



FORNEY ECONOMIC DEVELOPMENT CORPORATION

**MINUTES
REGULAR MEETING
101 EAST MAIN STREET
FORNEY, TEXAS 75126
JULY 14, 2016
6:30 P.M.**

The Forney Economic Development Corporation (FEDC) of the City of Forney met on July 14, 2016 in City Council Chambers. President Joe Dan McBeth, Vice President & Treasurer Scott Burrus, Secretary Kym Tayamen and Directors Jessica Browning, DeCarlo Coleman and Jon Bennett were present. Director Fred Alexander was absent. EDC Director Warren Ketteman and EDC Coordinator Stewart McGregor were also present.

1. **Call to Order** at 6:31 p.m.
2. **Invocation** by Mr. McBeth.
3. **Consent Items**
 - a. Approval of the FEDC Minutes – June 9, 2016 Regular Board Meeting

Mr. Burrus made a motion to approve the minutes from the June 9, 2016 FEDC Regular Board Meeting. Mr. Tayamen seconded and all board members present voted in favor.

- b. Financial Report

Mr. Burrus gave the financial report. We are at 75% of the Fiscal Year, with revenues at 79.99% and expenditures at 81.57%.

- c. Executive Director's Report

Mr. Ketteman gave the Executive Director's Report. A complete copy is available in the FEDC Office. He noted that he was part of a radio show interview about Forney and housing growth with Skyline Home Loans at KEXB 620 AM. The show will air July 16 at 1:00 p.m. and July 17 at 3:00 p.m. He also mentioned that Downtown Parking Improvement bid openings took place on July 12 at City Hall. Due to the increased construction taking place in North Texas, Mr. Ketteman said the EDC only received one bid. Therefore, Mr. Ketteman said the bid was rejected and will go out for rebidding in the near future in order to better obtain a choice of bids.

4. Discussion/Action Items

- a. Discussion and possible action concerning Hotel Occupancy Tax (HOT) Funds Applications for Fiscal Year 2016-17.

The board considered HOT Funds applications for the 2016-17 Fiscal Year. A complete copy of the HOT Funds overview spreadsheet and applications are available in the FEDC Office. The following community group members were present, spoke on behalf of their organization's application and answered a variety of questions from the board regarding their plans in using the HOT Funds grants:

- Kendall Milton, Forney Historic Preservation League
- Matt Malone, Forney Lion's Club
- Kendall Milton, Forney Downtown Business Association
- Lori Pierce, Forney Arts Council
- Alexa Tiesman, City of Forney Special Events
- Marian Stewart, Sharing the Love Foundation
- Nina Rangel, Forney Garden Club

The total HOT Funds money requested was \$157,800 and total HOT Funds allocation for the 2016-17 Fiscal Year is \$165,000. Mr. Ketteman noted that FEDC Staff examined each application to make sure they

were consistent with application guidelines. He said the percentage requirements for events, advertising, historical and arts matched correctly according to HOT Funds application guidelines.

The only request in which the board gave direction was in regards to the Forney Historic Preservation League's application for the purchase of a billboard. Mr. McBeth requested more information to be given to FEDC staff before the applications go before the City Council to have more information on costs. Mr. Bennett stated if the Forney Historic Preservation League could obtain a couple of proposals and give greater detail as to the project's structure, which would be appreciated.

Mr. Bennett made a motion to approve the HOT Funds applications as presented, with the caveat that the Forney Historic Preservation League provide more information to FEDC Staff regarding their billboard application. Mr. Coleman seconded and all board members present voted in favor.

- b. Discussion and possible action concerning Downtown EDC-owned building notes and mortgage payoff.

Due to the FEDC having a strong financial standing with approximately \$1.5 million in organizational budgetary reserves project for Fiscal Year 2015-16, Mr. Kettelman brought before the board consideration regarding paying off one of the FEDC-owned properties in order to save from paying the interest each month. He outlined two separate loans, one for the 212 S. Bois D'Arc property at \$159,100 and the other for what is now the 215 S. Bois D'Arc property at \$227,700.

Mr. Bennett inquired as to the feasibility of paying off both mortgages. Mr. Kettelman said it's a viable option, but doesn't mind continuing payment on the lower interest mortgage. He also mentioned that other projects may come our way requiring reserve funds to be used and would prefer to have flexibility with those funds. He said the loan for the 215 S. Bois D'Arc property has a higher interest rate at 5%.

Mrs. Browning asked how long we had left on both notes. Mr. Kettelman said both notes were for 20 years and commenced in 2010. He also said that any action on note payoff would be taken to the City Council.

Mr. Burrus made a motion to pay off mortgage loan number 2706 for the property located at 215 S. Bois D'Arc St. Mrs. Browning seconded and all other board members present voted in favor.

- c. Discussion and possible action concerning a contractual agreement for EDC-owned detention pond maintenance.

With council budget approval for Fiscal Year 2016-17 quickly approaching, Mr. Kettelman brought before the board several proposals for detention pond maintenance. The FEDC is contractually obligated to maintain this area behind the Walmart property. Mr. Kettelman said this deal was made with the FEDC in 2005 when Walmart developed at Mustang Crossing Shopping Center. Richard Cunningham of R&C Hydromulch has maintained the property for six years. Mr. Kettelman stated that as a public office, it is best practice to solicit proposals for services such as this on a regular basis.

Currently, R&C Hydromulch provides mowing, trash pickup/maintenance and weed eating/vegetation control services for the land. Mr. Kettelman noted the agreement between the FEDC and Walmart was only for mowing and trash pickup and the proposals were based on a one year contract. The land outlined within the agreement was for 13.5 acres. There is a drainage area located within the land, which was not included in the proposal due to it being designated as wetlands mitigation by the Corps of Engineers. Three proposals were provided by area landscape and maintenance companies.

- Patrick Butler Lawn Service: \$45/acre, \$607.50 total/month
- Good Earth: \$500/month
- R&C Hydromulch: \$850/month

Mr. Cunningham was the only representative among the three separate bids to attend the meeting and speak on behalf of his company.

Mr. Cunningham stated he currently provides the service to the property once a month, which takes approximately 6-8 hours including work around two other drainage ditches along FM 548, which are not included in the new proposal. Although Mr. Cunningham currently maintains two drainage ditches, Mr. Ketteman noted that the two drainage ditches are owned by someone else and are outside of the contractual agreement the FEDC made with Walmart. Mr. Burrus asked if we could take the issue of the two drainage ditches to the City to figure out who owns the land and enforce maintenance due to the litter being high in that area. Mr. Ketteman said he would check with the County Appraisal District to see who owns that piece of land in which the two drainage ditches lie.

Mrs. Browning inquired as to how much we pay Mr. Cunningham per month currently for his services. Mr. McGregor responded with \$1,280 per month, Mr. Ketteman said that price includes Richard going "above and beyond" on the breadth of his work. Mr. McBeth said someone must maintain the drainage ditches that Mr. Cunningham has maintained on the land which is not part of the FEDC agreement. Mr. Ketteman said he brought the proposals in order to better plan for budgetary purposes. Mrs. Browning said to include \$1,280 per month in the proposed budget while checking on who owns the property. Mr. Ketteman said he would check on the property owner of the two drainage ditches and resolicit proposals if anything changed.

No action was taken on this item.

d. Discussion and possible action concerning the EDC annual budget for Fiscal Year 2016-17.

Mr. Ketteman presented the proposed 2016-17 FEDC Budget before the board. A complete copy of the budget is available in the FEDC office. Mr. Ketteman explained that revenue is projected to be \$1,745,977, with expenses at \$1,412,154. He also said by the end of next fiscal year, the FEDC budgetary reserves balance is projected to be approximately \$1.8 million.

Mr. Ketteman noted a few changes in the budget for next year. One of those being the payoff this last fiscal year of the Mustang Crossing incentive agreement. Due to that, the Sales Tax Abatement line item was reduced significantly. He also noted the Lease Income line item took into effect 106 E. Main being rented for a full year with the new tenant, 212 S. Bois D'Arc being rented for a full year, 211 S. Bois D'Arc being rented for a full year and 215 S. Bois D'Arc being rented for six months. The sale of the EDC-owned land at Chestnut & Main was not included in this upcoming year's budget. Mr. McGregor spoke to the board regarding a Downtown Redevelopment Incentive, which would be a minimum of \$15,000 and up to \$25,000 matching grant for redeveloping downtown property from one use into another taxable use. He said it would run as a pilot program during the 2016-17 fiscal year and if no applications were received, it would sunset on October 1, 2017 at the will of the board. It would, in many ways, be implemented similar to a façade grant. Four redevelopment incentives were included for a total of \$100,000.

Mr. Ketteman also specified the legal fees were increased to \$75,000 per year in anticipation of legal services for contracts and other potential legal needs. The in-house attorney would be able to reduce those costs, however, a major project could require the attorney to enlist the service of other attorneys. Education & Training was also increased for Mr. McGregor to complete several economic development continuing education courses.

Mr. Ketteman specified the "Miscellaneous Expenses" line item for \$25,000 was for property taxes on EDC-owned properties occupying tenants. Mr. Bennett asked if the taxes for 215 S. Bois D'Arc were calculated for only six months worth of a tenant. Mr. Ketteman said it was not and the number would be adjusted accordingly.

Mr. Tayamen made a motion to approve the EDC Budget for Fiscal Year 2016-17, contingent on adjusting the number for "Miscellaneous Expenses" to take into account the 215 S. Bois D'Arc St. taxes at six months of occupancy. Mr. Coleman seconded and all other board members present voted in favor.

e. Discussion and possible action concerning economic development negotiations with current prospects.

No action was taken on this item.

5. Public Communication

Matt Malone spoke congratulating the EDC for paying off one of the building note mortgages early. He also said he appreciates the EDC's investment in Downtown.

6. Executive Session

- a. The Forney EDC will hold a closed Executive Session meeting pursuant to the provisions of Chapter 551 of the Texas Government Code, in accordance with the authority contained in: -§ 551.072 deliberations for the purchase, exchange, lease, or value of real property and/or -§ 551.087 deliberations regarding commercial or financial information that the EDC has received from a business prospect and/or deliberations regarding the offer of a financial or other incentive to a business prospect. (Related to Section 4.e.) Also Section -§ 551.071, consultation with attorney to discuss settlement offer from HP Forney 548 Partners.

Mr. Burrus made a motion to enter into Executive Session at 8:46 p.m. Mr. Bennett seconded and all other board members present voted in favor.

- b. The Forney EDC will reconvene into Regular Session, pursuant to the provisions of Chapter 551 of the Texas Government Code, to take any action regarding the above items.

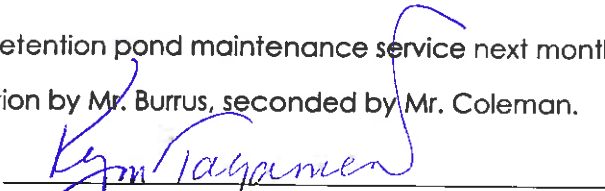
Mr. Burrus made a motion to reconvene into Regular Session at 9:52 p.m. Mrs. Browning seconded the motion and all other board members present voted in favor. (See action item 4.e.)

7. Future Agenda Items

Mr. Kettelman said the board would reconsider the detention pond maintenance service next month.

- 8. Adjournment** by unanimous vote at 9:53 p.m. on motion by Mr. Burrus, seconded by Mr. Coleman.

APPROVED: KYM TAYAMEN, SECRETARY



APPROVED: JOE DAN McBETH, PRESIDENT
DATE: AUGUST 11, 2016

