

NOTICE OF REGULAR MEETING
MISSION ECONOMIC DEVELOPMENT CORPORATION
APRIL 20, 2021 5:30 P.M.
CENTER FOR EDUCATION AND ECONOMIC DEVELOPMENT

Time: **Error! Reference source not found.**, 5:30 PM (Central Time)

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Meeting ID: 889 8227 0733, Password: 125036;

Or Dial by telephone: +1 346 248 7799, Meeting ID: 889 8227 0733 , Password: 125036

PRESENT:

S. David Deanda, Jr., President
Pete Jaramillo, Vice President
Aissa I. Garza, Secretary
Dr. Sonia Treviño, Treasurer
Balde Morales
Mario Garza
Mayor Armando O’Caña served in the Mayor Position

ABSENT:

ALSO PRESENT:

Lee McCormick, President, CDA
John Stoecker, CDA
Lea Juarez, Progress Times

STAFF PRESENT:

Daniel Silva, Chief Executive Officer
Judy Vega, Executive Assistant
Angie Vela, Finance Director
Ezeiza Garcia, Assistant Finance Director
Joe Salazar, Accountant
David Gonzales, Accountant
David Flores, Deputy City Manager
Jasmine Ramos, MEDC Receptionist
James Francis Love, Network Support Specialist
Bertha Ramirez, Administrative Assistant
Joe Salazar, Accountant
Shaine Mata, Facility Manager
Daniel Rivera, Director of Programs & Marketing
Melanie Tovar, CEED Receptionist

1. Call to order

With a quorum being present President S. David Deanda Jr., called the special meeting to order at 5:31 p.m.

2. Approval of Minutes: March 16, 2021

There being no corrections or additions Mayor Armando O’Caña moved for approval of the regular board meeting minutes of March 16, 2021. Motion was seconded by Mario Garza and approved 7-0.

3. Approval of Adjusted Financial Statement for March 2021

Finance Director Angie Vela presented, and recommended approval of the financial statement ended March 31, 2021.

Secretary Aissa I. Garza asked a question related to a finding on MEDC's audit report associated with MEDC's debt service and loan reserve requirements, which was reported to be underfunded at the time the audit was presented. Is the underfunded amount reported in the financial statement? Ms. Vela said it was not but that she will prepare something and send it to the CEO so he can share with the Board. President S. David Deanda Jr. asked whether the financial statement reporting followed governmental guidelines. Ms. Vela confirmed that guidelines are being followed and added that at the end of each fiscal year, the financial statements are shared with bond agencies and banks and that they have never received a letter of non-compliance. Discussion ensued regarding the Mission Economic Development Authority's (MEDA) cash reserve and available property, and on whether their assets could be transferred to the MEDC, and/or on whether entities could merge. At the end of the discussion, it was determined that if the Mission EDC needed cash, cash would be available thru the MEDA, once they sell their available property. Ms. Vela also mentioned that merging the entities is something that must be revisited since legal advice will need to play a role in the decision-making because although cash is available, it is not liquid cash, but in real property MEDA owns. President S. David Deanda Jr. requested that covenants on the existing loan agreements be revisited and that changes, if needed, be made on requirements.

There being no corrections or additions, Vice President Pete Jaramillo made a motion to approve the financial statement for March 2021 as presented. Motion was seconded by Mario Garza and approved 7-0.

4. Approval of Belton, LLC Project for infrastructure improvements in an amount not to exceed \$13,275 each year for three years

CEO Daniel Silva presented and recommended approval of the Belton, LLC Project. He said that Bob Gastel with Belton, LLC requested assistance for an infrastructure improvement incentive located at 1325 East Expressway 83, Mission. The amount was for \$13,275 each year for three (3) years, totaling \$39,825. The public hearing for this project was held on August 18, 2020 and the comment period ended on September 22, 2020. Mr. Silva mentioned that when we brought it back to the Board for approval, the Board did not want to commit until we knew the status of our financial position, and no action was taken. The infrastructure improvements involve the relocation of sewer lines for a 7-11 gas station. Questions were asked regarding on whether the improvements had been completed and if upon completion, funds not used would come back to MEDC. Mr. Silva said that when we presented the item, Mr. Gastel submitted a request of a little under \$100,000; however, the Board only recommended a percentage of that amount, which came out to \$39,825. President S. David Deanda Jr. requested that a breakdown of the amount requested, and the percentage agreed upon is submitted to the Board for their review. Mr. Silva said he will provide the report.

Balde Morales made a motion to approve the Belton, LLC Project for infrastructure improvements not to exceed \$13,275 each year for a period of three (3) years. Motion was seconded by Secretary Aissa I. Garza and approved 7-0.

5. Approval of Mirabelle Plaza Project in an amount not to exceed \$150,000 over a period not to exceed three years

CEO Daniel Silva mentioned that we just completed the public hearing process on this project. The project, Mirabelle Plaza, a 1.7-acre tract development, involves infrastructure improvements related to sewer/sanitation, drainage and paving on three parcels, Lot 1A, 1B, and 1D, located on the south west corner of Shary Road and Business 83. He shared a screen displaying the project, a \$3 million capital investment commercial strip which will create 60-80 jobs. What was discussed when presented was an amount not to exceed \$150,000 over a three-year period; however, one of the lots, Lot 1D, has been sold and the new owner has not made any requests for assistance. President S. David Deanda Jr. said that the proposed commitment was to commit \$75,000 on Lot 1A; \$37,500 on Lot 1B, and \$37,500 on Lot 1D.

Secretary Aissa I. Garza said that she did not feel comfortable voting to approve this project since changes have occurred from the time that it was last presented and proposed to table the item, which was not an option.

Vice President Pete Jaramillo moved to approve the following incentive amounts to Mirabelle Plaza Project: \$75,000 for Lot 1A and \$37,500 for Lot 1B, a total of \$112,500 for both parcels; and no allocation for Lot 1D. Motion was seconded by Balde Morales and approved 6-1 with Secretary Aissa I. Garza against.

6. Approval of The Reyna Network LLC Invoice totaling \$3,750 related to EDA Project #08-79-05396 for services from Feb. 17, 2021 to March 16, 2021

CEO Daniel Silva presented and recommended approval of The Reyna Network LLC Invoice totaling \$3,750 related to EDA Project #08-79-05396 for services from Feb. 17, 2021 to March 16, 2021. This is a concurrent invoice, and a progress report is in the meeting packet for the Board's review.

Secretary Aissa I. Garza moved for approval of the invoice. Motion was seconded by Vice President Pete Jaramillo and approved 7-0.

7. Tabled: Approval of Procedures for Downtown Façade Improvements Program & Rent Subsidy Program

Vice President Pete Jaramillo moved to bring this item off the table for discussion. Motion was seconded by Mario Garza and approved 7-0.

CEO Daniel Silva explained that the initial process to apply for a Downtown Façade Improvements Program is for the applicant to decide which type of grant they qualify for. There are two grants available for this type of program, a \$3,000 non-matching grant, and a \$10,000 matching grant. Applicants may apply for both if they qualify depending on the size of the project. The review process begins when they decide on what to apply for. Applications are then reviewed by our in-house program specialist who then submits to the CEO who then reviews the application with the COO for eligibility and approval. Business owners must be located between 1st Street and 18th Street on Conway Avenue to qualify and must provide proof of ownership. These is just a brief description of the program. More on requirements were shared by Mr. Silva on a description of the program provided to the Board and approved with the budget prior to the beginning of the fiscal year.

Mr. Silva briefly described MEDC's Rent Subsidy Program's process, which is like the DFIP Program's process. Applicants need to meet certain criteria to qualify for this grant, for example, their business must fall into a permitted use type of business, the business needs to be between 1st Street and 18th Street along Conway Avenue, and they must submit either a current lease contract or proof of ownership. This program allows for up to six (6) month's rent or \$7,200 in rent, whichever is less. More information was provided to the Board for their review in a Program Review and Approval Procedures for the Downtown Rent Subsidy Program. Secretary Aissa I. Garza asked questions on whether there was a cap on the amount that can be disbursed, and how many times can an applicant apply. Mr. Silva said that for the DFIP there are two type of grants, one non-matching (up to \$3,000) and one matching with expenses needing to be over \$5,000 and the match is up to \$10,000. For the DFIP program, the applicant may apply again within 12 months after receiving the first. Mr. Silva is requesting approval of the procedures and guidelines of the programs to continue offering them.

Vice President Pete Jaramillo moved for approval of Procedures for Downtown Façade Improvements Program & Rent Subsidy Programs. Motion was seconded by Treasurer Dr. Sonia Treviño and approved 7-0.

8. Tabled: Approval of Mission Food Park Rent Allocation

Vice President Pete Jaramillo moved to bring this item off the table for consideration. Motion was seconded by Secretary Aissa I. Garza and approved 7-0.

CEO Daniel Silva presented this item by saying that in October 2020 the Mission Food Park was opened. At that time, we thought it was a great idea since a lot of restaurants were suffering due to the COVID-19 pandemic. He reported that the Mission Food Park has since grown and we now house 10 active food trucks. Mr. Silva mentioned that other uses for the park have been contemplated and said that we have had comedy shows and concerts taken place, which have been very successful. However, as we move forward, we have also seen needs that need to be met. An example of those needs are a misting system, shades in the form of canopies, more lighting and restroom facilities. The use of restrooms has been provided by Jitterz and 5x5 Brewery, but long lines form quickly. Power and water for additional truck units, additional custodial assistance on weekends, and a request has been made for the trucks for an external sink, and other needs like trash containers, etc. The Mission City Council recently approved a conditional use permit, but they have made a request for us to have a security guard on duty during hours of operation. Although we have had a security guard for the past three months, it is something we need to also account for. Mr. Silva is requesting to allocate 50% of rent revenues from the \$6,000 monthly rent received from Mission Food Park tenants for these improvements. He also mentioned that some improvements have also been provided by food park tenants at their own expense such as minimal lighting, perimeter fencing to deter people from crossing over from the railroad tracks, and some trash cans. He also said that some of the funds may also be used to promote and market events. Questions were asked on if prior to making a percentage commitment indefinitely, can we project to year end to see how much revenues are generated from rents and make a budget amendment based on that amount, can we prioritize on items most needed, and is there a liability to MEDC with the operation of the food trucks. It was suggested that instead of a percentage, maybe a budget amendment can be made to the facility account based on the estimated revenue that the food park rentals can generate. Mr. Silva said that each food truck is responsible for general liability. He agreed on prioritizing needs, on the idea of revenues being calculated at the end of the fiscal year, on that a line item is generated for facilities, and on things budgeted so that then funds may be used for some of those priorities. Mayor Armando O'Caña agreed that prioritizing needs to be done in accordance with revenues. No action was taken.

9. Approval of Resolution No. 2021-03, Resolution Regarding Request of Renewable Diesel Micro Refinery, LLC, dba New Hope Energy, LLC, and Affiliates, for the Issuance of One or More Series of Revenue Bonds; Authorizing the Filing of an Application for Allocation of Volume Cap for Private Activity Bonds with the Texas Bond Review Board; Authorizing Public Hearings Regarding the Bonds; and Authorizing Other Action Related Thereto

Lee McCormick, President of Community Development Associates, presented this item by saying that this is an inducement resolution for Renewable Diesel Micro Refinery, LLC, dba New Hope Energy, LLC. Since it is an initial resolution, Mr. McCormick said he will be coming back to the Board for a final resolution once the bonds are ready to be issued. This project is a plastic renewable to chemical plant recycling facility in Tyler, Texas. Mr. McCormick said he visited the facility last week and that the company is recycling about 10 tons per day of industrial plastics and recycling it into usable chemicals and asphalt. The company's goal is to increase capacity from 10 tons a day to 1,000 tons a day. Environmental studies and permits are all in place for the new facility. As always, this is a conduit transaction for the MEDC. The borrower and applicant are responsible for repayment of the \$75 million bond. There is no risk or liability aside from a reputation risk in the event of default. At closing the

MEDC is expected to receive approximately \$128,750 for serving as Issuer of the bonds and an annual fee of \$18,750 until maturity. He is requesting approval of the inducement resolution.

Treasurer Dr. Sonia Treviño moved to approve Resolution No. 2021-03 as presented. Motion was seconded by Secretary Aissa I. Garza and approved 7-0.

Resolution No. 2021-03

Resolution Regarding Request of Renewable Diesel Micro Refinery, LLC, dba New Hope Energy, LLC, and Affiliates, for the Issuance of One or More Series of Revenue Bonds; Authorizing the Filing of an Application for Allocation of Volume Cap for Private Activity Bonds with the Texas Bond Review Board; Authorizing Public Hearings Regarding the Bonds; and Authorizing Other Action Related Thereto

10. Approval of Resolution No. 2021-04, Resolution Regarding Request of New Hope Fabrication, LLC, and Affiliates, for the Issuance of One or More Series of Revenue Bonds; Authorizing the Filing of an Application for Allocation of Volume Cap for Private Activity Bonds with the Texas Bond Review Board; Authorizing Public Hearings Regarding the Bonds; and Authorizing Other Action Related Thereto

Mr. McCormick introduced this item by saying that New Hope Fabrication was an affiliate company of New Hope Energy, LLC. To build their facility, New Hope is manufacturing their own proprietary equipment for their in-house production. Their plan is to apply for \$15 million in tax exempt bonds for this new facility, which will be also located in Tyler, Texas. The company will have the same ownership, same management, same financing team, like what they have had before. This is a conduit transaction for the MEDC. The borrower/applicant is responsible for repayment of the debt. Approval of this resolution does not impose any payment or obligation on the MEDC or the City of Mission in connection with the financing. There is potential “reputational risk” if the borrower defaults since the MEDC name is included on the bonds. At closing the MEDC is expected to receive approximately \$62,500 for serving as Issuer of the bonds and an annual fee of \$2,500 until maturity. He is recommending approval of the resolution.

Vice President Pete Jaramillo moved to approve Resolution No. 2021-04 as presented. Motion was seconded by Mario Garza and approved 7-0.

Resolution No. 2021-04

Resolution Regarding Request of New Hope Fabrication, LLC, and Affiliates, for the Issuance of One or More Series of Revenue Bonds; Authorizing the Filing of an Application for Allocation of Volume Cap for Private Activity Bonds with the Texas Bond Review Board; Authorizing Public Hearings Regarding the Bonds; and Authorizing Other Action Related Thereto

Mr. McCormick asked if he could speak to the Board about a potential new financing program that may be of interest to MEDC. He then introduced John Stoecker, Senior Partner with their California office. Mr. McCormick said that the city of Sierra, CA, and its conduit issuer the California Municipal Finance Authority have done more affordable housing projects than any other issuer nationally. The Authority has financed over 400 transactions totaling \$12 billion over the last 17 years and have recently begun financing middle market multi-housing projects in California. One of the funds they have worked with there has approached CDA saying they have \$500 million looking into deploying in Texas with similar programs. Texas communities have market-rate rental houses for higher income residents and subsidized room housing for lower income residents but exclude the middle-income households who cannot afford housing. Mr. McCormick said that through a middle-income housing program, an authority or agency issues governmental bonds to acquire market-rate apartment buildings. By having public government ownership, the property becomes exempt from property taxes. Since he has a long-standing relationship

with MEDC, he wanted to know if the MEDC would be interested in working together on a program like this. Mr. McCormick said a program like this will target large metropolitan areas like Houston, Dallas, Austin, and San Antonio. He said unfortunately, development corporation statutes do not appear to allow for this type of financing; however, a new form of entity will be needed. The MEDC Board may participate as part of the Board for these new entities. Mr. McCormick said that he is working with Bracewell LLP, the counsel for MEDC transactions to figure out the best structure which will either be a housing authority that creates a public facilities corporation. If the Mission Housing Authority creates a public facilities corporation, we may have the MEDC Board serve on that Board. Another option would be the Texas Regional Housing Finance Corporation (TRHFC), which was created by MEDC back in 2009 and has been lying dormant. He said he will be bringing a detailed program for the Board's review at their next meeting, along with a proposal. Significant income will be generated in annual fees for whichever agency decides to adopt the program. Vice President Pete Jaramillo expressed an interest in the program and said he would like to know more about it, its risks, and that perhaps a presentation may be helpful. Mayor Armando O'Caña requested that the presentation be emailed to him ahead of taking it to the Board for his review and to work with the Mission Housing Authority to find out if they are interested in the program. Mr. McCormick said he will be presenting more information at the next Board meeting. No further comments were made.

At 6:43 p.m. President S. David Deanda Jr. announced that the Board would be convening in executive session. Vice President Pete Jaramillo made a motion to convene in executive session. Motion was seconded by Balde Morales and approved 7-0.

11. Executive Session Pursuant to V.T.C.A. Gov. Code Sec. 551.001

Personnel Matters Sec. 551.074

A. Evaluation of Chief Executive Officer

Deliberation regarding economic development negotiations Sec. 551.087

A. Texas Citrus Fiesta Incentives

The Mission Economic Development Corporation Board of Directors will reconvene in open session to take any actions necessary.

At 7:22 p.m., President S. David Deanda Jr., announced that the Board would be reconvening in open session. Secretary Aissa I. Garza made a motion to reconvene in open session. Motion was seconded by Vice President Pete Jaramillo and approved 7-0.

On Item 11.A Regarding Personnel Matters: Mayor Armando O'Caña made a motion to approve the evaluation of the Chief Executive Office. Motion was seconded by Mario Garza and approved 6-1 with Secretary Aisa I. Garza against.

On Item 11.A Dr. Sonia Treviño made a motion to approve Texas Citrus Fiesta's incentive request and take it through the public hearing process. Motion was seconded by Vice President Pete Jaramillo and approved 7-0.

12. President Comments

President S. David Deanda Jr. thanked the Board for their participation. He also expressed gratitude towards Mayor Armando O'Caña in making COVID-19 vaccines available for City of Mission citizens. Mayor Armando O'Caña mentioned that another vaccination clinic (open to the public) will be held tomorrow, April 21, 2021 at the Mission Event Center from 4-8 pm for the first dose. Another clinic will be held from 8:00 a.m. to 2:00 p.m. on Saturday, April 24, 2021. This clinic may be stretched until later depending on demand.

13. Adjournment.

Vice President Pete Jaramillo moved to adjourn the meeting. Motion was seconded by Treasurer Dr. Sonia Treviño and approved 7-0. Meeting was adjourned at 7:26 p.m.

S. David Deanda, Jr., President

ATTEST:

Aissa I. Garza, Secretary