016 FY End Fund Balance \$5,501,817
 - Pre-Election
 - Election Order – Notice – Uniform Dates
 - May or November
 - 1st Saturday in May
 - 1st Tuesday in November
 - Post-Election
 - City Council enters election results in meeting 8-11 days after election
 - Results include date of election
 - City Secretary sends results
 - May Election – Notification June 30 – Effective October 1 – Receipt December
 - November Election – Notification December 31 – Effective April 1 – Receipt June
- Differences Between Type A & B
 - A – City Council appoints a least 5 EDC board members
 - Term is up to 6 years
 - May be reappointed
 - No requirements for membership
 - B – City council appoints 7 EDC board members
 - 2 Year Terms
 - May be reappointed
 - 3 members may not be City officials
 - Must be City residents (unless <20,000 population)
 - Under 20,000 population can live in City or County, 10 mile radius adjacent County



The sweetest place in Texas for business.

- Incorporation
 - Corporation Name
 - Bylaws
 - Certificate of Formation
 - Form AP-204 Application for Exemption
- Board Training
 - All Board Training
 - 1 hour Open Meetings Act
 - 1 hour TX Public Info Act
 - Within 90 days of appointment
- Staff Training
 - ED & City Attorney or Admin Clerk
 - Economic Development Training
 - Every 24 months
- Approval Process
 - Type A –
 - Board of Directors
 - City Council
 - 72 hours after it's a project. No turning back on a projects once its voted in.
 - Projects move quickly
 - Type B –
 - Board of Directors
 - City Council
 - Public Notice
 - Public Hearing
 - Petition (60 Days)
 - Election
 - Requirements waived on Type A projects initiated by Type B Corp located in a city with population under 20,000
 - If A wants to fund a B project they must go through all the B steps.
- Developing Industries
 - A-
 - Manufacturing
 - Research and Development
 - Warehousing
 - Call Center
 - Industrial
 - B-
 - Parks
 - Open Space
 - Theatres
 - Stadiums
 - Convention Center
 - Less than 20,000 population can do retail



The sweetest place in Texas for business.

- Project Limitations
 - Infrastructure – must be tied to a project/company
 - Roads
 - Water/Sewer
- Primary Jobs
 - Agriculture, manufacturing, research & development
 - Produce exports
 - Call centers
- Non-Permissible Projects
 - Educational facilities including K-12, libraries, K-12 classrooms, or K-12 athletic facilities
 - Municipal building construction (ie city halls, fire stations or police stations)
 - Sewage systems for public
 - Residential city street construction or repair
- Management Contracts
 - EDC can contract with other entities and manage activities funded with tax revenue
 - Each contractor must sign a performance agreement with “claw back” provisions to assure compliance with state laws and the intent of the EDC’s Board of Directors.
 - Examples of contractors
 - Other EDC’s
 - Businesses
 - Chambers of Commerce
 - City
 - County
 - Non-Profit Organizations
- Reporting Requirements
 - Annual Report due February 1
 - Failure to report may result in exclusion from comptroller’s biennial report to Legislature
 - May have financial penalties
- Questions:
 - David Welch asked about Pre-Kindergarten projects? Private day care are permissible but anything through the ISD is not.
 - Ken Becker asked about doing Type A outside of City limits. Ask County to do the project. Water lines to property, our residents will work there, they will buy our goods & water. You must make a connection to the City in order for this to be permissible.

GUY ANDREWS

- MDD – Municipal Development District – Everything A&B can do plus facilities like parking lot or event center.
- Type A&B are Corporations
 - MDD is not a corporation – District & Political Subdivision of the State and City
- Members – MDD has at least 4 Directors appointed by City Council.
 - City employees and members of City Council may be on the board.
- Public Hearings
 - None for MDD – no publications, no public hearings, performance, agreements
- MDD is not for everyone. IF SEED, City, Chamber of Commerce are not on the same page it will NOT work.
- Setup an MDD the same as EDC. Transparency modified bi-laws
- Type A mind set would need to change
- Biggest benefit to MDD is the speed. No public meetings.



The sweetest place in Texas for business.

- BEDC dissolved the Corporation of Type A
- Only 40 MDD's in TX
- Challenges in Brownwood
 - Limited housing
 - Lack of entertainment options
 - Limited space for events
 - Limited retail, restaurants, other lifestyle related businesses
 - Lack of hotel/motel
 - Underutilization of sports facilities
 - Quality of life issues
 - Deteriorating downtown & businesses
- Brownwood implemented a building improvement grant
- Projects
 - Created MDD by-laws & Plan to work
 - Affordable housing can get assistance

QUESTIONS

Richard Ferguson asked if the Chamber and MDD can do joint projects? Occupancy tax?
Funding is the same as Type A & B

David Vela asked about Brownwood's sports complex that was \$7 Million.
The sports complex is jointly funded by MDD, City and Chamber

David Vela asked the Commission if they wanted any research for future discussion, or request from the staff
Jerod Peek mentioned they will need to get all staff up to speed on the presentation

Jerod Peek asked what triggered Brownwood to change?

Guy Andrews advised they had been waiting to change for some time to expand industrial and when looking, a retail job pays as much as some industrial jobs and easier to recruit. Housing was also a major item.

You can take on any project as long as you can prove and document it. Brownwood is doing a housing project because they did a Housing study and found it would be approved for an economic development project if they did a housing project.

Brownwood did have some reservations. They were concerned the industrial projects they previously funded would not be on board. Their 3M plant was on board because they wanted the Quality of Life issues address and housing for new employees

Brownwood now has a downtown program. Revitalization. They have torn down 100 houses in last year with the City.

An MDD can put in streets and water for a housing program. They have a developer doing the work but the MDD pays for it. They have a plan to build \$180,000 homes. MDD is splitting 50/50 with City on streets/curb/gutter

ADJOURN: City Commissioners to consider adjourning. There being no further business, Jerod Peek made the motion to adjourn. Larry May seconded.

SEED Board to consider adjourning. There being no further business, Kirby Andrews made the motion to adjourn. Carolyn Lawrence seconded. The motion carried.