SCHERTZ
ECONOMIC DEVELOPMENT CORPORATION

NOTICE OF MEETING
AGENDA
APRIL 25, 2024
6:00 P.M.

The City of Schertz Economic Development Corporation (SEDC) Board of Directors will hold a regular monthly meeting on Thursday, APRIL 25, 2024. at 6:00 p.m. at the Hal Baldwin Municipal Complex, Council Chambers Conference Room, Building No. 4, 1400 Schertz Parkway, Schertz, Texas. This is an open meeting, subject to the open meeting laws of the State of Texas.

In accordance with provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code notice is hereby given that a Possible Quorum of the governing body of the City of Schertz, Texas may take place at this meeting.

Call to Order

1. Roll call, recognition of visitors, and review of meeting instructions for effective Board interaction and public participation.

Hearing of Residents

2. *This time is set aside for any person who wishes to address the Board. Presentations should be limited to no more than **3** minutes.The presiding officer will call on those persons who have signed up to speak.*

Minutes

3. Approval of the minutes for the Board of Directors Regular Monthly Meeting held Thursday, March 28, 2024. (T.Miller)

Presentations

4. Staff briefing on SEDC monthly financial statement for the month of March 2024. (S.Wayman)
5. Presentation by CFO of Mile Hi San Antonio, LLC and Megan McNulty, Manager with Ryan. (S.Wayman)

Public Hearing

6. **Resolution 2024-5** - Authorizing an Economic Development Performance Agreement between the City of Schertz Economic Development Corporation and Mile Hi San Antonio, LLC. (S.Wayman)

Discussion Items

7. Briefing and discussion on Demographics Information. (S.Wayman/A.Ritchey)
8. Briefing and discussion on Future Land Use. (S.Wayman)
9. Briefing and discussion on the Talent Pipeline. (A.Ritchey)
10. Briefing and discussion on future funding of Parks Capital Improvement Plan. (S.Wayman)
11. **Resolution 2024-4** - Authorizing an amendment to the Economic Development Performance Agreement between the City of Schertz Economic Development Corporation and Closner Equipment Company, Inc. (S.Wayman)

Closed Session

12. 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) the deliberate the offer of a financial or other incentive to a business prospect.
    - Project E-94

Reconvene to Regular Session

13. Take any actions based on discussion held in closed session under Agenda Item No. 12.

Requests and Announcements

- Announcements by staff:
    - Next Regular Board Meeting - May 23, 2024
    - Offices closed May 27, 2024 - Memorial Day

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

Adjournment

CERTIFICATION

I, Tracy Miller, Administrative Assistant, of the City of Schertz Economic Development Corporation, do hereby certify that the above agenda was posted on the official bulletin boards on this the 22th day of April, 2024, at 5:00 p.m., which is a place readily accessible to the public at all times and that said notice was posted in accordance with chapter 551, Texas Government Code.

Tracy Miller
Administrative Assistant- Economic Development

I certify that the attached notice and agenda of items to be considered by the Schertz Economic Development Corporation Board of Directors was removed from the official bulletin board on _____day of _____, 2024.

Name/Title:_____

This facility is accessible in accordance with the Americans with Disabilities Act. Handicapped parking spaces are available. If you require special assistance or have a request for sign interpretative services or other services, please call 210-619-1070.

The Economic Development Corporation Board of Directors reserves the right to adjourn into closed session at any time during the course of this meeting to discuss any of the matters listed above, as authorized by the Texas Open Meetings Act.

Closed Sessions Authorized: This agenda has been reviewed and approved by the City's legal counsel and the presence of any subject in any Closed Session portion of the agenda constitutes a written interpretation of Texas Government Code Chapter 551 by legal counsel for the governmental body and constitutes an opinion by the attorney that the items discussed therein may be legally discussed in the closed portion of the meeting considering available opinions of a court of record and opinions of the Texas Attorney General known to the attorney. This provision has been added to this agenda with the intent to meet all elements necessary to satisfy Texas Government Code Chapter 551.144(c) and the meeting is conducted by all participants in reliance on this opinion.

Agenda No. 3.

SEDC MEMORANDUM

SEDC Board Meeting:	**04/25/2024**
Department:	**Economic Development Corporation**
Subject:	**Approval of the minutes for the Board of Directors Regular Monthly Meeting held Thursday, March 28, 2024. (T.Miller)**

SUBJECT:

Approval of the minutes for the Board of Directors Regular Monthly Meeting held Thursday, March 28, 2024. (T.Miller)

Attachments

03-28-2024

SCHERTZ
ECONOMIC DEVELOPMENT CORPORATION

MINUTES
Thursday, March 28, 2024

The City of Schertz Economic Development Corporation (SEDC) Board of Directors met for a Regular Monthly Meeting on Thursday, March 28, 2024. at 6:00 p.m. at the Hal Baldwin Municipal Complex, Council Chambers Conference Room, Building No. 4, 1400 Schertz Parkway, Schertz, Texas. This was an open meeting, subject to the open meeting laws of the State of Texas.

In accordance with provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code notice is hereby given that a Possible Quorum of the governing body of the City of Schertz, Texas may take place at this meeting.

Call to Order

1. Roll call, recognition of visitors, and review of meeting instructions for effective Board interaction and public participation.

Board President Sammi Morrill presided over the meeting and called it to order at 6:00 p.m.

Board of Directors Present:	**Staff Present:**
Sammi Morrill, Board President	Scott Wayman, Executive Director
Bill Dixon, Board Vice President	Holly Malish, Deputy Director
Henry Hayes, Board Secretary	Ashley Ritchey, Business Engagement Manager
Donna Steward, Board Treasurer	Tracy Miller, Administrative Assistant
Eryn McElroy, Board Member	Brian James, Deputy City Manager
Reynaldo "Ray" Chavez, Board Member	

Board of Directors Absent:	**Others Present:**
Mark Moody, Board Member	James Walters, Finance Director
	Allison Heyward, Councilmember City Council EDC Liaison
	Majid Sharifi, Axiom Group
	Matthew Buslepp, Avison Young
	Perry Rizzo, Axiom Group
	Travis Roger, CPA of Pattillo, Brown, and Hill, LLP

Hearing of Residents

2. *This time is set aside for any person who wishes to address the Board. Presentations should be limited to no more than **3** minutes.The presiding officer will call on those persons who have signed up to speak.*

No residents signed up to speak. No comments were made.

Minutes

3. Approval of the minutes for the Board of Directors Regular Monthly Meeting held Thursday, February 22, 2024. (T.Miller)

Board President Sammi Morrill asked for a motion to approve the Minutes of the Board of Directors Regular Monthly Meeting held on Thursday, February 22, 2024.

Motion by Board Vice President Bill Dixon, seconded by Board Member Ray Chavez.

AYE: Board President Sammi Morrill, Board Vice President Bill Dixon, Board Secretary Heney Hayes, Board Treasurer Donna Steward, Board Member Eryn McElroy, Board Member Ray Chavez.

Unanimous affirmative vote - Motion carries.

Presentations

4. Staff briefing on SEDC monthly financial statement for the month of February 2024. (J.Walters)

James Walters, Finance Director, provided a summary and overview of the SEDC Financial Statement for the month of February 2024.

February 2024 sales tax received was $589,276.32, expenses were $41,243.25, a 4.0% decrease over the year prior. The 12-month rolling average is 6.2% still trending up. Notable expenditures include an incentive payment to Health Texas Company, Team Texas Membership and conference registrations for Site Selectors Guild and Texas Economic Development Council (TEDC). Total Cash & Investment figure at the end of February was $35.1 million.

The bulk of our sales tax is about 30% wholesale with about 20% of it being retail. Scott Wayman, Executive Director also stated he met with the Auditor, Finance Director and Donna Steward, Board Treasurer regarding the finances and if any of the Board has any questions during the month please feel free to reach out to the staff.

5. Presentation on Annual Certifications. (H.Malish)

Holly Malish, Deputy Director provided an update on businesses required to submit an Annual Certification as part of their incentive agreement including rebates paid for the year. The annual certifications are due by February 15th each year. 10 out of 14 are in compliance, one was not responsive, and two are requesting an extension.
Staff requesting direction from the Board for Closner and Food Related requesting an extension with the following options.

Closner

1. Recapture $40,000 based on the agreement.
2. Extend the agreement one year.

Food Related

1. Recapture $14,000 based on the agreement.
2. Extend the agreement one year.
3. Company to pay $1,100 to meet compliance.

Board President Sammi Morrill recommended an extension of one year for both companies.

After Board discussion, Board President Sammi Morrill asked for a motion to extend the agreement one year for Closner with a compliance plan.

Board Member Ray Chavez motion; seconded by Board Member Eryn McElroy.

AYE: Board President Sammi Morrill, Board Vice President Bill Dixon, Board Secretary Heney Hayes, Board Treasurer Donna Steward, Board Member Eryn McElroy, Board Member Ray Chavez.

Unanimous affirmative vote - Motion carries.

After Board discussion, a motion was made by Board Secretary Henry Hayes to waive the $1,100 to bring compliant; seconded by Board Member Ray Chavez.

AYE: Board Secretary Henry Hayes, Board Member Ray Chavez
NAY: Board President Sammi Morrill, Board Vice President Bill Dixon, Board Treasurer Donna Steward, Board Member Eryn McElroy

Motion failed.

A motion was made by Board Member Eryn McElroy for the company to pay $1,100 to meet their requirements; seconded by Board Treasurer Donna Steward.

AYE: Board President Sammi Morrill, Board Vice President Bill Dixon, Board Treasurer Donna Steward, Board Member Eryn McElroy
NAY: Board Secretary Henry Hayes, Board Member Ray Chavez

Motion passed.

6. Presentation by Perry Rizzo with Axiom Group, Inc. (S.Wayman)

Scott Wayman, Executive Director introduced Mr. Perry Rizzo with Axiom Group.

Mr. Rizzo gave an overview of the company and the services they provide. The company was founded in 1987 and Texas will present the 4th location and the 2nd in the United States. Axiom Group is an automotive plastic-injection molding manufacturer currently servicing Rivian, Stellantis and Hyundai/Kia. They are looking to bring 200 job opportunities within a five-year time frame and projecting investment of $8,500,000 by the fourth year.

Public Hearing

7. **Resolution 2024-2** - Authorizing an Economic Development Performance Agreement between the City of Schertz Economic Development Corporation and Axiom Group, Inc. (S.Wayman)

Board President Sammi Morrill opened the public hearing at 6:59 p.m.

No public comment was made.

Board President Sammil Morrill closed the public hearing at 6:59 p.m.

Discussion Items

8. **Resolution 2024-3** - Approval of the Independent Auditor's Report for the SEDC Annual Financial Report for the Year Ending September 30, 2023. (Travis Roger, CPA, Audit Supervisor of Pattillo, Brown and Hill, LLP/J.Walters)

Scott Wayman, Executive Director introduced Travis Roger, CPA with Pattillo, Brown and Hill, LLP who gave a brief introduction and presented the firm's audit findings to the Board. Mr. Roger stated the SEDC is in very good financial shape and there are no issues or concerns with internal control compliance.

Board President Sammi Morrill asked for a motion to approve SEDC Resolution 2024-3, a Resolution by the City of Schertz Economic Development Corporation ("SEDC") Board of Directors ("The Board") authorizing the approval of the Independent Auditor's Report for the SEDC Annual Financial Report for the year ending September 30, 2023.

Motion by Board Treasurer Donna Steward, seconded by Board Secretary Henry Hayes.

AYE: Board President Sammi Morrill, Board Vice President Bill Dixon, Board Secretary Heney Hayes, Board Treasurer Donna Steward, Board Member Eryn McElroy, Board Member Ray Chavez.

Unanimous affirmative vote - Motion carries.

9. **Resolution 2024-1** - Approval of Amended SEDC Mission Statement and Goals. (S.Wayman/H.Malish/A.Ritchey)

Holly Malish, Deputy Director gave a brief overview of the strategies and actions that will be used to accomplish the goals.

Ashley Ritchey, Business Engagement Management Manager gave a brief overview of the new Mission Statement.

Board President Sammi Morrill asked for a motion to approve SEDC Resolution 2024-1, a Resolution by the City of Schertz Economic Development Corporation, Texas, approving the amended Mission Statement and Goals.

Motion by Board Member Eryn McElroy, seconded by Board Member Ray Chavez.

AYE: Board President Sammi Morrill, Board Vice President Bill Dixon, Board Secretary Heney Hayes, Board Treasurer Donna Steward, Board Member Eryn McElroy, Board Member Ray Chavez.

Unanimous affirmative vote - Motion carries.

Board President Sammi Morrill recessed to Open Session to Closed Session at 7:20 p.m.

Closed Session

10. 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) the deliberate the offer of a financial or other incentive to a business prospect.

- Project E-86

Start time: 7:20 p.m.
End time: 7:30 p.m.

Board President Sammi Morrill reconvened to Open Session at 7:30 p.m.

Board President Sammi Morrill recessed to Closed Session at 7:32 p.m.

- Project E-94

Start time: 7:33 p.m
End time: 8:34 p.m.

Board President Sammi Morrill reconvened to Open Session at 8:35 p.m.

Reconvene to Regular Session

11. Take any actions based on discussion held in closed session under Agenda Item No. 10.

No action was taken based on discussion in Closed Session.

12. **Resolution 2024-2** - Authorizing an Economic Development Performance Agreement between the City of Schertz Economic Development Corporation and Axiom Group, Inc. (S.Wayman)

Board President Sammi Morrill asked for a motion to approve SEDC Resolution 2024-2, a Resolution by the City of Schertz Economic Development Corporation, Texas authorizing an Economic Development Performance Agreement between the City of Schertz Economic Development Corporation and Axiom Group Inc.

Motion by Board Member Eryn McElroy, seconded by Board Member Ray Chavez.

AYE: Board President Sammi Morrill, Board Vice President Bill Dixon, Board Secretary Heney Hayes, Board Treasurer Donna Steward, Board Member Eryn McElroy, Board Member Ray Chavez.

Unanimous affirmative vote - Motion carries.

Requests and Announcements

- Announcements by staff:
  - Next Regular Board Meeting - April 25, 2024

- Requests by Board Members to place items on a future SEDC Board Meeting agenda.
  - Board Member Ray Chavez requested information on demographic and industry data and what type of industry we want.
  - Board President Sammi Morrill requested information on the inventory and type of buildings available.

Adjournment

Board President Sammi Morrill asked for a motion to adjourn the meeting.

Motion by Board Member Ray Chavez, seconded by Board Treasurer Donna Steward.

AYE: Board President Sammi Morrill, Board Vice President Bill Dixon, Board Secretary Heney Hayes, Board Treasurer Donna Steward, Board Member Eryn McElroy, Board Member Ray Chavez.

Unanimous affirmative vote - Motion carries.

Board President Sammil Morrill adjourned the meeting at 8:37 p.m.

MINUTES PASSED AND APPROVED THIS ____ DAY _____ 2024.

_____	_____
Sammi Morrill	Henry Hayes
Board President	Board Secretary

Agenda No. 4.

SEDC MEMORANDUM

SEDC Board Meeting:	**04/25/2024**
Department:	**Economic Development Corporation**
Subject:	**Staff briefing on SEDC monthly financial statement for the month of March 2024. (S.Wayman)**

SUBJECT:

Staff briefing on SEDC monthly financial statement for the month of March 2024. (S.Wayman)

Attachments

March Financials

C I T Y O F S C H E R T Z

REVENUE AND EXPENSE REPORT (UNAUDITED)

AS OF: March 31st, 2024

********** 2 0 2 3 - 2 0 2 4 **********

620-SED CORPORATION

FINANCIAL SUMMARY — OVERVIEW

Revenues			
Sales Tax	$	482,383.39	Payment Received in March
		-2.5%	Annual Decrease
		4.7%	12-Month Rolling Average
Expenses			
ACE MART RESTAURANT	$	33,984.70	
SYSCO CORPORTATION	$	25,000.00	

Year-to-Date			
Total Revenue	$	4,362,667.53	
Total Expenses	$	564,923.65	
Over/Under			$ 3,797,743.88
Cash & Investments			
Cash	$	399,744.20	
Investments	$	35,247,544.42	
Total			$ 35,647,288.62

*sales taxes are delayed 2 months from received to earned. Sales Taxes recognized in report are estimates and are adjusted to actual when payments are received.

CITY OF SCHERTZ

REVENUE AND EXPENSE REPORT (UNAUDITED)

AS OF: March 31st, 2024

620-SED CORPORATION FINANCIAL SUMMARY	CURRENT BUDGET	CURRENT PERIOD	PRIOR YEAR Y-T-D ACTUAL	CURRENT Y-T-D ACTUAL	Y-T-D ENCUMBR	BUDGET BALANCE	% OF BUDGET
	**********			2023-2024		**********	
REVENUE SUMMARY							
Taxes	7,092,000	561,605	3,168,719	3,253,081	-	3,838,918.97	45.87%
Fund Transfers	-	-	-	190,392	-	(190,392)	0.00%
Miscellaneous	1,315,000	150,322.47	523,656.29	919,194.84	-	395,805.16	69.90%
TOTAL REVENUES	8,407,000	711,927.34	3,692,375.48	4,362,667.53	-	4,044,332.47	51.89%
EXPENDITURE SUMMARY							
NONDEPARTMENTAL							
City Supported Services	11,677,510	58,984.70	81,944.29	83,984.70	-	11,593,525.30	0.72%
TOTAL NONDEPARTMENTAL	11,677,510	58,985	81,944	83,984.70	-	11,593,525.30	0.72%
ECONOMIC DEVELOPMENT							
Personnel Services	24,575	1,879.57	8,326.60	8,142.99	-	16,432.01	33.14%
Supplies & Equipment	61,175	428.43	19,431.63	7,047.99	-	54,127.01	11.52%
City Supported Services	214,500	250.95	47,051.85	2,871.12	-	211,628.88	1.34%
Utility Services	975	-	49.00	53.01	-	921.99	5.44%
Operating Expense	398,135	4,631.30	61,272.42	187,933.34	-	210,201.66	47.20%
Professional Services	61,300	-	37,280.50	1,449.00	-	59,851.00	2.36%
Fund Charges/Transfers	546,883	-	271,110.50	273,441.50	-	273,441.50	50.00%
TOTAL ECONO DEVELOPMENT	1,307,543	7,190.25	444,522.50	480,938.95	-	826,604.05	36.78%
TOTAL EXPENDITURES	12,985,053	66,174.95	526,466.79	564,923.65	-	12,420,129.35	4.35%
** REVENUE OVER(UNDER) EXPEND	(4,578,053)	645,752.39	3,165,909	3,797,744			

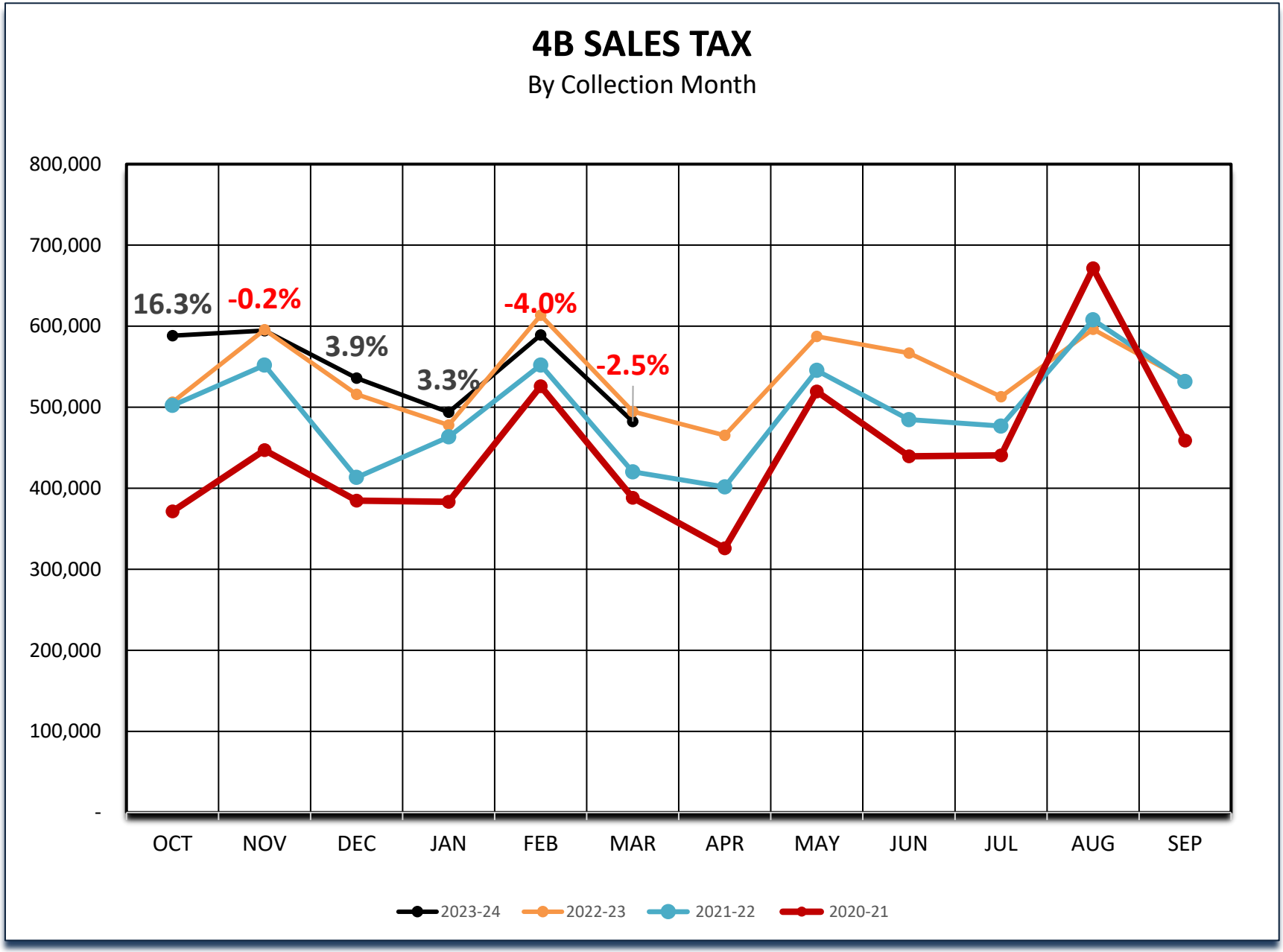
CITY OF SCHERTZ

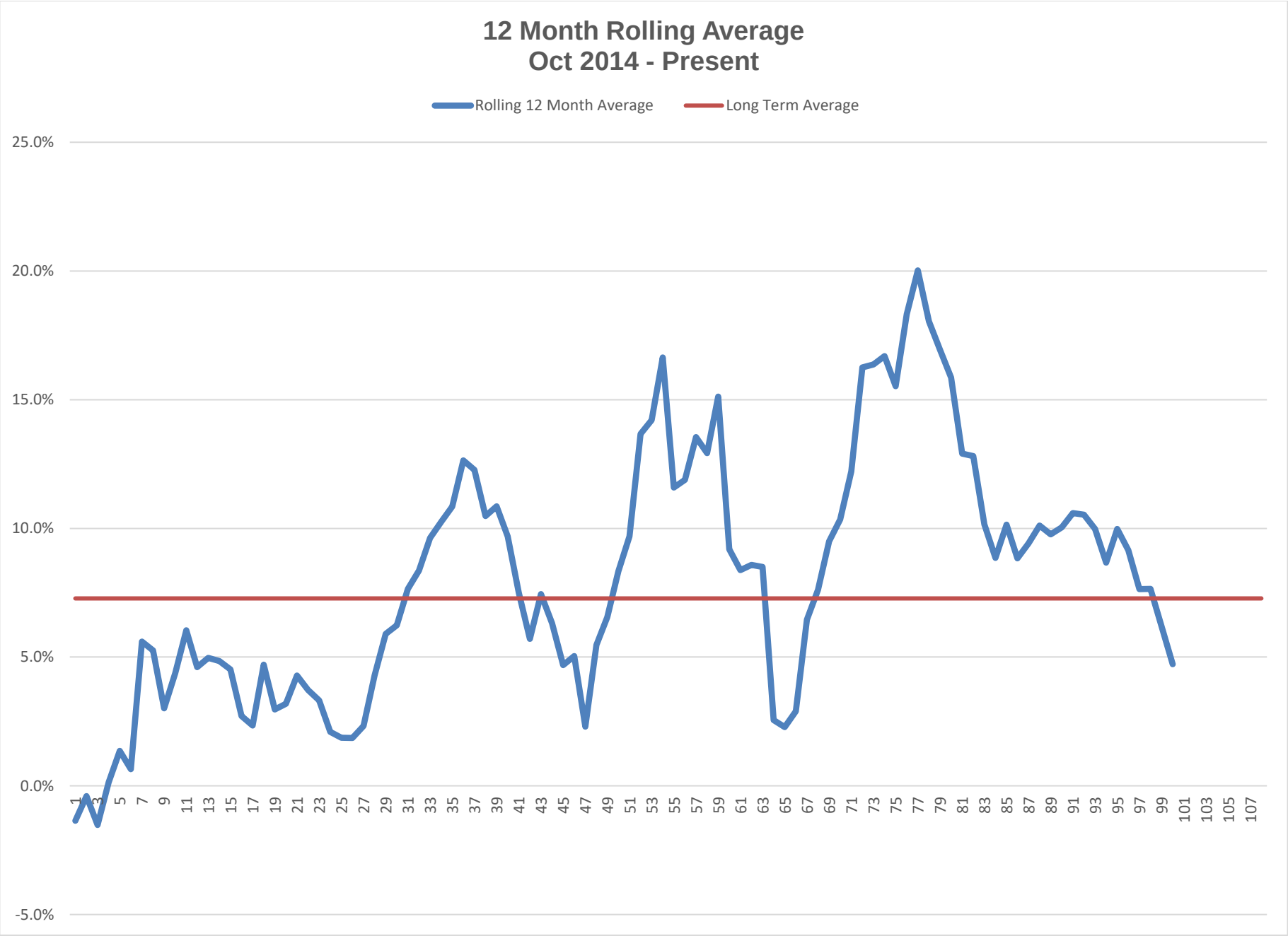
REVENUE REPORT (UNAUDITED)
AS OF: March 31st, 2024

620-SED CORPORATION REVENUES	CURRENT BUDGET	CURRENT PERIOD	PRIOR YEAR Y-T-D ACTUAL	2023-2024 CURRENT Y-T-D ACTUAL	Y-T-D ENCUMBR	BUDGET BALANCE	% OF BUDGET
Taxes							
000-411500 Sales Tax Revenue (4B)	7,092,000	561,604.87	3,168,719.19	3,253,081.03	-	3,838,918.97	45.87%
TOTAL Taxes	7,092,000	561,604.87	3,168,719.19	3,253,081.03	-	3,838,918.97	45.87%
Fund Transfers							
000-486000 Transfer In	-	-	-	190,391.66	-	(190,391.66)	0.00%
TOTAL Fund Transfers	-	-	-	190,391.66	-	(190,391.66)	0.00%
Miscellaneous							
000-491000 Interest Earned	15,000	1,447.43	6,513.88	7,487.95	-	7,512.05	49.92%
000-491200 Investment Earnings	1,300,000	148,875.04	517,142.41	911,706.89	-	388,293.11	70.13%
TOTAL Miscellaneous	1,315,000	150,322.47	523,656.29	919,194.84	-	395,805.16	69.90%
TOTAL REVENUES	8,407,000	711,927.34	3,692,375.48	4,362,667.53	-	4,044,332.47	51.89%

SED CORPORATION
CASH IN BANK AND INVESTMENTS
AS OF: March 31st, 2024

Cash in Bank		
Claim on Operating Cash Pool-Checking	$	399,744.20
Cash in Investments		
Texas Class Investment-Economic Development Corp		32,938,327.13
Schertz Bank & Trust-Certificate of Deposit 1 Year		1,135,273.80
Schertz Bank & Trust-Certificate of Deposit 6 Month		1,173,943.49
Total Cash in Bank & Investments	$	35,647,288.62


4B SALES TAX
By Collection Month
800,000
700,000
600,000
500,000
400,000
300,000
200,000
100,000
-
16.3%
-0.2%
3.9%
3.3%
-4.0%
-2.5%
OCT
NOV
DEC
JAN
FEB
MAR
APR
MAY
JUN
JUL
AUG
SEP
2023-24
2022-23
2021-22
2020-21


12 Month Rolling Average
Oct 2014 - Present
Rolling 12 Month Average
Long Term Average
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%
-5.0%
1 3 5 7 9 11 13 15 17 19 21 23 25 27 29 31 33 35 37 39 41 43 45 47 49 51 53 55 57 59 61 63 65 67 69 71 73 75 77 79 81 83 85 87 89 91 93 95 97 99 101 103 105 107

MARCH 2024 PAYABLES REPORT

	FUND	VENDOR NAME	DESCRIPTION	AMOUNT
	PROJECTS	ACE MART RESTAURANT	2023 SEDC Rebate Payment	33,984.70
		SYSCO CORPORTATION	2023 SEDC Rebate Payment	25,000.00
			SUBTOTAL:	58,984.70
Economic Development	SED CORPORATION	THE WATERMARK GROUP, INC.	Magnetic Name Badge	18.25
		STEVE WILLIAMS	ICSC- S Williams	415.90
		SCOTT WAYMAN	Per diem-Nashville, TN	220.50
		CITIBANK	HEB	87.99
			Scenic Texas	749.00
			Southwest Airlines-ICSC	343.96
			FormAssembly	198.00
			MailChimp	114.75
			Renaissance Hotel	605.64
			SelectUSA Registration	960.00
			UBER-IEDC Trip	125.63
			Siam Cuisine	83.23
			Constant Contact	55.70
			Eventbrite-Greater SATX	131.42
			Dollar Tree	28.50
			NEP- S. Wayman	20.00
			Petals To Go!- Malish	68.00
			Southern EDC-Renewal	650.00
			Shirts- S Wayman	107.90
			LAZ Parking Garage	3.00
			2024 Leadership Prog	350.00
			Adobe Stock-January	29.99
			Gaylord Hotels	304.44
			IEDC Summit- Special Event	85.00
			TEDC Winter Conference	425.00
			Lowe's Shovel Paint	21.96
			TEDC Twied Conf	215.00
			TEDC-Webinar	79.00
			Winter Conf Reg Fee	475.00
			Future Leaders Semi	65.00
			Adobe Stock-March	29.99
			Koehler Garage	10.00
		CITY OF SCHERTZ	Hall Rental-Lunch&Learn	112.50
			SUBTOTAL:	7,190.25
			TOTAL:	$66,174.95

Agenda No. 6.

SEDC MEMORANDUM

SEDC Board Meeting:	**04/25/2024**
Department:	**Economic Development Corporation**
Subject:	**Resolution 2024-5 - Authorizing an Economic Development Performance Agreement between the City of Schertz Economic Development Corporation and Mile Hi San Antonio, LLC. (S.Wayman)**

SUBJECT:

Resolution 2024-5 - Authorizing an Economic Development Performance Agreement between the City of Schertz Economic Development Corporation and Mile Hi San Antonio, LLC. (S.Wayman)

Attachments

Res. 2024-5

SEDC RESOLUTION NO 2024-5

A RESOLUTION BY THE CITY OF SCHERTZ ECONOMIC DEVELOPMENT CORPORATION, TEXAS AUTHORIZING AN ECONOMIC DEVELOPMENT PERFORMANCE AGREEMENT BETWEEN THE CITY OF SCHERTZ ECONOMIC DEVELOPMENT CORPORATION AND MILE HI SAN ANTONIO LLC; AND OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, the City of Schertz Economic Development Corporation ("SEDC") is a non-profit industrial development corporation duly established under the Development Corporation Act of 1979, as amended (Section 501.00 et seq. Texas Local Government Code, formerly the Development Corporation Act of 1979) ("the Act");

WHEREAS, all of the powers of the corporation are vested in the SEDC Board of Directors (the "Board") appointed by the governing body of the corporation's authorizing unit; and

WHEREAS, the Act authorizes a development corporation to fund certain projects as defined by the Act and request development corporations enter into incentive agreements to establish and provide for the direct incentive or make an expenditure on behalf of a business enterprise under a project; and

WHEREAS, Section 501.158 of the Act requires an incentive agreement to provide at a minimum for a schedule of additional payroll or jobs to be created or retained and capital investment to be made as consideration for any direct incentives provided or expenditures made by the corporation under the agreement and to specify the terms under which repayment must be made if the business enterprise does not meet the performance requirements specified in the agreement; and

WHEREAS, Company desires to locate its operation in the Schertz 35 Business Park on Tejas Way, Schertz, Comal County, Texas 78154; and

WHEREAS, over the term of the Agreement, Company intends to create and maintain 150 full time employees with a minimum annual payroll of $10,800,000; and

WHEREAS, over the term of the Agreement, Company and/or a third-party developer intends to invest $50,000,000 in tangible real and personal property at the facility; and

WHEREAS, the location of the Company, as proposed, will contribute to the economic development of the City of Schertz by creating new jobs and increased employment, promoting and developing expanded business enterprises, increased development, increased real property value and tax revenue for the City of Schertz, and will have both a direct and indirect positive overall improvement/stimulus in the local and state economy; and

WHEREAS, the Corporation desires to offer incentives to Company to enable Company to expand the existing Facility pursuant to this Agreement in substantial conformity with the City of Schertz Economic Development Incentive Policy and the Act; and

WHEREAS, Section 501.073 of the Act requires the,SEDC's authorizing unit to approve all programs and expenditures; and

WHEREAS, on the Effective Date, the commitments contained in this Agreement shall be legally binding obligations of the Parties.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CITY OF SCHERTZ ECONOMIC DEVELOMENT CORPORATION THAT:

Section 1. Subject to the authorization of funds by the City of Schertz City Council, the Board hereby approve the Economic Development Incentive Agreement attached hereto as Exhibit A and authorizes the President to execute same in substantially the same form as attached.

Section 2. The Board hereby recommends the City Council for the City of Schertz consider approving a Resolution authorizing the expenditures contemplated herein for the reasons stated in the foregoing recitals.

Section 3. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Board.

Section 4. All resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

Section 5. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 6. If any provision of this Resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the board hereby declares that this Resolution would have been enacted without such invalid provision.

Section 7. It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject

matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Chapter 551, Texas Government Code, as amended.

Section 8. This Resolution shall be in force and effect from and after its final passage, and it is so resolved.

PASSED AND ADOPTED THIS_____ day of _____, 2024

CITY OF SCHERTZ ECONOMIC
DEVELOPMENT CORPORATION

_____
Dr. Sammi Morrill, SEDC Board President

ATTEST

_____
Henry Hayes, SEDC Board Secretary

Agenda No. 11.

SEDC MEMORANDUM

SEDC Board Meeting:	**04/25/2024**
Department:	**Economic Development Corporation**
Subject:	**Resolution 2024-4 - Authorizing an amendment to the Economic Development Performance Agreement between the City of Schertz Economic Development Corporation and Closner Equipment Company, Inc. (S.Wayman)**

SUBJECT:

Resolution 2024-4 - Authorizing an amendment to the Economic Development Performance Agreement between the City of Schertz Economic Development Corporation and Closner Equipment Company, Inc. (S.Wayman)

Attachments

Res. 2024-4

SEDC RESOLUTION NO 2024-4

A RESOLUTION BY THE CITY OF SCHERTZ ECONOMIC DEVELOPMENT CORPORATION, AUTHORIZING AN AMENDMENT TO THE ECONOMIC DEVELOPMENT PERFORMANCE AGREEMENT BETWEEN THE CITY OF SCHERTZ ECONOMIC DEVELOPMENT CORPORATION AND CLOSNER EQUIPMENT COMPANY, INC; AND OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, the City of Schertz Economic Development Corporation ("SEDC") is a non-profit industrial development corporation duly established under the Development Corporation Act of 1979, as amended (Section 501.001 et seq. Texas Local Government Code, formerly the Development Corporation Act of 1979) (the "Act"); and

WHEREAS, all powers of the corporation are vested in the SEDC Board of Directors (the "Board") appointed by the governing body of the corporation's authorizing unit; and

WHEREAS, the Act authorizes a development corporation to fund certain projects as defined by the Act and request development corporations to enter into performance agreements to establish and provide for the direct incentive or make an expenditure on behalf of a business. enterprise under a project; and

WHEREAS, the Parties entered into An Economic Development Agreement, effective May 27, 2021 (the "Agreement") establishing a grant agreement between the Parties to lease a facility, create jobs and increase business personal property by Closner (the "Closner Equipment COMPANY, INC."); and

WHEREAS, the Parties subsequently were approved by SEDC Resolution 2021-8 on May 27, 2021; and

WHEREAS, the Agreement provides that in year two Closner Equipment LLC received FORTY THOUSAND DOLLARS ($40,000) for meeting all the requirements and for operations of facility; and

WHEREAS, in 2023, Closner Equipment Company Inc reported 25 jobs resulting in a deficit of 3 jobs or the required 28 jobs per the Agreement; and

WHEREAS, the Parties desire to amend the Agreement to provide a grace period extension for of one year due to failure to meet the minimum performance agreement criteria in 2023; and

WHEREAS, Section 501.073 of the Act requires the SEDC's authorizing unit to approve all programs and expenditures, City Council had previously authorized this expenditure.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF TIIE CITY OF SCHERTZ ECONOMIC DEVELOPMENT CORPORATION THAT:

Section 1. The Schertz Economic Development Board hereby approve the Economic Development Performance Agreement amendment attached hereto as Exhibit A and authorizes the President to execute and deliver in the substantial form as attached.

Section 2. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Board.

Section 3. All resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution arc hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

Section 4. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 5. If any provision of this Resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the board hereby declares that this Resolution would have been enacted without such invalid provision.

Section 6. If officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Chapter 551, Texas Government Code, as amended.

Section 7. This Resolution shall be in force and effect from and after its final passage, and it is so resolved.

PASSED AND ADOPTED, this ___ day of_____, 2024.

CITY OF SCHERTZ ECONOMIC
DEVELOPMENT CORPORATION

_____
Sammi Morrill, SEDC Board President

ATTEST:

_____
Henry Hayes, SEDC Board Secretary

Exhibit A
ECONOMIC DEVELOPMENT PERFORMANCE AGREEMENT
CLOSNER EQUIPMENT COMPANY, INC

(SEE ATTACHED)

FIRST AMENDMENT TO ECONOMIC DEVELOPMENT PERFORMANCE AGREEMENT WITH CLOSNER EQUIPMENT, LLC

THIS FIRST AMENDMENT TO THE ECONOMIC DEVELOPMENT PERFORMANCE AGREEMENT (this "Amendment"), dated to be effective as of the date that the Amendment is signed by the last party to the Amendment (the "Effective Date"), is among the City of Schertz Economic Development Corporation, a Texas non. profit industrial development corporation (the "SEDC"), and Closner Equipment Company, Inc. ("Closner"), and collectively with the City and the SEDC, the "Parties").

WHEREAS, the Parties entered into An Economic Development Agreement, dated effective May 27, 2021 (the "Agreement") establishing a small business grant between the Parties to expand their facility, create jobs, increase business personal property and taxable sales by Closner; and

WHEREAS, the Parties subsequently were approved by SEDC resolution SEDC 2021-8 on May 27, 2021; and

WHEREAS, the Agreement provides that Closner will receive a small business grant of FORTY THOUSAND DOLLARS ($40,000) for operations of facility and the Incentive shall be reduced according to the schedule in Section 8(3b) of the Agreement; and

WHEREAS, the Agreement also requires that Closner maintain 28 jobs and a minimum payroll of $2,250,000 with $1,000,000 in new real and personal property and $1,000,000 in new taxable sales.

WHEREAS, in year two (2023), Closner reported 25 jobs with a payroll of $3,146,649 resulting in a deficit of 3 jobs; and

WHEREAS, the SEDC board met in open session on March 28th, 2024 and determined to grant a grace period extension of one year for the required jobs number.

NOW, THEREFORE, BE IT RESOLVED BY THE SCHERTZ ECONOMIC DEVELOPMENT CORPORATION, the Parties desire to amend the Agreement as set forth below.

l. Minimum Performance Criteria. Notwithstanding any provision in the Agreement to the contrary. Adherence to the Minimum Performance Criteria will be extended an additional year into Year 6 (2027) and therein must maintain the schedule put forth in Section 4.1 of the original Agreement and shall be amended per the table below.

Time Period	Minimum Performance Criteria				
	Full Time Employees	Total Payroll	New Taxable Sales Tax	Real & Personal Property	Certification Date
Year 0 – 2021	25	$2,100,000	Submission of base taxable sales and C of O	0	15-Feb-22
Year 1 - 2022	27	$2,200,000	$500,000	$400,000	15-Feb-23
Year 2 - 2023	25	$2,250,000	$1,000,000	$1,000,000	15-Feb-24
Year 3 - 2024	28	$2,250,000	$1,000,000	$1,000,000	15-Feb-25
Year 4 - 2025	28	$2,250,000	$1,000,000	$1,000,000	15-Feb-26
Year 5 - 2026	28	$2,250,000	$1,000,000	$1,000,000	15-Feb-27

2. Authority to Sign. The individual signing below for Closner hereby certifies that he/she is authorized to sign this Amendment on behalf of Closner and that no authorizations or approvals are required that have not already been obtained.

3. Notices. The following contact information for notices and requests for information or action under this Amendment and the Agreement (originally set forth in Section 7 of the Agreement) are hereby amended:

If to the SEDC:

Schertz Economic Development Corporation
1400 Schertz Parkway
Schertz, Texas 78154
Attention: Deputy Director of Economic Development
Phone: (210) 619-1072
E-Mail: hmalish@schertz.com

With a copy to:

Denton Navarro Rodriguez Bernal Santee & Zech, P.C.
Attention: T. Daniel Santee
2517 North Main Avenue
San Antonio, TX 78212

If to the City:

City of Schertz, TX
1400 Schertz Parkway
Schertz, TX 78154
Attention: City Manager
E-Mail swilliams@schertz.com

4. No Other Amendments' Conflict. Except as expressly set forth herein, all other terms and provisions of the Agreement shall remain in full force and effect. In the event there is a conflict between the terms and provisions of this Amendment and the Agreement as originally executed, the terms and provisions of this Amendment shall control.

5. Counterparts, This Amendment may be executed in multiple counterparts, all of which together shall constitute one instrument.

[remainder of page intentionally left blank]

SIGNATURE PAGE TO
FIRST AMENDMENT TO DEVELOPMENT AGREEMENT

(CLOSNER EQUIPMENT COMPANY, INC.)

IN WITNESS WHEREOF, the Parties have executed this Amendment to be effective as of the Effective Date.

COMPANY:

CLOSNER EQUIPMENT COMPANY, INC.
a Texas limited liability company

By: _____
G. Bennett Closner, CEO

Executed on this ____ day of _____, 2024.

City of Schertz Economic
Development Corporation

By:_____
Dr. Sammi Morrill, SEDC President