

NOTICE OF SPECIAL MEETING
MISSION ECONOMIC DEVELOPMENT CORPORATION
OCTOBER 14, 2020 4:30 P.M.
CENTER FOR EDUCATION AND ECONOMIC DEVELOPMENT

Time: Wednesday, October 14, 2020, 4:30 p.m. (Central Time)

Join Zoom Meeting (by computer or Mobile App)

<https://us02web.zoom.us/j/84902843978?pwd=WTZQc2ZibmtydXpnSFVMMkw4Y09kQT09>

Meeting ID: 849 0284 3978, Password: 075530;

Or Dial by telephone: +1 346 248 7799, Meeting ID: 849 0284 3978, Password: 075530

PRESENT:

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

ABSENT:

Balde Morales

ALSO PRESENT:

Lee McCormick, President, CDA
Peter Zell
Steve Taylor, RG Valley Guardian

STAFF PRESENT:

Daniel Silva, Chief Executive Officer
Joel A. Garza, Chief Operating Officer
Angie Vela, Finance Director
Ezeiza Garcia, Assistant Finance Director
Judy Vega, Executive Assistant
Randy Perez, City Manager
Bertha Ramirez, Administrative Assistant
Joe Salazar, Accountant
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 4:31 p.m.

2. Approval of Minutes: September 15, 2020

There being no corrections or additions Secretary Aissa I. Garza moved for approval of the regular board meeting minutes of September 15, 2020 as presented. Motion was seconded by Treasurer Dr. Sonia Treviño and approved 6-0.

3. Approval of Financial Statement for August 2020

Finance Director Angie Vela presented and recommended approval of the Financial Statement for the month of August 2020. Secretary Aissa I. Garza made a question related to MEDC's net position. Ms. Vela said that three months of sales tax revenue have not been accounted for.

Ms. Garza asked questions regarding a payment for a business that did not fit the criteria for the Downtown Façade Improvements Program (DFIP). CEO Daniel Silva said that he was approached by an elected official regarding programs that could help the plaza on Griffin Parkway and Shary Rd. plaza. Mr. Silva was aware the disbursement did not meet the Downtown Façade Improvements Program (DFIP) criteria but approved the disbursement because not all funds were expensed for this program.

Ms. Garza recommended that businesses out of the scope of a program of work be presented to the Board for approval consideration and inquired about others. Mr. Silva agreed that any business outside of the scope of the program that requests assistance, he will be presenting them before the board like any other incentive request.

Ms. Garza asked questions regarding the \$54,000 that was expensed to Texas Citrus Fiesta in comparison to the \$35,000 that was captured in the Incentive budget. Mr. Silva mentioned that the Texas Citrus Fiesta (TCF) had requested up to \$75,000; however, it was the Board's consensus to assist them with only \$35,000 plus an additional assistance from our marketing and sponsorship accounts. Ms. Garza said she recalled discussion of providing manpower and possibly equipment but did not recall the additional funds. Mayor Armando O'Caña said that it was the Board's consensus to assist TCF formally or informally with that additional amount. He recommended that we reclassify the additional amount in a separate line item withdrawing it from the marketing account. Mr. Silva said that we will make sure to include action items that reflect additional assistance to others during Budget time. Mr. Silva stated that \$35,000 had been disbursed to TCF for the 2020-2021 fiscal year and no other disbursements have been made to TCF. Mr. Silva agreed to not approve additional disbursements to TCF without the board's approval.

President S. David Deanda Jr. inquired on the practice of reclassifying accounts and on how it would work if payments have already been disbursed. Ms. Vela said that the payments were reimbursements to TCF and not made directly to a vendor. Ms. Garza raised concerns about internal controls surrounding the disbursements of media budgeted amount to TCF, which does not provide media services to MEDC. Texas Border Coalition (TBC) payments were also mentioned because MEDC pays for the City's TBC membership as well. Mayor O'Caña asked Mr. Silva to bring all other transactions that need to be reviewed, as well as anything outside the parameters of downtown Mission or any incentive program needs to be brought to the Board for approval. Mr. Silva acknowledged and agreed to bring ineligible requests for disbursements to the board.

There was a discussion regarding how expenses will be recorded moving forward. Mr. Silva and Ms. Vela agreed, moving forward, expenses for the benefit of persons or businesses outside of MEDC will not be recorded in expense line items for the benefit of MEDC.

Ms. Garza recommended that the Board adopt guidelines for MEDC management. President S. David Deanda Jr. said that he appreciates staff trying to assist businesses, but he does feel that any assistance needs to be capped at a certain amount and anything over needs to have Board approval. He said he does not want to have all sorts of policies to where it may slow us down to the point of being competitive with other cities. Board members all agreed that there is room for improvement, in promoting businesses, and in moving Mission forward.

Secretary Aissa I. Garza made a motion to approve the financial statement subject to a reclassification adjustment on the \$18,000 additional assistance to Texas Citrus Fiesta. Motion was seconded by Treasurer Dr. Sonia Treviño and approved 6-0.

4. Approval of Budget Amendment to FY 2020-2021 Budget

Finance Director Angie Vela presented and recommended approval of Budget Amendment to FY 2020-2021 Budget.

Ms. Angie Vela mentioned that this Budget Amendment was related to Belton, LLC, for an infrastructure improvement incentive located at 1325 East Expressway 83, Mission. The amount was for \$13,275 each year for three years. The public hearing for this project was held on August 18, 2020 and the comment period ended on September 22, 2020. This amendment is only for the first years' payment of \$13,275. CEO Daniel Silva mentioned a letter of intent had been submitted for the request and that it had been presented when the public hearing took place. He said that a development agreement is also being drafted for this project and will be presented to the Board for approval. No disbursement will be made until then. Ms. Garza said that she had a concern regarding the way the project was being identified in the General Fund budget line. She said that if this project was going to be carried on for three years, then it should stand alone with its own budget line item and accurate description. Finance Director Vela said that she can create a separate account explicit to Belton, LLC. Mr. Silva said that, based on Texas EDC law, after the notice of intention and public hearing takes place, the next step is adopting a budget amendment, this allows us to take funds from the General Fund and place them in the Incentive Fund. President S. David Deanda Jr. said that he did not want to overcommit until we knew where our financial position stands. No action was taken.

5. Discussion on Presentation of Monthly Financial Statements

Secretary Aissa I. Garza stated that her goal was to create financial statements that help the Board stay on track. She would like for them to start looking more like our audited financial statements, since that is where our financial position is graded on. In doing this, the Board can see how we will look like at the end of the fiscal year. Ms. Garza was pleased that we had a positive \$29,000 in our net position from a previous deficit. No further comments were made.

6. Authorize CEO to apply for the Texas Workforce Commission's Talent Connection Grant funded by Wagner-Peyser 7(b) for a third-year program

CEO Daniel Silva said that he is seeking authorization to apply for this grant for a third-year program. The Texas Workforce Commission reached out to MEDC and extended an invitation

to apply for third year program. This offer was not being extended to other entities because the program allows up to three years of funding, and we have already been awarded twice, whereas a lot of other awardees were only in their first year. Mr. Silva said that despite the COVID-19 pandemic, the program has been very successful, and mentioned that the deadline to apply is November 1, 2020. If awarded, he will be bringing back to the Board for acceptance of the grant. He is requesting authorization to reapply.

Vice President Pete Jaramillo moved for authorization to apply for the Texas Workforce Commission's Talent Connection Grant funded by Wagner-Peyser 7(b) for a third-year program. Motion was seconded by Secretary Aissa I. Garza and approved 6-0.

7. Approval of Resolution No. 2020-10, Resolution of Mission Economic Development Corporation Regarding Request of Panda High Plains Hemp Gin, LLC for the Issuance of One 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 Thereto

Lee McCormick, President of Community Development Associates, introduced this item by saying that a final resolution was approved last month for this project. The bond transaction was to close by November 15th; however, due to uncertainty in the financial markets and an issue with the company raising \$25 million in equity, the deadline to close has been pushed. As a result, the company has decided to reapply on October 20, 2020 to get a new round of allocations. Closing is expected to be in January 2021 with awarding within the same month. The company also decided to create another special purpose entity vs the parent company, so they updated the resolution with the new name. The project is the same as what was presented before, a hemp facility in Wichita Falls, which will blend hemp fiber with cotton for the textile industry. Mr. McCormick said that like in the past, approval does not impose any payment or obligation on MEDC or the City of Mission in connection with the financing. Assuming a \$100 million transaction, at closing the MEDC is expected to receive approximately \$185,000 for serving as Issuer of the bonds and \$25,000 annually until maturity. He recommends approval of the final resolution in an amount not to exceed \$150 million of tax-exempt private activity bonds to finance the proposed project.

Secretary Aissa I. Garza moved to approve Resolution No. 2020-10 as presented. Motion was seconded by Vice President Pete Jaramillo and approved 6-0.

Resolution No. 2020-10

Resolution of Mission Economic Development Corporation Regarding Request of Panda High Plains Hemp Gin, LLC for the Issuance of One 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 Thereto

8. Approval of Resolution No. 2020-11, Resolution of Mission Economic Development Corporation Regarding Request of FP Hydrotreating, LLC for the Issuance of One 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 Thereto

Lee McCormick, President of Community Development Associates, introduced this item by saying that a final resolution for this project was approved in September 2019, and what he is presenting now is an amended resolution. The company received \$100 million of 2020 allocation from the Texas Bond Review Board (TBRB) but due to COVID19 and uncertainty in the marketplace the transaction was delayed past the deadline for utilizing the allocation. In addition, there has been a change of address to a new location that is in the process of being re-platted. To reapply for 2021 allocation from the TBRB, a new MEDC resolution is needed with the updated address. The project will recycle hydrocarbon residues that contain high amounts of sulfur that can no longer be used for marine fuel into a low sulfur fuel that complies with the new reduced sulfur specifications for marine fuel. Mr. McCormick said that approval does not impose any payment or obligation on MEDC or the City of Mission in connection with the financing. Assuming a \$100 million transaction, at closing the MEDC is expected to receive approximately \$185,000 for serving as Issuer of the bonds and \$25,000 annually until maturity. He recommends approval of the final resolution in an amount not to exceed \$150 million of tax-exempt private activity bonds to finance the proposed project.

Secretary Aissa I. Garza moved to approve Resolution No. 2020-11 as presented. Motion was seconded by Mario Garza and approved 6-0.

Resolution No. 2020-11

Resolution of Mission Economic Development Corporation Regarding Request of FP Hydrotreating, LLC for the Issuance of One 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 Thereto

9. Approval of Updates to the MEDC Private Activity Bond Application

Lee McCormick, President of Community Development Associates, said that MEDC initially adopted the current form of Bond Issuance Policies and Private Activity Bond Application in 2004. Since then, there have been several changes to the issuance policies utilized by conduit issuers around the country to reflect market standards. The proposed Bond Issuance Policies are consistent with what is being used by major conduit issuers nationwide. The updated version reduces the number of categories from three to two tiers and now has requirements for investment grade (BBB- and above) or below investment grade (Below BBB-) bonds. The proposed Bond Issuance Policies also adds accredited investors as being qualified to purchase private placements, reduces the minimum investment on below investment grade bonds (Below BBB-) to \$25,000 (with MEDC approval), and eliminates the requirement of a traveling sophisticated investor letter which is no longer the industry standard. There are other general updates to the language as well. Revisions to the Private Activity Bond Application include additional information needed to

complete an initial review of the project. This includes the type of activity, additional financing activity information, expanded sources and uses of funds and financing team details. In addition, a municipal advisor disclosure has been added that informs the borrowers that the MEDC's municipal advisor has a fiduciary duty and represents only the MEDC and not the borrower. He is recommending approval of the revised Bond Issuance Policies and form of Private Activity Bond Application.

Treasurer Sonia Treviño moved for Approval of Updates to the MEDC Private Activity Bond Application. Motion was seconded by Vice President Pete Jaramillo and approved 6-0.

10. Review and Approval of Developer Funding Agreement for Grantsmanship Services between Cascade Real Estate Operating, LP and Mission Economic Development Corporation

CEO Daniel Silva presented this item by saying that this is a draft developer fund agreement and recapped from previous communication with the Board about the award of a \$3 million grant for storm water and water improvements on the south side of Mission for property owned by the Killam Family. The Killam Family Development has created three entities, one being Cascade Real Estate Operating, LP. The developer funding agreement stipulates that they will be responsible for all expenses related to the grant. The grant amount is higher than \$3 million because it includes funds for a grant administrator and engineering services. He is presenting it to the Board now because we have 60 days to bring it back to the U.S. Department of Commerce. Legal Counsel Matthew Jones has reviewed the draft and the only modification we are expecting is clear definition thru exhibits of the proposed improvements. President S. David Deanda Jr. asked that each exhibit that is part of the agreement is signed for compliance purposes.

Mario Garza moved for approval of Developer Funding Agreement for Grantsmanship Services between Cascade Real Estate Operating, LP and Mission Economic Development Corporation. Motion was seconded by Dr. Sonia Treviño and approved 6-0.

At 5:47 p.m., Chairman S. David Deanda Jr. announced that the Board would be convening in executive session. Treasurer Dr. Sonia Treviño made a motion to convene in executive session. Motion was seconded by Mario Garza and approved 6-0.

**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

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

At 6:03 p.m., Chairman S. David Deanda Jr., announced that the Board would be reconvening in open session. Treasurer Dr. Sonia Treviño made a motion to reconvene in open session. Motion was seconded by Mario Garza and approved 6-0.

Secretary Aissa I. Garza made a motion to authorize the CEO to inquire about CEO evaluation forms within the Mission EDC and/or other EDCs to conduct a complete evaluation on the CEO that will be presented at next month's Board meeting. Motion was seconded by Vice President Pete Jaramillo and approved 6-0.

12. COVID-19 Recovery Working Committee Report

CEO Daniel Silva reported that MEDC has approved \$935,000 in grant funds. There are \$37,000 in funds to be dispensed that are pending and some applications that were incomplete are being reviewed. The program is now closed. Hidalgo County allocated \$1.5 million for the program and although we have not expensed the full amount, other programs were created by the City of Mission for small businesses to benefit from.

13. President Comments

The CEO invited everyone to the grand opening of the Mission Food Park, which opens on Friday, October 16, 2020. Food trucks have become very popular across the nation during this COVID-19 pandemic. Food truck operations allow people to get out of their homes and still social distance. MEDC has created web pages that allows interested restaurants to apply online.

President S. David Deanda Jr. thanked everyone for participating at this meeting, which was a little longer than usual. He thanked Secretary Aissa I. Garza for her input, and MEDC's CEO, as we only want to make MEDC stronger by improving our processes and procedures.

14. Adjournment.

Treasurer Dr. Sonia Treviño moved to adjourn the meeting. Motion was seconded by Mario Garza and approved 6-0. Meeting was adjourned at 6:08 p.m.

S. David Deanda, Jr., President

ATTEST:

Aissa I. Garza, Secretary