

**NOTICE OF REGULAR MEETING & PUBLIC HEARING
MISSION ECONOMIC DEVELOPMENT CORPORATION
SEPTEMBER 25, 2024 4:00 PM
CENTER FOR EDUCATION AND ECONOMIC DEVELOPMENT**

PRESENT:

Richard Hernandez, President
Jose G. Vargas, Vice President
Deborah Cordova, Secretary
Estella Saenz, Treasurer
Julian Alvarez
Carl Davis
Mayor Norie Gonzalez Garza

ABSENT:

ALSO PRESENT:

Greg Kerr, JGKL LLP

STAFF PRESENT:

Teclo J. Garcia, CEO
Belen Guerrero, COO
Ruben Ramos, Director of Business
Development
Judy Vega, Executive Assistant
Joe Salazar, Financial Officer
Mike Perez, City Manager
Naxiely Lopez-Puente, Director of
Communications & External Affairs
Brianna Casares, Manager of Marketing &
Programs

1. Call to Order and Establish Quorum

After establishing a quorum of the Board of Directors, President Richard Hernandez called the special meeting to order at 4:07 PM.

2. Invocation: Mayor Norie Gonzalez Garza.

3. Pledge of Allegiance: Treasurer Estella Saenz.

4. Citizen's Participation: None.

5. Approval of Minutes: Regular Meeting & Public Hearing of August 28, 2024

There being no corrections or additions, Vice President Jose G. Vargas moved for approval. Motion was seconded by Carl Davis and approved 6-0.

6. Deliberation and possible action for acceptance of adjusted Financial Statement for August 2024.

Financial Officer Joe Salazar presented and recommended approval of the adjusted Financial Statement for the month of August 2024. Mr. Salazar began his report by saying that Total Revenues for this month were \$592,423.93. Total Transfers-In were \$950.00. Total Resources Available were \$18,507,115.85. Total Expenditures were \$1,915,732.87 with a Transfer-Out of \$1 million. Ending Fund Balance was reported at \$15,591,382.98. Total Fund Balance and Liabilities match at \$16,578,643.02. Long Term Debt amount totals \$7,522,800.56, but if we were to deduct -1256,565.34 (available in debt service), this would leave a balance of \$6,266,235.22. Mr. Salazar mentioned that we did meet the two-month reserve amount requirement of \$1,113,064.00. Mr. Salazar briefly mentioned entries on the Reconciliation Balance Sheet, Estimated Fund Balances, Capital Assets, and reported a total Estimated Net Position of \$15,267,867.00. Mr. Salazar also reported on Reserve Calculations for Debt Services related to Frost Bank and BBVA Banks and said he had met with legal counsel Greg Kerr to discuss reserve requirements and obligations. Mr. Kerr said that MEDC has met all the requirements.

Deborah Cordova left the meeting at 4:15 PM.

There being no corrections or additions, Mayor Norie Gonzalez Garza moved for approval of the adjusted Financial Statement for the month of August 2024. Motion was seconded by Vice President Jose G. Vargas and approved 5-0.

6. Deliberation and possible action for approval of Resolution No. 2024-08, A resolution of the Mission Economic Development Board of Directors 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 of Community Development Associates, presented this item by saying that Fractal Polymers LLC is a project this Board has already seen before. Fractal Polymers is requesting an inducement resolution for their plastic recycling facility, a 450,000 sq. ft. facility, which falls into the pollution control category in regard to private activity bonds. Their bond request allocation is in the amount of \$150 million. Mr. McCormick mentioned that Quintana Infrastructure & Development LLC has funded this project, engineering, and development costs of the facility to date. The company has spanned more than \$460 million of equity capital across 13 investments, for the manufacturing of pumps for internal combustion engines, saltwater management, disposal, and related logistics. Since the last resolution was approved more than 18 months ago, a new resolution is needed to apply to the Texas Bond Review Board for bond allocation. This project will be located in one or more of the following locations in Texas: Baytown, North Houston, or Cleveland. Bond counsel for this transaction is Bracewell LLP, and underwriter counsel is Orrick Herrington & Sutcliffe LLP.

Mr. McCormick said this is a conduit transaction for the MEDC. The borrower is responsible for repayment of the debt. Approval of this resolution does not impose any payment or obligation on 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.

Assuming a \$100 million initial transaction, MEDC is expected to receive approximately \$160,000 for serving as issuer of the bonds and an initial annual fee of \$25,000. Assuming a minimum of 10 years outstanding the annual fees will total an additional \$250,000. Mr. McCormick recommends adoption of the resolution to finance the proposed project.

Vice President Jose G. Vargas moved for approval of Resolution No. 2024-08 as presented. Motion was seconded by Treasurer Estella Saenz and approved 5-0.

Resolution No. 2024-08

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.

8. Deliberation and possible action for approval of Resolution No. 2024-09, A resolution of the Mission Economic Development Board of Directors regarding request of Oberon Fuels, Inc., 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 presented this next item by saying he is requesting adoption of an inducement resolution for California-based Oberon Fuels, Inc., parent company of Titania DME, LLC. The company is on a mission to decarbonize the fuel and energy sectors through the commercialization of low carbon or carbon-negative fuels made from renewable resources or industrial byproducts. Oberon’s fuel is made from organic waste, such as food waste, agricultural waste, and cellulosic waste. With the world’s first commercial-scale plant and a pipeline of projects for hundreds of millions of gallons per year, Oberon aims to deliver major environmental benefits while energizing local communities with new plants and jobs, turning waste into value. The company is partnering with Cal-Maine Foods, the largest producer and distributor of shell eggs in the United States, which operates a farm near the project location. Poultry manure from Cal-Maine’s operating farm site will be fed to a newly constructed anaerobic digester to be sited near Cal-Maine’s complex. Oberon’s RNG will be injected into a nearby gas pipeline, producing an estimated 230K MMBtu of RNG per year. The project will be located on an approximately 23-acre sub-parcel located near the Cal Maine Food Farm Complex 2 and 2295 FM 1096, Wharton, Wharton County Texas 77488.

The company is applying for a \$100 million bond allocation with the Texas Bond Review Board. Bond issuer and counsel is Bracewell LLP, and the underwriter will be Morgan Stanley. The borrower’s counsel will be Latham & Watkins. As with the prior agenda item related to another bond resolution approval, Mr. McCormick said this is a conduit transaction

for the MEDC. The borrower is responsible for repayment of the debt. Approval of this resolution does not impose any payment or obligation on 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.

Assuming a \$100 million initial transaction, MEDC is expected to receive approximately \$160,000 for serving as issuer of the bonds and an initial annual fee of \$25,000. Assuming a minimum of 10 years outstanding the annual fees will total an additional \$250,000. Mr. McCormick recommends adoption of the resolution to finance the proposed project.

Carl Davis moved for approval of Resolution No. 2024-09 as presented. Motion was seconded by Mayor Norie Gonzalez Garza and approved 5-0.

Resolution No. 2024-09

Resolution of the Mission Economic Development Board of Directors regarding request of Oberon Fuels, Inc., 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.

- 9. Deliberation and possible action for approval of Resolution No. 2024-10, A resolution of the Mission Economic Development Board of Directors regarding request of Waste Management, Inc., or one or more affiliates thereof 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.**

Julian Alvarez joined the meeting at 4:32 PM.

Mr. McCormick introduced this item by saying that Waste Management, Inc. (WM) is a Delaware corporation and North America’s leading provider of comprehensive waste management environmental services. Based in Houston, WM, through its subsidiaries, provides collection, transfer, recycling and resource recovery, and disposal services and is a leading developer, operator, and owner of landfill gas-to-energy facilities in the United States.

In order for the bonds to qualify as tax-exempt, certain federal and state tax law requirements must be met, including having a governmental entity/agency issue such bonds for the benefit of the Company. Therefore, the Company has requested the MEDC serve as the governmental issuer of these bonds. The bonds will be used to finance various facilities located throughout Texas and it is necessary to obtain consent from each jurisdiction where a facility to be financed is located. Additionally, public hearing notices were published in each jurisdiction where a portion of the project is located, and public hearings have been held to satisfy federal tax law requirements.

The company is applying for a \$200 million bond allocation with the Texas Bond Review Board. Bond issuer and counsel is Bracewell LLP, and the underwriter will be Bank of

America Securities, Inc. The borrower's counsel will be Locke Lord LLP. As with the prior agenda item related to another bond resolution approval, Mr. McCormick said this is a conduit transaction for the MEDC. The borrower is responsible for repayment of the debt. Approval of this resolution does not impose any payment or obligation on 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.

Based on an initial transaction of \$50 million, at closing the MEDC is expected to receive approximately \$92,500 for serving as the Issuer of the bonds and an annual fee of \$12,500 until maturity. Mr. McCormick recommends adoption of the resolution to finance the proposed project.

Vice President Jose G. Vargas moved for approval of Resolution No. 2024-10 as presented. Motion was seconded by Carl Davis and approved 6-0.

10. Deliberation and possible action for approval of Amendment to MEDC's Purchasing Policy.

No action was taken.

11. Public Hearing – MEDC Fiscal Year 2025 proposed project consideration related to an economic incentive for a facility to be located at 1405 Business Park Drive, Mission, Texas (Project Tiny).

At 4:40 PM, President Richard Hernandez opened the public hearing for any comments.

There were no comments.

At 4:41 PM, President Richard Hernandez closed the public hearing.

12. Deliberation and possible action related to the approval of an Economic Development Performance Agreement for Project Tiny.

CEO Teclo J. Garcia noted that on August 28, 2024, the MEDC Board authorized staff to negotiate an incentive agreement in an amount not to exceed \$120,000 related to an economic incentive for a facility to be located at 1405 Business Park Drive, Mission Texas (Project Tiny). The incentive is to be paid in one installment upon meeting certain requirements. The Economic Development Performance Agreement has been drafted and is being presented for approval consideration. Mr. Garcia mentioned that these tiny homes project is a \$10 million investment and that the company has already hired 19 employees. Mr. Garcia recommends approval.

Vice President Jose G. Vargas moved for approval of an Economic Development Performance Agreement for Project Tiny. Motion was seconded by Julian Alvarez and approved 6-0.

13. Deliberation and possible action to authorize staff to publish a Notice of Intention to Undertake a Project or Projects for Fiscal Year 2025 for Project Tiny.

Vice President Jose G. Vargas moved to authorize staff to publish a Notice of Intention to Undertake a Project or Projects for Fiscal Year 2025 for Project Tiny. Motion was seconded by Treasurer Estella Saenz and approved 6-0.

14. Deliberation and possible action to approval of a First Amendment to Economic Development Performance Agreement between Mission Economic Development Corporation and Haidar Properties LLC dba IHOP.

CEO Teclo J. Garcia presented this item by saying that on April 1, 2023, Mission EDC entered into an Economic Development Performance Agreement with Haidar Properties Inc. LLC dba IHOP in Mission, a project that was approved by the MEDC Board in October 2022. The company was to receive five annual payments of \$67,600 for a total of \$338,000 upon meeting certain requirements as follows: Open an IHOP in Mission; hire 60 employees; obtain a Certificate of Occupancy; become a member of the Mission Chamber, and donate to two non-profit organizations (\$3,000 each); all within 120 days of opening the restaurant. The company met all the requirements and the first installment of \$67,600 to Haidar Properties, Inc. was paid for on September 14, 2023. Isaac Garza, Director of Operations for IHOP has communicated to staff that the new IHOP location will be operating with approximately 40 employees for the remainder of the agreement's term, of which they are also committing to retaining. This adjustment comes in light of their inability to meet the original commitment of hiring 60 employees, prompting them to request an amendment to the performance agreement. Mr. Garcia recommends approval.

Carl Davis moved for approval of a First Amendment to Economic Development Performance Agreement between Mission Economic Development Corporation and Haidar Properties LLC dba IHOP. Motion was seconded by Julian Alvarez and approved 6-0.

15. Deliberation and possible action for the approval of a Professional Services Agreement between Mission Economic Development Corporation and IT Umbrella Group.

CEO Teclo J. Garcia said staff would like to renew a professional services agreement with IT Umbrella Group for technology assistance and support for MEDC staff and CEED. The detailed scope of work was attached for the Board's review. IT Umbrella was under contract for six months and has done a great job with IT work. They are very responsive even on weekends. MEDC has been pleased with the services provided by IT Umbrella Group and recommends an extension of their contract for one year. COO Belen Guerrero said the solicitation for proposals began a few months ago and one of the companies that submitted a proposal is not from Texas but from another state, their hours of service were limited, and they were proposing a two-year contract. IT Umbrella's hours are open, and they are always there to assist.

Secretary Deborah L. Cordova re-joined the meeting at 4:51 PM.

Julian Alvarez moved for approval of a Professional Services Agreement between Mission Economic Development Corporation and IT Umbrella Group in the amount of \$4,000 per month for 12 months beginning Oct. 1, 2024. Motion was seconded by Treasurer Estella Saenz and approved 7-0.

16. Deliberation and possible action for approval of a Contract for Professional Photography and Video Services between Mission Economic Development Corporation & RGV Photo Video.

Mr. Garcia introduced this item by saying that staff seeks to renew a one-year professional services agreement with RGV Photo Video for their exceptional coverage of various MEDC events, including grand openings, check presentations, and other social gatherings. A detailed scope of work was presented to the Board for their review. Due to the level of satisfaction with RGV Video Photo, MEDC would like to extend their contract for another year. Mr. Garcia noted that RGV Photo Video does video and photography services for MEDC, and their work has been showcased on our social media platforms. COO Belen Guerrero-Puente noted that RGV Video Photo is one of the very few companies that specializes in economic development projects. RGV Photo Video offers 20 hours of services each month, which may include photography, videography, or a combination of both. If additional hours are needed beyond the monthly allotment, a discounted rate of \$100 per hour will be billed. Other services are stipulated in the contract, which was provided to the Board for their review. President Richard Hernandez inquired about the contract's Cancellation Policy, which states "Cancellation for any other reason before the end of the one-year term will require the client to pay 50% of the remaining balance of the contract as a termination fee." He wanted to know if this was standard practice. Mr. Garcia proposed that we request the vendor to add a clause allowing the contract to terminate with or without cause provided a 30-day notice if given.

Julian Alvarez left the meeting at 5:06 PM.

Subject to the addition of a required 30-day notice to conclude the contract, Mayor Norie Gonzalez Garza moved for approval of a Contract for Professional Photography and Video Services between Mission Economic Development Corporation & RGV Photo Video in the amount of \$3,000 per month for 12 months beginning Oct. 1, 2024.

At **5:07 PM**, President Richard Hernandez announced that the Mission Economic Development Board of Directors were convening in closed session.

17. Closed Session Pursuant to V.T.C.A. Gov. Code Sec. 551.001. Deliberation and possible action regarding economic development negotiations or prospects (as permitted under Tex. Gov't Code Sec. 551.087), including, but not limited to the following: Report from CEO as to potential prospect(s):

A. Project Noodles

Deliberation and possible action regarding real property (as permitted under Tex. Gov't Code Sec. 551.072), including, but not limited to the following:

M.E.D.C. Land

Consultation with Attorney and possible action (as permitted under Texas Government Code Section 551.071).

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

Carl Davis left the meeting at 5:38 PM.

At **5:42 PM**, President Richard Hernandez announced that the Mission Economic Development Board of Directors were reconvening in open session.

Motions are as follows:

Project Noodles: Vice President Jose G. Vargas moved for approval of a LOI for Project Noodles under the condition that the prospect must break ground within six months after being funded and obtain a Certificate of Occupancy within 18-months upon finalization of an agreement. Motion was seconded by Secretary Deborah L. Cordova and approved 5-0.

M.E.D.C. Land: Vice President Jose G. Vargas moved to authorize land acquisition as discussed in executive session. Motion was seconded by Treasurer Estella Saenz and approved 5-0.

18. CEO Report on Economic Development.

Vice President Jose G. Vargas left the meeting at 6:02 PM.

The CEO's economic report involved a series of short video presentations related to small businesses that received \$25,000 grants as part of MEDC's Downtown Assistance Program. They are: The Border Theatre, The Hook Up Barber University, Joe's Barber Shop, The Drunken Chicken and Adan & Elvia Garcia, owners of a small upholstery business. Mr. Garcia briefly reported on the following: City of Mission's commercial permits; international trade discussions with Ireland's Consul General Robert Hull; TEDC Investor Meeting participation; MEDA's \$1.7 in Scholarship Fund since 2013 (998 Mission students awarded with 190 this year); IEDC Retail Live South Central team participation; and IEDC Denver team participation.

COO Belen Guerrero-Aguirre congratulated Board Secretary Deborah L. Cordova for being named Chairman of Teach for America RGV and Vice President Jose G. Vargas for being named Businessman of the Year by the Greater Mission Chamber of Commerce.

19. President Comments.

Mayor Norie Gonzalez Garza said that the Mission Event Center had a successful RGV Food Bank's "Painting the Bowl of Giving" event September 24th, and mentioned that the RGV Food Bank is doing a great job at providing meals for over 400 families a week. Mayor Gonzalez Garza encouraged the Board to attend RGV Food Bank's "Empty Bowls" event from 11:00 AM to 1:30 PM on October 22nd at the Bert Ogden Arena in Edinburg, the RGV Food Bank's biggest event ever. Mr. Garcia mentioned that MEDC is a sponsor of the October 22nd event and if anyone is interested in participating please let staff know. Inviting area mayors, Mayor Gonzalez Garza also mentioned the possibility of a future visit to Mexico City to promote the Rio Grande Valley as a region.

CEO Teclo J. Garcia welcomed and introduced Ruben Ramos, MEDC Director of Business Development to the Board. Mr. Ramos introduced himself by saying that he was a banker for the past 21 years working for Morgan Chase Bank and PNC Bank. He is thankful for the opportunity to work with Mission EDC.

President Richard Hernandez thanked the Board for their time and service, and then wished Secretary Deborah L. Cordova a happy belated birthday (September 22nd).

20. Adjournment.

Treasurer Estella Saenz moved to adjourn the meeting. Motion was seconded by Secretary Deborah L. Cordova and approved 4-0. The meeting was adjourned at 6:19 PM.

Richard Hernandez, President

ATTEST:

Deborah L. Cordova, Secretary