

NOTICE OF SPECIAL MEETING
MISSION ECONOMIC DEVELOPMENT CORPORATION
OCTOBER 18, 2021 12:00 PM
CENTER FOR EDUCATION AND ECONOMIC DEVELOPMENT

PRESENT:

S. David Deanda, Jr., President
Pete Jaramillo, Vice President
Aissa I. Garza, Secretary
Mario Garza
Mayor Armando O'Caña served in the Mayor Position

ABSENT:

Dr. Sonia Treviño, Treasurer
Balde Morales

ALSO PRESENT:

Lee McCormick, President, CDA

STAFF PRESENT:

Joel A. Garza, Chief Operating Officer
Judy Vega, Executive Assistant
Randy Perez, City Manager
Angie Vela, Finance Director
Ezeiza Garcia, Assistant Finance Director
David Gonzales, Accountant
Jasmine Ramos, MEDC Receptionist
James Francis Love, Network Support Specialist
Bertha Ramirez, Administrative Assistant
Joe Salazar, Accountant

1. Call to order

With a quorum being present President S. David Deanda Jr. called the meeting to order at 12:08 p.m.

2. Approval of Resolution No. 2021-07, A resolution regarding request of Fractal Polymers, LLC 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, CDA introduced this item by saying that on May 15, 2021, the MEDC board approved an initial resolution for Fractal Polymers. The company had a property under contract but ultimately purchased property at a different location. Due to the new location a supplemental resolution is required before a revised application can be submitted to the Texas Bond Review Board. Fractal Polymers is a newly formed entity seeking to build a mixed plastic recycling facility near Houston, TX. The company will recycle plastics, primarily polypropylene and polyethylene, from a niche waste stream and post-industrial scrap. Fractal is led by proven entrepreneurs and industry veterans with over 65 years of experience in recycling and waste management. The company will be applying for a \$150 million private activity bonds. Bond and issuer counsel is Bracewell LLP. This initial financing will likely be \$100 million due to annual Bond Review Board limitations. Assuming a \$100 million transaction, the MEDC is expected to receive approximately \$160,000 for serving as issuer of the bonds and an initial annual fee of \$25,000 which will reduce annually as the bonds are repaid. 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 Mission Economic Development Corporation or the City of Mission, Texas in connection with the financing. There is potential "reputational risk" if the borrower defaults since the MEDC name is included on the bonds. Mr. McCormick is requesting approval of the resolution.

Secretary Aissa I. Garza moved to approve Resolution No. 2021-07. Motion was seconded by Mario Garza and approved 5-0.

Resolution No. 2021-07

Resolution regarding request of Fractal Polymers, LLC 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

3. Approval of Resolution No. 2021-08, A resolution regarding request of Renewable Diesel Micro Refinery, LLC, DBA New Hope Energy LLC and Trinity Oaks Tyler, LLC, 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, CDA introduced this item by saying that the MEDC Board approved an initial resolution for Renewable Diesel Micro Refinery (DBA: New Hope Energy) in the amount of \$75 million on April 20, 2021. The founder subsequently passed away which placed the project on hold while the remaining management team and partners restructured. The project is now moving forward, and New Hope has requested a supplemental resolution to increase in the bond amount to \$100 million. New Hope Energy supports a closed loop circular economy by diverting post-consumer waste plastic from landfills and oceans. A closed loop system will generate very low emissions compared to virgin plastic production. New Hope Energy's products are climate friendly and reduce the carbon footprint. The recycling plant converts 100% of waste plastic into usable products, while competitors dispose of 12-30% of their materials. Currently over 95% of plastic waste is destined for disposal in landfills. 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 Mission Economic Development Corporation or the City of Mission, Texas 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 \$160,000 for serving as Issuer of the bonds and an initial annual fee of \$25,000 which will reduce annually as the bonds are repaid. Mr. McCormick recommends that the MEDC Board of Directors adopt a resolution in the amount not to exceed \$100 million of tax-exempt private activity bonds to finance the proposed Project.

Vice President Pete Jaramillo moved for approval of Resolution 2021-08. Motion was seconded by Secretary Aissa I. Garza and approved 5-0.

Resolution No. 2021-08

Resolution regarding request of Renewable Diesel Micro Refinery, LLC, DBA New Hope Energy LLC and Trinity Oaks Tyler, LLC, 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

4. Approval of Resolution No. 2021-09, A resolution regarding request of Celadon Facility Management, LLC, 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, CDA introduced this item by saying that this resolution relates to the global supply chain for recycled paper has been disrupted by the Chinese import ban on all types of wastepaper. This has created a North American recycling challenge, with burdening of landfills due to viable outlets

for US wastepaper and old corrugated cardboard (“OCC”). It has also resulted in a shortage of inexpensive fiber supply to the Chinese export market, creating pent up demand. Celadon development Corporation, LLC (“Celadon” or the “Company”), was developed to capitalize upon the opportunity created by recovered fiber market dislocation described above, by developing and constructing (to own and operate) Recovered Pulp Sheet (“RPS”) Plants to be located at multiple sites across North America. The Company has secured a site in the Houston area (the “Project”) and has negotiated a unique, long-term, pass-through contract structure for the offtake with creditworthy Chinese paper companies that will also provide wastepaper and OCC feedstock through their existing US subsidiaries. Bond counsel for this transaction will be Foley & Lardner LLP while issuer’s counsel will be Bracewell LLP. The company is requesting a \$300 million private activity bonds; however, this initial financing will likely be \$100 million due to annual Bond Review Board limitations. Assuming a \$100 million transaction, the MEDC is expected to receive approximately \$160,000 for serving as issuer of the bonds and an initial annual fee of \$25,000 which will reduce annually as the bonds are repaid. If the company issued the remaining \$200 million as taxable bonds through the MEDC the issuance fee to the MEDC would be \$410,000 and initial annual fee would be \$75,000 which will reduce annually as bonds are amortized. As with the previous resolutions, 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 Mission Economic Development Corporation or the City of Mission, Texas in connection with the financing. There is potential “reputational risk” if the borrower defaults since the MEDC name is included on the bonds. Mr. McCormick recommends that the MEDC Board of Directors adopt a resolution in the amount not to exceed \$300 million of tax-exempt private activity bonds to finance the proposed Project.

Secretary Aissa I. Garza moved for approval of Resolution 2021-09. Motion was seconded by Mario Garza and approved 5-0.

Resolution No. 2021-09

Resolution regarding request of Celadon Facility Management, LLC, 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

5. President’s Comments.

None.

6. Adjournment.

Vice President Pete Jaramillo moved to adjourn the meeting. Motion was seconded by Mario Garza and approved 5-0. Meeting was adjourned at 12:23 p.m.

S. David Deanda, Jr., President

ATTEST:

Aissa I. Garza, Secretary