

Minutes

CITY OF MATHIS 4B ECONOMIC DEVELOPMENT CORPORATION
Regular Board Meeting
MEDC OFFICE, 111 E. SAN PATRICIO AVE.
MATHIS, TX 78368

December 4, 2018 at 6:30 p.m.

BOARD MEMBERS' BUSINESS

- | <i>Item</i> | <i>Description</i> | |
|--------------------------|--------------------|---------|
| 1. Roll Call of members. | | |
| President | Vicente Gonzalez | Present |
| Vice President | Char Brown | Present |
| Secretary | Pat Doherty | Present |
| Treasurer | Elvira Chavez | Present |
| Director | Michelle Herrera | Present |
| Director | Frank Galvan | Present |
| Director | Mitchel Smolik | Present |
| Executive Director | Doug Dowler | Present |
| Financial | Lori Trejo | Present |
| Business R & R | Roxanne Breiten | Late |
2. Call to order. Meeting called to order at 6:32 pm.
3. Consider approval of minutes from September 2018 and October Annual/Regular board meetings. Char motioned to approve minutes, seconded by Pat. Approved (7-0)
4. Review of October and November 2018 Financial Statements and Budget.
- a. Review and Discuss cash flow need of the Mathis EDC
- Elvira & Doug: We do not have financial statements because we are at the end of an audit. They are making adjustment to our books right now, so we have some peculiarities that have taken some time to adjust. Our statements were not accurate enough to bring to the Board this evening. We expect to have it finished by the end of the month. We had a large undertaking of transferring the financials to the MEDC, and we didn't think it was worth presenting something that would present more questions than answers for you.

Our housing project will be moving forward with a final vote by the city to approve the tax increment zone. That is the last step we must take before we start the bond issuance process. It will be the next 30 to 60 days before we close out the bonds and begin construction. It will probably be late March before construction will start but are costs incurred by the EDC that we anticipated and planned for. What we didn't anticipate/plan for is the second project, the health clinic. The Lutheran Church donated the property to the EDC with the stipulation that it be used as a healthcare facility. The Church also donated a cash fund that is earmarked for the renovation and the operations of a health clinic. We do not yet have the funds.

We are incurring additional unexpected expenditures for architectural drawings, survey, engineering, and titles completion. We do not have enough cash to get through this period. We will get reimbursed when we close on the property. After speaking to Vicente, we are considering an operating loan of \$50,000. The bank will require additional collateral. We are considering the 2 to 1 request in case any expense doesn't work out on the time schedule we've projected. We are asking the board to approve a loan request in the amount of \$50,000.00 from 1st Community Bank for operating and development expenses of the housing project, and the health center clinic. This will cover the expenses we have already incurred for the housing project and future expenses for the Health Clinic. The loan will be a 12-month interest only payment as soon as we receive the donation from the church, close out the bonds, and are reimbursed for all the expenses we had. We anticipate the loan will be paid off within 90 to 180 days.

- i. **Action Item: Motion to approve loan in the amount of \$50,000.00 from 1st Community Bank for operating and development expenses of Housing and Health Clinic projects.**

Frank motioned to approve the loan in the amount of \$50,000.00 from 1st Community Bank. Seconded by Pat. The motion to authorize Doug to pursue the \$50,000 loan is approve (7-0)

- b. Discussion of Audit services.
- c. MEDC Financial and Loan Reports.

PUBLIC FORUM

Citizen Presentations from the floor.

Angie Trejo spoke regarding the placing of the benches on the sidewalk project. Ms. Trejo said she was concerned after speaking with downtown businesses affected by the Sidewalk Project who were not happy that the sidewalk renovation took so long. She said it did look beautiful, and that the EDC did a good job. She passed out documents containing the messages she exchanged with an EDC Board member. Ms. Trejo's said the benches should be facing out toward the street due to safety concerns and when she learned that the benches would face toward the buildings, she was disappointed to be told that the landscape architect had designed them that way. She said she was disappointed with the way the bench request was handled, and wanted to make certain that she and other citizens would be heard in a timely manner in the future

Mario Chavez said he was appearing before the Boar to support my wife and the Board. He said from his experience from serving on the Board there are many obstacles and challenges in completing projects. Some of those challenges are apathy, people just don't care, negativity divisiveness, challenges and other obstacles. He said there is no negativity on the Board, and much positive action. The MEDC has proved over the past couple of years that it can accomplish projects, although they do not always receive compliments. The downtown beautification project has received negative comments but look how beautiful it's turned out to be. "I drive to and from Corpus every day, since the sidewalks have been done, I purposely drive through town instead of taking the short route 8 out of 10 time just to see the enhancements that have taken place. I pat you on the back as one citizen to another for your work, thank you very much."

PROCEDURE

Individuals are invited to address the Mathis Economic Development Corporation regarding their concerns. Individuals and groups are permitted Three (3) minutes to present their concerns. If a group will be presenting, the group should select a spokesperson to address the Board on the issue concerning the group. The Mathis Economic Development Corporation may not answer questions and no action on concerns expressed is permitted, except to place a consideration item on a future Agenda.

OLD BUSINESS

5. Presentation of Administrative Programs.

a. Review of Downtown Sidewalk Projects

i. Phase 1 - 200 Block. Of San Patricio Ave.

Doug: We appreciate the comments on the Downtown Sidewalks from the audience. It met all our expectations and more. "I'm proud of the fact we did one block and did it right." We received the final close out documents from the engineer. The state accessibility inspection that took place today and we passed. All our construction efforts meet ADA requirements. The final drawl from the contractor will be coming in next month and our portion will be about \$17,000.00. We will be able to reapply in the 2019 for the 2020 year to renovate the 100-block.

ii. Phase II - TxDOT Alternatives Transportation Grant

The City has received proposals for design work for the TXDOT second phase. They will select a contractor possibly next Monday night for design work and once they have the design work it will be handed to TXDOT who will handle the contracting and construction. The scope of the project is the 300 block to HWY 359 on the west/south side of S. San Patricio Avenue.

b. Update on HWY 359 - 21 -Acre project. – "The Settlement at the Ranch"

The housing project is a \$3 million project in which \$1.8 million will come from tax increment financing, \$1.6 million will come from the sale of the bonds. The \$3 million will cover all the construction costs of infrastructure, streets, water, sewer, utilities, parking lot and construction of the multi- family buildings/ apartments, and the construction of two homes that will be donated to Mathis ISD for teacher housing. We have \$136,000 in predevelopment expenses that we are spending right now; we have spent \$26,000 of that money that will be reimbursed upon closing. We will be getting \$136,000 to reimburse us for the pre-expenses. Fifty thousand from the Health Clinic and \$136,000 from the bonds will be used to repay the 1st Community Bank loan.

The City of Mathis passed the first reading for the creation of the TARS at their last City Council meeting at the end of November. The second reading will be this coming Monday. The TARS is created to authorize the bond issue and the closing of the bonds.

The MEDC used \$124,777 for the acquisition of about 6 acres out of the 100-acre park that MEDC owns. We have a \$175,000.00-acquisition loan that we got from 1st Community Bank to buy the 21 acres that will be divided into 36 lots. We have about \$300,000.00 in acquisition costs. Other costs are: construction cost: \$788,000.00 multi-family \$350,000.00 (2 houses that will be donated to school) other construction cost is \$43,000.00 with AEP for electricity. The total rental project is \$ 1.268 million and \$1.137 million for public improvement The developers fees for general administrative and project management is \$177,000.00; the seniors rental project is \$159,000.00; the single family lots is \$337,000.00 which we will receive at closing. Total Budget for the Rental is \$1.6 million and home ownership is \$1.5 million for a total of \$3.143 of which the TARS and PID funds \$ 1,175 million with a private loan for \$1.8 million which is part of the bonds package. Sources and usages: private funds are \$1,842,000.00; TIF

funds\$1,000,171.00 for a total of just over 3 million dollars. Operating statement: general and administrative expenses, management fees: the MEDC will be paid yearly: \$5,500.00 to manage properties, with \$14,000 for salary, and \$11,000 for repairs and maintenance. There is a 1 yr. warranty from contractor, with no expenses first year. Utilities: water, sewer, garbage and annual premium for insurance quote: \$4,874.00 per year., tax will be paid for property which pays for TIF, that should yield \$17,000 per year. Permanent loan payment, part of the bond payment is \$16,000.00 per year, net income after all our expenses per year is projected to be \$11,910.

NEW BUSINESS

6. Review and Discuss

A. Appointment to the San Patricio Economic Development Board of Directors

Doug has served on the San Patricio Board of Directors the past 2 years representing the Mathis EDC. The term is coming up at the end of this month and he has been asked to serve another term. In order to do so, the Board must approve that he serves on the SPCEDC.

- i. Action item: Motion to approve Doug Dowler to serve on the San Patricio County EDC Board of Directors.

Char moved to approve Doug Dowler to continue serving on the San Patricio County Board of Directors. Seconded by Frank. Approved (7-0).

B. Discussion of Health Clinic Project

Doug said the Health clinic budget: \$50,000.00 in architecture, which will be reimbursed to the MEDC from the project. We have entered into an earnest money contract with the Grace Lutheran Church for the donating of the property. We should have the contract tomorrow and will deposit funds with the attorney and title company. They will draw up the transfer of the property and funds which should take 30 to 45 days to close. Federal Assistance is anticipated for the completion of the first phase of the Health Clinic which is to remodel the Church Sanctuary, which we have funding for \$100,000. Federal funding will come in when we began the second phase for the laboratory and diagnostic center. The third phase is the remodel of the church parsonage into physical therapy and wellness center. The contractor bid is for \$75,000 with \$25,000 to cover some of the debit cost. With the \$100,000 we have no debit service for phase one. The building is to be used for a 20-year time period as a health clinic

- ii. Action item: Motion to approve Resolution for the execution of the real estate sales contract and any and all documents necessary for the Grace Lutheran Church transfer of property.

Frank motion to approve Resolution for the execution of the real estate sales contract and any and all document necessary for the Grace Lutheran Church transfer of property. Seconded by Char. Approved (7-0).

7. Discussion of Board member terms

In February of 2019 3 board members terms will expire: Elvira Chavez, Frank Galvan and Michelle Herrera. If you desire, we will be notifying the city that we will be accepting application at the beginning of January.

REPORTS

1. Executive Director

- a. **Attendance CDFA Conference in Dallas on November 7-9. – Pat Doug, Char, Frank and Pat attended the Council of Development Financial Agencies annual summit in Dallas. . Its members are banks, developers, public/ private agencies and organizations. Members presented case studies of which one on a revolving loan program and another on tax increment financing were very relevant to the MEDC. Every presentation emphasized the development of partnerships and how to leverage these relationships, grants, and funds.**
- b. **Sales Tax Training on December 7.**

2. Business Retention and Recruitment

- a. **Update of Business Retention programs**
 - i.**Number of Business contacted**
97 Business contacted
 - ii.**Social Media**
For the week people reached 2753, post engagement 1012
For the month people reached 2823 post engagement 1061
 - ii. **Grand Openings**
Grand opening on October 26, 2018 at 2 Gavliks Automotive on Front Street.
- a. **Update of Business Recruitment programs**
 - i.**Number of inquirers and request for information**
Two requests were received on the housing development.
 - ii.**Real Estate Development**

8. DISCUSSION OF FUTURE AGENDA ITEMS FOR January 2018 MEDC BOARD MEETING

9. ADJOURNMENT

Motioned to adjourn by Elvira. Seconded by Pat. Approve (7-0). 7:52 pm.
