



**DESOTO ECONOMIC DEVELOPMENT CORPORATION
BOARD MEETING MINUTES
DECEMBER 17, 2018**

The DeSoto Economic Development Corporation Board met at **9:00 a.m. on Monday, December 17, 2018** in the Council Conference Room located in City Hall at the DeSoto Town Center, 211 East Pleasant Run Road, DeSoto Texas 75115.

Present: Belinda May, Board President
Curtis Krohn, Board Vice President
Bobby Waddle, Board Treasurer
Perry Holloway, Board Director
Michelle Jordan, Board Director

Staff Present: Joe Newman – Chief Executive Officer
Vanessa Barrios – Research and Business Development Manager
Cynthia Noble – Administrative Assistant

Also Present: Melissa Adams – Budget Analyst, City of DeSoto
Tracy Cormier – Director of Budget, City of DeSoto
Pete Smith – Attorney, Nichols, Jackson, Dillard Hager & Smith, LLP
The Honorable Rachel Proctor – Mayor Pro-Tempore, City of DeSoto, City Council Liaison
Dr. Tarron Richardson – City Manager, City of DeSoto
Terry Toomey – Executive Director, The Industry HUB
Monte Anderson – Owner, Options Real Estate
Arbin Harrison, III – Concerned Citizen
Dr. Patricia A. Russell-Harrison Ed.D – Concerned Citizen
Natalie A. Wood-Smith – Concerned Citizen

Absent: Laura Terhune – President, DeSoto Chamber of Commerce
Shmara Punch – Director of Member Relations, DeSoto Chamber of Commerce

At 9:04 a.m., Board President Belinda May called the meeting to order and acknowledged the presence of a quorum.

A. REGULAR SESSION – CALL TO ORDER

1. Invocation was given by Board Treasurer Bobby Waddle.

B. CONSENT AGENDA

1. Minutes and income and expenses:
 - a. Consideration and approval of the November 26, 2018 DeSoto Economic Development Corporation (DEDC) Board Meeting Minutes.
 - b. Consideration and approval of the DEDC October 31, 2018 income and expenses.

Motion by Board Treasurer Bobby Waddle to approve the consent agenda items as presented.

Motion seconded by Board Vice President Curt Krohn. Motion approved by Board members Belinda May, Curtis Krohn, Bobby Waddle, Michelle Jordan, and Perry Holloway.

C. REGULAR AGENDA - NEW BUSINESS

1. City Council Liaison's update regarding city events, meetings, etc. by the Honorable Rachel Proctor.
 - a. The Honorable Rachel Proctor reported that 2 properties were approved through the consent agenda during the City Council meeting on December 14, 2018: the first property is located at 400 North Hampton Road at Hampton Road Baptist Church. The second property consists of three parcels: 106, 108, and 110 North Lyndalyn Avenue located at Jubilee Community Church. She reports that currently one is priced at \$776,000 and another is priced at \$876,000.
 - b. Dr. Tarron Richardson, City Manager, interjected that with this purchase the city is now able to expand the senior center to the west in the future to be in compliance with parking needs.
2. Grow DeSoto Incubator finish out and financial status report. Presentation by Monte Anderson.
 - a. Mr. Monte Anderson discussed and answered questions on the monthly financials and the 2019 budget for the Grow DeSoto Market Place.
 - b. Mr. Anderson pointed out the different expenses in November's report that were not in October's report in response to Board Director Perry Holloway's question regarding the higher revenue amount and lower net amount shown on the profit and loss statement for November 2018 verses October 2018. Furthermore, he explained that the expenses will continue to climb up as time progresses.
 - c. Likewise, Mr. Anderson explained the HVAC maintenance fee is a quarterly one only affecting the expenses for the months it is charged. In addition, he added miscellaneous expenses for issues like plumbing that may come up in the future.
 - d. Mr. Anderson emphasized that he is strict on the tenants to stay current and continues to work with them to encourage their financial stability. However, Mr. Anderson said that there is a 20 percent to 25 percent non-collect rate built into the budget for 2019; therefore, we should be able to have a better outcome than what is projected on the Pro Forma.
 - e. In addition, Mr. Anderson claimed that on the 2019 Pro Forma he never projected over 85 percent to 90 percent of occupancy.
 - f. Mr. Anderson said on Monday they are having new pitches for restaurants, while Joe Newman, CEO, added there is an African Art seller pitching as well. Mr. Newman said they are trying to make it more diversified in the products, restaurants, and services that are provided.
 - g. The Honorable Rachel Proctor, Mayor Pro-Tem suggested that we market to the Senior Center and incorporate shopping trips to the Grow DeSoto Market Place on a regular schedule.
 - h. President Belinda May asked Mr. Anderson about Crazii Potatoe restaurant's ability to produce her product in a timely manner with her equipment. President Belinda May asked Joe Newman to follow up on her progress and improving her process. Mr. Anderson responded that with

proper training on both preparation and equipment, she has greatly improved her turnaround time.

- i. Mr. Anderson reported that he is working with the DEDC's attorney to change the Tenant's Listing Agreement to reflect the 3 percent commission to be paid monthly to him as previously discussed.
- j. Joe Newman explained that Melissa Adams, Budget Analyst, Terry Cormier, Director of Finance, and Mr. Rick Keeler, Options Real Estate, met with him to resolve all the accounting issues regarding obtaining all the documents needed for proper auditing. As a result, it was agreed upon that Mr. Newman will review the accounts receivable and payable that are managed by Options Real Estate twice a month.

- 3. Joe Newman discussed the potential changes to the management agreement with the Board of Directors. The management amendment with the changes to the listing agreement was not received from Monte Anderson before the DEDC Board meeting.

Board President Belinda May motioned to approve the change to the listing agreement which provides the 3% commission to be paid monthly by the tenant pursuant of the lease to Monte Anderson, Options Real Estate; which upon execution of the lease agreement the commission fee will be paid monthly by the tenant at the time of rent collection. Motion seconded by Board Director Michelle Jordan. Motion approved by Board members Belinda May, Curtis Krohn, Bobby Waddle, Michelle Jordan, and Perry Holloway.

- 4. DeSoto Chamber of Commerce Update – Ms. Laura Terhune, President. Ms. Terhune was not present but left the following report to be included in the meeting.

a. MEMBER SERVICES:

- i. Member Networking: The Jingle and Mingle was held on Tuesday, December 11, 2018 from 5:00 p.m. to 6:30 p.m. at Plains Capital Bank.
- ii. Recent Ribbon-Cutting Ceremonies and Ground Breaking Ceremonies are as follows:
 - 1. There were none since the last meeting.
- iii. Upcoming Ribbon Cuttings/Groundbreaking Ceremonies are as follows:
 - 1. Several are pending, but nothing is confirmed as of this date.
- iv. Small Business Workshop: A workshop with Matt Shaffer, Performance Coach and Business Strategist, will be held on March 15, 2019 at 1:00 p.m.; the location is pending. Sponsors are being sought for this event.
- v. Group Health Insurance: It is now available to DeSoto Chamber members only.
 - 1. Option A is Benafix Solutions which is for four plus employees and has a seventy to eighty percent approval rating.
 - 2. Option B is North Texas Employer Health Plan Cooperative and United Health Care which is for two plus employees.

b. ECONOMIC/ BUSINESS DEVELOPMENT/BREP/SHOP LOCAL:

- i. Small Business Saturday 2018 was to promote local businesses through the holidays. It was held on Friday, November 16, 2018 through November 24, 2018. Staff delivered canvas shopping bags to local retailers.
- ii. Revolving Loan Program – The Loan Review Committee met with a local business owner who was seeking a loan for facility improvements
 - 1. They requested that she provide additional information in her business plan for marketing.

2. She is gathering financial information particularly detailing past and anticipated revenues.
 - c. COMMUNITY EVENTS (leading, assisting, or promoting):
 - i. DeSoto's Annual Hometown Holiday Parade was held on Thursday, November 29, 2018 at 7:00 p.m., at Westmoreland Road at Eagle Drive and ended at Zeiger Park, 400 Eagle Drive. The DeSoto Chamber supported the event and paid two staff members to assist with the event.
 - ii. Best Southwest Partnership Annual Meeting & Gavel Exchange was held on Thursday December 13, 2018 from 11:30 a.m. to 1:00 p.m. at the Hilton Garden Inn.
 - iii. Leadership Southwest and Best Southwest Legislative Send-Off Luncheon with Lawmakers will be held on December 18, 2018 from 11:30 a.m. to 1:00 p.m. at the Dallas Entrepreneur Center, located inside the former Red Bird Mall.
 - d. TOURISM ACTIVITIES:
 - i. Print Publication(s):
 1. The 2018-2019 Community Guide was delivered. A link to the flip-page version will be added to our website.
 - ii. Reunion / Groups: There were no requests this month.
 - iii. Advertising Campaigns:
 1. Digital marketing plan includes ads placed on Facebook with targeted marketing as well as utilizing Google Ad words.
 2. A Combined Marketing Plan is led by the DeSoto Independent School District with the Chamber of Commerce, the DeSoto Economic Development Corporation, and the City of DeSoto.
 - a. The Tourism Advisory Committee meeting was held on Monday, November 19, 2018 at 2:30 p.m. in the DeSoto Chamber Conference room.
 - b. A Hotel Partners Meeting will be held in January to discuss marketing.
 - e. FUNDRAISING/ BUDGET:
 - i. Foreign Travel: The DeSoto Chamber of Commerce is offering a chamber group foreign travel trip to Tuscany, Italy in 2019. The contract was signed.
 - ii. Sales Campaign: we are developing new marketing materials for sponsorships throughout the year.
 - f. FACILITIES / OFFICE OPERATIONS:
 - i. Interim Offices
 1. Closing of the DeSoto Chamber of Commerce office is tentatively set for December 12, 2018. The removal of an old lien is pending.
 - g. SITE VISITS:
 - i. Shmara Punch, Director of Member Relations, also included in the Board Packet the Business Retention Visits Report for the Board of Directors to review.
5. Financial Status Report. Presentation by Ms. Melissa Adams, Budget Analyst, City of DeSoto. The Financial Status Report included: A General Fund Balance Sheet, Summary of Revenues and Expenditures, and Details of Revenues and Expenditures as of November 30, 2018. Ms. Adams discussed the updates to the October 31, 2018 Financial Status Report placed in the consent agenda.
 6. The Industry HUB's Activity Summary Report for November 2018 presented by Ms. Terry Toomey, Executive Director of the Industry HUB.

- a. Ms. Terry Toomey said that the reality of how hard it is to start and run a business begun to set in for many of the incubator tenants, so she worked individually with many of the companies to deal with this reality. For example, she explicated why the empanada shack recently left the incubator. Ms. Toomey said she was working with the owner to expand her menu. However, she explained that initially the owner felt she could handle it, but the reality was these improvements could not happen without hiring employees to help. Unfortunately, the owner couldn't afford to hire someone; also she did not have any family members who could assist.
- b. Ms. Toomey explained that this reality check is the natural course of a business at the six month mark. She reported that many of the tenants did not realize the rigor it takes to be the only person in the store all day long. She forecasted that it will become more stressful in the future, now that their schedules are longer with the hours extended until 8:00 p.m. She emphasized how she is working intensively with other businesses to get them over this hump.
- c. Ms. Toomey said she included in the report an amount near \$17,000 which she personally invested back into the incubator. She clarified that different things were needed that originally were not budgeted. Furthermore, she explained that since she is a non-profit, she will invest those proceeds back into the incubator to aid in its success.
- d. Recently Ms. Toomey hired someone to do a social media marketing training workshop for the tenants. Unfortunately, only six people attended the class. She pointed out that two of them are already doing an excellent job at social media. Also she said she felt that only the dedicated tenants were present, while others tended to make excuses. She explained how she emphasized to all the tenants that the training is about learning new ways to work through their problems.
- e. Ms. Toomey explained she felt the pop-up shops were successful, but one tenant opposed it. She said that this tenant's objection to the pop-up was negatively displayed in front of the customers. She feels that until tenants can agree on the rules for themselves that all are committee to, she had to postpone future events. As a result, she cancelled the craft fair. She explained that her idea of having the pop-ups was to allow them to advertise to their base which may not be touched by tenants and bring them into the incubator; furthermore, we made sure that they did not have a competing product. In response to questions, she explained that the pop-ups were done to increase the foot traffic, and appeal to a broader base.
- f. In order to address these issues, Ms. Toomey reported that an events committee made up of all tenants was created. She mentioned how she has invited others such as Stephanie Dixon who has a radio show and Rene Thomas from DeSoto Independent School District in order to include ideas from the community as well as increase the number of media and social media outlets.
- g. In addition, Ms. Toomey explained her ideas for improvement as: to further market the incubator, to help the tenants see the value of working with her to develop strategies to solve many of their problems, to make sure the tenant has a workable business plan prior to signing a lease agreement, and to increase community awareness of her services. In conclusion, she encouraged suggestions from everyone.

7. Consideration and action to approve the election of DEDC 2019 officers to take effect on January 1, 2019.

Board President Belinda May motioned to approve Curt Krohn as president of the DeSoto Economic Development Corporation. Motion failed due to a lack of a second.

Board Director Perry Holloway motioned to table item # 7 until the January 28, 2019 Board meeting. Motion seconded by Board Director Bobby Waddle. Motion approved by Board Treasurer Bobby

Waddle and Board Director Perry Holloway. Motion opposed by Board President Belinda May. Motion abstained by Board Vice President Curt Krohn and Board Director Michelle Jordan.

8. Discuss and take appropriate action on a request to amend, renew, and extend the promissory note and deed of trust effective April 1, 2013 relating to the loan to John D. Gourley and DeSoto Wintergreen Partners II, L.P.
Board President Belinda May motion is to authorize the executive director to contact John D, Gourley and DeSoto Wintergreen Partners II, L.P. and provide the counter proposal to pay the principle in two equal payments 30 days apart and bring the interest up to date immediately. Seconded by Board Vice President Curtis Krohn. Motion approved by Board members Belinda May, Curt Krohn, Michelle Jordan, and Perry Holloway.
9. Discussion and possible action to renew and/or amend the Administrative Services Agreement between the DeSoto Economic Development Corporation and the City of DeSoto.
 - a. Dr. Tarron Richardson, City Manager, discussed the City of DeSoto's need to determine the financial impact on and the benefits to the City of DeSoto for the services provided to the DEDC outside the scope of work of the original contract, and amend the contract to expand the agreement fee for those additional services.
 - b. Dr. Richardson explained that there will be a continuous need to have the roles and responsibilities redefined in managing the Grow DeSoto Market Place (Incubator), since it is very new.
 - c. Dr. Richardson recommended a meeting with Joe Newman, CEO, Monte Anderson, Options Real Estate, and himself to examine the financials so that an appropriate fee can be determined and make any necessary changes that need to be made to improve the numbers.

No Action.

10. Consideration and possible action to update the DEDC Strategic Plan for 2019-2023.
 - a. Joe Newman, asked the Board of Directors to consider whether they want to review the DEDC Strategic Plan for 2019-2023 at a Board Meeting for a couple of hours or at a Saturday Board Retreat in March or April.

No Action.

Board President Belinda May called a 10 minute break at 10:42 a.m.; whereas, afterwards she called the Board Directors into Executive Session at 10:55 a.m.

D. EXECUTIVE SESSION

Texas Government Code, Section 551.087: Economic Development Deliberation.

1. **Deliberation Regarding the Professional Service Agreement with the DeSoto Chamber of Commerce and the DeSoto Economic Development Corporation.**

Texas Government Code, Section 551.3071: Consultation with Attorney for Advice on Legal Matters:

1. **Consultation with General Counsel Regarding Pending Litigation and Claims**
2. **Discussion on the DEDC Revolving Loan Fund Program and Delinquent Accounts.**

Board President Belinda May Reconvened into Open Session at 11:22 a.m.

E. RECONVENE INTO OPEN SESSION

F. ACTION AS A RESULT OF EXECUTIVE SESSION

None

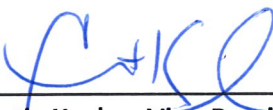
G. BRIEFING BY THE CHIEF EXECUTIVE OFFICER REGARDING THE STATUS OF PENDING DEDC PROJECTS

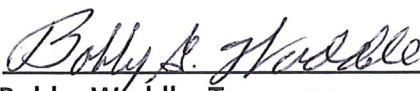
1. Mr. Joe Newman, CEO, said that we are up 10.85 percent on our sales tax collection. He pointed out that this may be due to Kohl's increase in online sales. He mentions that we rebate a portion of it back to Kohl's which is stated in our 2019 Budget. He said he included in the report all of Dallas County cities for comparison, and it appeared that we were in pretty good shape. He reported the Scorecard continues to be updated, and there was nothing unusual in the report.
2. Mr. Newman stated DEDC has an upcoming meeting with Kohler in January which includes a tour with Mayor McCowan.
3. Mr. Newman reported how our prospects seemed to have made an upswing recently; the DEDC has received more calls from the Governor's office, the Dallas Chamber, and some commercial brokers. However, he explained how sometimes they exclude us for various reasons; then he invited Ms. Vanessa Barrios, Research and Business Development Manager to expound on the subject.
4. Ms. Barrios interjected how the last prospect wanted 120 acres. She stated as the prospects come in we determine which ones we absolutely positively qualify. Also, she added some will require actual sites and some will require only preliminary demographic information.
5. In response to questions, Mr. Newman reported that Dunkin' Donuts is not open yet due to computer and equipment problems, but the owner said they will be opening soon.
6. Finally, Ms. Barrios welcomed anyone who wants to join the DEDC on the Kohler site tour in January 2019.

H. BOARD ANNOUNCEMENTS

I. ADJOURNMENT

With no further business to discuss Board President Belinda May adjourned the meeting at 11:30 a.m.


Curtis Krohn, Vice President


Bobby Waddle, Treasurer