

Bastrop Economic Development Corporation
Board of Directors - Meeting Agenda
Bastrop City Hall City Council Chambers
1311 Chestnut Street
Bastrop, TX 78602
(512) 332-8870



July 24, 2023

BEDC Regular Board Meeting at 5:00 PM

Bastrop Economic Development Corporation (BEDC) meetings are available to all persons regardless of disability. If you require special assistance, please contact the City Secretary at (512) 332-8800 or write 1311 Chestnut Street, 78602, or by calling through a T.D.D. (Telecommunication Device for the Deaf) to Relay Texas at 1-800-735-2989 at least 48 hours in advance of the meeting.

The BEDC Board reserves the right to reconvene, recess, or realign the Regular Session or call Executive Session or order of business at any time prior to adjournment.

- 1. CALL TO ORDER**
- 2. PUBLIC COMMENT(S)**

At this time, three (3) minute comments will be taken from the audience on any topic. Anyone in attendance wishing to address the BEDC Board must complete a citizen comment from prior to the start of the meeting. In accordance with the Texas Open Meetings Act, if a citizen discusses any item not on the agenda, the BEDC Board cannot discuss issues raised or make any decision at this time. Instead, the Board is limited to making a statement of specific factual information or recitation of existing policy in response to the inquiry.

It is not the intention of the BEDC to provide a public forum for the embarrassment or demeaning of any individual or group. Neither is it the intention to allow a member of the public to slur the performance, honesty, and/or integrity of the Board, as a body, or any member or members of the Board individually or collectively, or members of the BEDC or City's staff. Accordingly, profane, insulting, or threatening language directed towards the BEDC Board and/or any person in the Board's presence will not be tolerated.

3. REGULAR BUSINESS & PRESENTATIONS

3.A Approval of the meeting minutes from the Regular BEDC Board Meeting of June 26, 2023.

3.B Receive the financial report provided by the City of Bastrop's Chief Financial Officer for the period ending in June 2023 and comments.

3.C Discussion and possible action on Resolution No. R-2023-0010 approving a request by Moca Ventures Nebraska, LLC, for a second six-month extension on the Commencement of Construction date stipulated in Article VIII, Section 3(c) if the First Amended and Restated

Economic Development Performance Agreement of February 7, 2022, and Resolution R 2023-0001 granting a six-month extension on their project in the Bastrop Business and Industrial Park.

3.D Hold a public hearing for the purpose of providing the general public with information concerning a proposed economic development project being considered by the BEDC, and for receiving public input regarding same, as follows: Pursuant to LGC Section 505.158, the BEDC is proposing to expend Type B economic development funds to undertake and to fund a Revolving Loan Fund Program in the amount of \$30,000 per fiscal year.

3.E Discussion and possible action on Resolution R-2023-0011 approving the BEDC Revolving Loan Fund Program and the commitment to funding in the amount of \$30,000.

3.F Updates on BEDC funding commitments.

4. EXECUTIVE SESSION

4.A The Bastrop EDC Board of Directors will meet in a closed/executive session pursuant to the Texas Government Code, Chapter 551, to discuss the following:

(1) **Section 551.087** Deliberation on economic development negotiations- Project Triple Arrow and Project Electric Lion.

(2) **Section 551.071** to seek the advice of legal counsel regarding matters related to Economic Development expenditures, incentives, and sales tax.

4.B The Bastrop EDC Board of Directors will reconvene into open session to discuss, consider and/or take any action necessary related to the executive sessions noted herein.

5. ADJOURNMENT

I, the undersigned authority, do hereby certify that this Notice of Meeting as posted in accordance with the regulations of the Texas Open Meetings Act in the bulletin board located at the entrance to the City of Bastrop City Hall, a place that is convenient and readily accessible to the general public, as well as to the BEDC's website, www.bastropedc.org, and Notice was posted on the following date and time: July 21, 2023 at 4:00 PM and remained posted for at least two hours after said meeting was convened.

_____/s/ Angela Ryan

Angela Ryan, Operations Manager



STAFF REPORT

MEETING DATE: July 24, 2023

AGENDA ITEM: 3A

TITLE:

Approval of the meeting minutes from the Regular BEDC Board Meeting of June 26, 2023.

AGENDA ITEM SUBMITTED BY:

Angela Ryan, BEDC Operations Manager

BACKGROUND/HISTORY:

The minutes from the regular meeting of June 26, 2023, are attached for the Board's review and approval.

FISCAL IMPACT:

N/A

RECOMMENDATION:

Approve the meeting minutes from the Regular BEDC Board Meeting of June 26, 2023

ATTACHMENT:

1. Draft Meeting Minutes from June 26, 2023

Bastrop Economic Development Corporation
Board of Directors – Meeting Minutes
Bastrop City Hall City Council Chambers
 June 26, 2023



The Bastrop Economic Development Corporation (BEDC) met on Monday, June 26, 2023, at 4:30 p.m. for a Regular Board Meeting at Bastrop City Hall, 1311 Chestnut Street. Board members present: Ron Spencer, Charles Washington, Cheryl Lee, Connie Schroeder, and Lyle Nelson. Board member John Kirkland was absent. Staff members present: Interim Executive Director Sylvia Carrillo, Angela Ryan, Ashley Allnutt, and Drew Chance. BEDC attorney Dan Santee was also in attendance.

1. **CALL TO ORDER** – Board Chair Spencer called the meeting to order at 4:30 p.m.
2. **PUBLIC COMMENT(S)** – There were no public comments.
3. **REGULAR BUSINESS & PRESENTATIONS**
 - 3.1. Approval of the meeting minutes from the Regular BEDC Board Meeting of May 15, 2023, the Leadership Summit of May 22, 2023, and the Special Meeting of June 12, 2023. Mr. Nelson made the motion to approve all sets of minutes as submitted. Ms. Lee seconded, and the motion passed.
 - 3.2. Receive financial report provided by the City of Bastrop's Chief Financial officer for the period ending in May 2023 and comments. There were no comments, and no action was required.
 - 3.3. Discussion and possible action regarding Resolution R-2023-0009 supporting the Smithville Workforce Training Center. Ms. Schroeder made the motion to approve the resolution. Mr. Washington seconded, and the motion passed.
 - 3.4. Discussion and possible action regarding the adoption of procedures and metrics of the Revolving Loan Fund. Drew Chance presented the policy with the changes that were asked for by the board members at the last meeting. Additional language changes were added. Mr. Nelson made the motion to approve the policy with additional changes. Mr. Washington seconded, and the motion passed. The following changes are required:
 - A. Changing the statement about payment to read that any form of payment acceptable by the City of Bastrop will be accepted.
 - B. Remove the word "Character" from the client criteria table on page three, substituting it with "Credit Score."
 - C. Add the words "as applicable" to the Loan Procedures on page seven.
 - 3.5. Update on BEDC funding commitments. An updated spreadsheet was presented to the Board. No action was necessary.

3.6. Consideration, discussion, and possible action on election of BEDC Officers: Chair, Vice Chair, Secretary/Treasurer for the remainder of FY 2022/2023. Mr. Nelson made the motion to nominate Ms. Schroeder as Vice Chair, Mr. Washington seconded, and the motion passed.

4. EXECUTIVE SESSION

4.1. At 5:16 p.m., the BEDC Board of Directors met in a closed/executive session pursuant to the Texas Government Code, Chapter 551, to discuss the following:

(1) **Section 551.087** Deliberation regarding economic development negotiations – Project Triple Arrow and Project Electric Lion.

4.2. At 5:59 p.m., the BEDC Board of Directors reconvened into open session to discuss, consider, and take any action necessary related to the executive sessions noted herein. No action was necessary.

Ms. Carrillo told the Board they are planning to hold a joint meeting with the BEDC and City Council on July 24, beginning at 3:00 p.m., and she asked that the board members check their calendars.

5. ADJOURNMENT – Ms. Lee made the motion to adjourn the meeting and Mr. Washington seconded. The meeting was adjourned at 6:03 p.m.

APPROVED: _____
Ron Spencer, Board Chair

ATTEST: _____
Angela Ryan, Operation Manager



STAFF REPORT

MEETING DATE: July 24, 2023

AGENDA ITEM: 3B

TITLE:

Receive financial report provided by City of Bastrop's Chief Financial Officer for the period ending June 2023, and comments.

AGENDA ITEM SUBMITTED BY:

Tracy Waldron, City of Bastrop CFO

BACKGROUND/HISTORY:

Attached for the Board's review and consideration is the BEDC financial summary report for the period ending June 2023.

FISCAL IMPACT:

N/A

RECOMMENDATION:

None; item presented for informational purposes.

ATTACHMENTS:

1. Financial report period ending June 2023

Bastrop Economic Development Corporation

Financial Summary
For Period Ending
June 2023

bastrop

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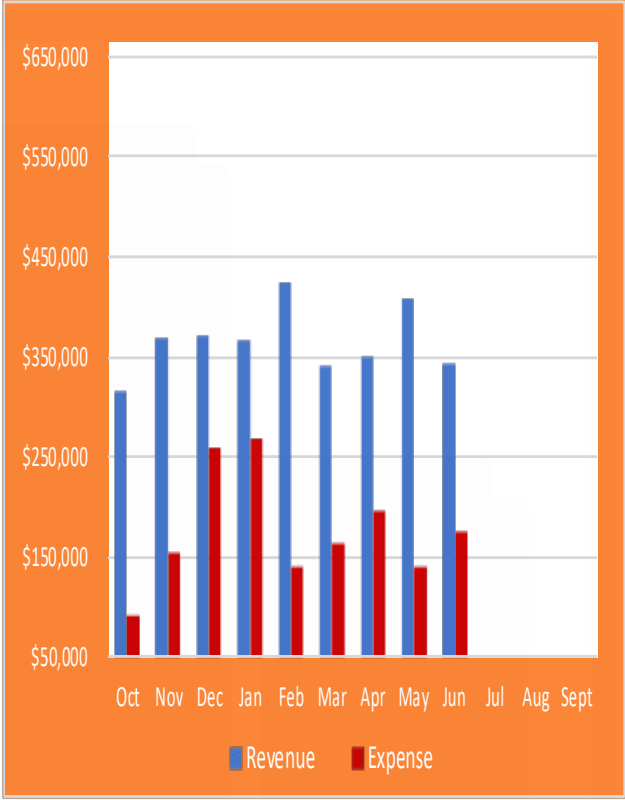




Summary of Revenues and Expenditures

As of June 30, 2023

<u>Month</u>	<u>FY2023</u> <u>Revenue</u>	<u>FY2023</u> <u>Expense</u>	<u>Monthly</u> <u>Variance</u>
Oct	\$ 314,503	\$ 89,846	\$ 224,657
Nov	365,198	153,468	\$ 211,730
Dec	369,279	255,987	\$ 113,292
Jan	364,959	264,968	\$ 99,991
Feb	422,340	139,973	\$ 282,367
Mar	338,680	161,531	\$ 177,149
Apr	347,644	194,144	\$ 153,500
May	404,415	139,349	\$ 265,066
Jun	341,883	173,866	\$ 168,017
Jul			\$ -
Aug			\$ -
Sept			\$ -
Total	\$ 3,268,901	\$ 1,573,132	\$ 1,695,769

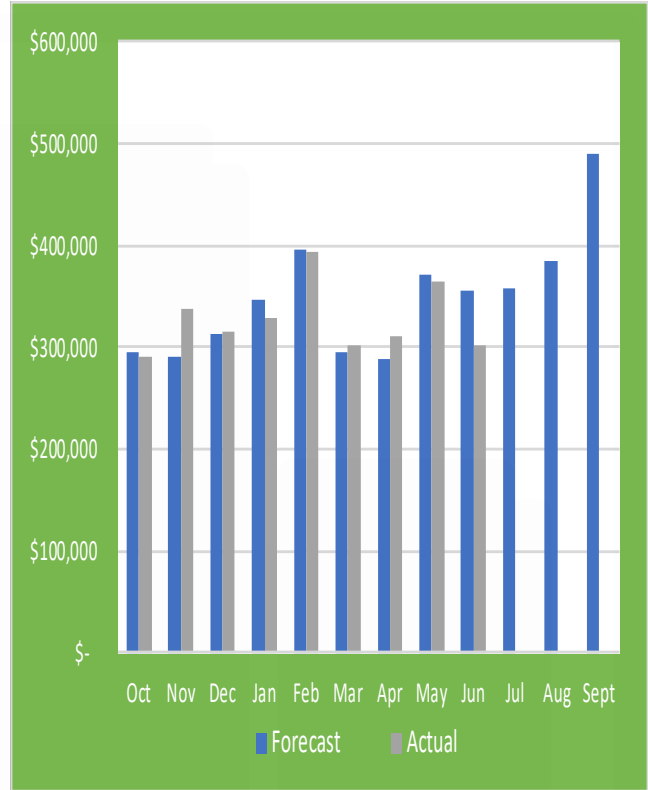


Positive

Summary of Sales Tax Revenue

As of June 30, 2023

Month	FY2023 Forecast	FY2023 Actual	Monthly Variance
Oct	\$ 294,972	\$ 290,089	\$ (4,883)
Nov	291,227	337,710	\$ 46,483
Dec	312,299	316,021	\$ 3,722
Jan	346,555	327,923	\$ (18,632)
Feb	395,371	393,693	\$ (1,678)
Mar	294,386	302,268	\$ 7,882
Apr	288,020	310,213	\$ 22,193
May	370,361	363,513	\$ (6,848)
Jun	356,361	301,649	\$ (54,712)
Jul	357,536		
Aug	385,692		
Sept	490,259		
Total	\$ 4,183,039	\$ 2,943,079	\$ (6,473)
Forecast YTD	\$ 2,949,552		
Actual to Forecast	\$ (6,473)	-0.2%	



Positive Sales Tax revenue is 99% of total revenue. The amount in Oct. and Nov. are estimated due to the timing of receiving the payments. The State Comptroller has a two month lag between month earned and month distributed. The Actual to forecast is negative .2%. This budget was a 5% increase over FY2022 projected.

Expenditures Budget to Actual Comparison

As of June 30, 2023

OPERATING EXPENDITURES COMPARISON

<u>Category</u>	<u>FY2023 Forecast</u>	<u>FY2023 Actual</u>	<u>Monthly Variance</u>
Personnel	\$ 717,608	\$ 478,983	\$ 238,625
Supplies & Material	15,130	5,439	\$ 9,691
Maintenance & Repairs	12,915	11,744	\$ 1,171
Occupancy	47,200	41,885	\$ 5,315
Contractual Service	351,532	276,808	\$ 74,724
Marketing/Advertising	405,346	199,095	\$ 206,251
Contingency	-	-	\$ -
Debt Service	28,307	28,307	\$ -
Total	\$ 1,578,038	\$ 1,042,261	\$ 535,777

Forecast to Actual % 34.0%

Positive

The forecast to actual comparison is a positive 34% year-to-date.

Expenditures Budget to Actual Comparison

As of June 30, 2023

CAPITAL OUTLAY PROJECTS

<u>Project</u>	<u>FY2023 Budget</u>	<u>FY2023 Actual</u>	<u>Budget Balance</u>
Jackson St Extension	\$ 2,000,000	\$ 530,870	\$ 1,469,130
Bus. Ind. Park-Tech/MLK Infra*	2,000,000	-	\$ 2,000,000
Total	\$ 4,000,000	\$ 530,870	\$ 3,469,130
CO, Series 2013			
Bus. Ind. Park-Tech/MLK Infra*	\$ 144,875	\$ 58,519	\$ 86,356

** This project funded by bond funds budgeted from the 2013 CO.*

Investment Summary

As of June 30, 2023

Bastrop Economic Development Corp.
Quarterly Investment Report
Portfolio Summary
period ending June 30, 2023

Investments Description	March 31, 2023		June 30, 2023		QTD	YTD	Weighted Average Maturity
	Book Value	Market Value	Book Value	Market Value	Interest Earned	Interest Earned	
Demand Deposit Accounts (DDA)	\$ 50,955	\$ 50,955	\$ 117,894	\$ 117,894	\$ 146	\$ 509	0.01
Money Market Accounts (MMA)	\$ 62,145	\$ 62,145	\$ 88,478	\$ 88,478	\$ 729	\$ 5,155	0.01
Pools	\$ 6,586,229	\$ 6,586,229	\$ 7,122,928	\$ 7,122,928	\$ 86,698	\$ 245,007	0.66
CDs/Securities	\$ 5,541,000	\$ 5,494,645	\$ 5,541,000	\$ 5,495,544	\$ 25,606	\$ 41,120	166.50
Total Investments	\$ 10,240,327	\$ 10,193,972	\$ 10,870,300	\$ 10,824,644	\$ 113,179	\$ 291,590	166.97
					Rate of Return		2.68%

Investment Summary

As of June 30, 2023

Bastrop Economic Development Corp. Detail of Investment Holdings period ending June 30, 2023

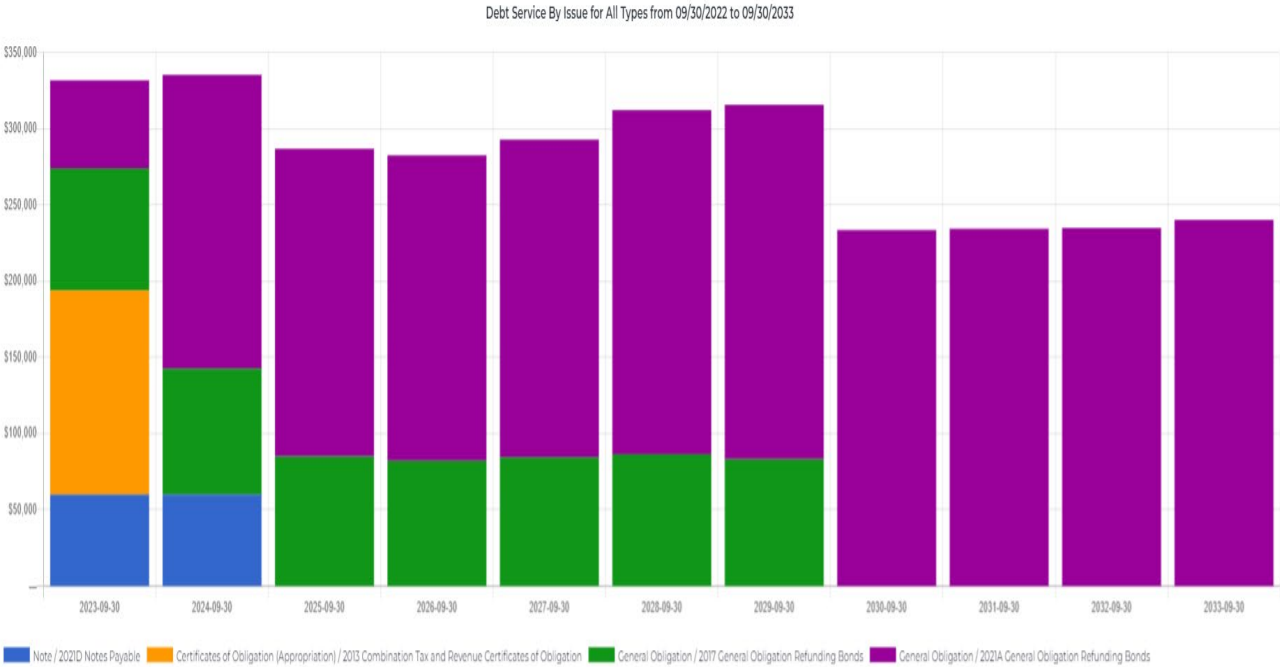
BANK/ BROKER	CUSIP #/ Account #	YIELD	MATURITY DATE	Mar-23 Book Value	Jun-23 Book Value	Jun-23 Market Value	Days to Maturity	Current Yield
Operating Acct				\$ 50,955	\$ 117,894	\$ 117,894	1	0.300%
FNC-MM Acct				\$ 62,143	\$ 88,478	\$ 88,478	1	4.160%
Texpool				\$ 1,302,863	\$ 1,319,016	\$ 1,319,016	1	5.050%
Texas Class				\$ 5,283,366	\$ 5,803,912	\$ 5,803,912	1	5.300%
FNC	87270LDS9	0.35%	3/18/2024	\$ 249,000	\$ 249,000	\$ 240,300	353	
FNC	59013KNK8	0.35%	4/8/2024	\$ 175,000	\$ 175,000	\$ 168,373	374	
FNC	06654BDA6	0.55%	10/28/2024	\$ 140,000	\$ 140,000	\$ 131,270	577	
FNC	PER200JL4	2.15%	4/7/2025	\$ 100,000	\$ 100,000	\$ 94,686	738	
FNC	02007GUZ4	3.25%	7/7/2025	\$ 168,000	\$ 168,000	\$ 161,114	829	
FNC	62384RAQ9	4.75%	10/15/2024	\$ 249,000	\$ 249,000	\$ 246,786	564	
FNC	90307LAB0	5.00%	1/25/2024	\$ 248,000	\$ 248,000	\$ 247,561	300	
FNC	052392CR6	5.00%	1/26/2024	\$ 248,000	\$ 248,000	\$ 247,559	301	
FNC	39729LAC5	4.75%	10/27/2023	\$ 249,000	\$ 249,000	\$ 248,559	210	
FNC	33651FAF6	4.85%	1/31/2024	\$ 248,000	\$ 248,000	\$ 247,330	306	
FNC	920133AM7	4.90%	1/31/2024	\$ 248,000	\$ 248,000	\$ 247,400	306	
FNC	80280JVE8	4.75%	11/3/2023	\$ 241,000	\$ 241,000	\$ 240,460	217	
FNC	00832KBH1	5.00%	2/1/2024	\$ 248,000	\$ 248,000	\$ 247,544	307	
FNC	15987UAN8	4.75%	2/2/2024	\$ 238,000	\$ 238,000	\$ 237,062	308	
FNC	25460FEBS	5.00%	4/1/2024	\$ 248,000	\$ 248,000	\$ 247,348	367	
FNC	27002YFN1	4.70%	8/5/2024	\$ 244,000	\$ 244,000	\$ 241,992	493	
TOTAL				<u>\$ 10,240,327</u>	<u>\$ 10,870,300</u>	<u>\$ 10,824,644</u>		

BASTROP ECONOMIC DEVELOPMENT CORPORATION FUND
FY 2022-2023 BUDGET

Working Capital 9-30-2022 audited	\$	9,387,864
FY 2022-2023		
Budgeted		
Revenues	\$	<u>4,213,909</u>
Total FY 2023 Resources	\$	13,536,891
Budgeted Expenditures:		
Operating Expenses	\$	(5,137,634)
Capital Expenses	\$	(4,000,000)
Debt Service	\$	<u>(271,614)</u>
	\$	(9,409,248)
Projected Working Capital Balance 09-30-2023	\$	13,515,507
Reserve 25% of Operating Expense	\$	1,284,408



Debt Obligation by Issue As of 9/30/2022



Current outstanding principle \$2,760,000



STAFF REPORT

MEETING DATE: July 24, 2023

AGENDA ITEM: 3.C

TITLE:

Discussion and possible action on Resolution R-2023-0010 approving a request by Moca Ventures Nebraska, LLC, for a second six-month extension on the Commencement of Construction date stipulated in Article VIII, Section 3(c) of the First Amended and Restated Economic Development Performance Agreement of February 7, 2022, and Resolution R-2023-0001 granting a six-month extension on their project in the Bastrop Business and Industrial Park.

AGENDA ITEM SUBMITTED BY:

Sylvia Carrillo, ICMA-CM, CPM, City Manager & Interim Executive Director Bastrop Economic Development Corporation

BACKGROUND/HISTORY:

On August 16, 2021, the BEDC Board approved entering into an economic development agreement with Moca Ventures Nebraska, LLC, for a project in the Bastrop Business and Industrial Park.

Moca and the BEDC entered into a First Amended and Restated Economic Development Agreement ("Agreement") on February 7, 2022. Pursuant to Section VIII 3(c) of the Agreement, the Parties may agree to an extension of the Commencement of Construction as described in Section III.

In February 2023, Moca requested a six (6) month extension to the requirement to Commence Construction. The BEDC is agreeable to this extension in order to allow Moca to continue in good faith in performing under this Agreement. Their first extension request was approved via Resolution R-2023-0001.

FISCAL IMPACT:

N/A

RECOMMENDATION:

Recommend approval of Resolution R-2023-0010 as submitted.

ATTACHMENTS:

1. Resolution R-2023-0010
2. Request for 180-day extension from Moca

RESOLUTION NO. R-2023-0010

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE BASTROP ECONOMIC DEVELOPMENT CORPORATION APPROVING A SECOND EXTENSION TO THE PERFORMANCE AGREEMENT WITH MOCA VENTURES NEBRASKA, LLC; AUTHORIZING ALL NECESSARY ACTIONS, INCLUDING EXECUTION OF NECESSARY DOCUMENTATION; REPEALING ALL RESOLUTIONS IN CONFLICT; AND, PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Development Corporation Act of 1979, as amended (Section 501.001 et seq., Texas Local Government Code, formerly the Development Corporation Act of 1979) (the “Act”) authorizes a development corporation to fund certain projects as defined by the Act and requires development corporations to enter into performance agreements to establish and provide for the direct incentive or make an expenditure on behalf of a business enterprise under a project; and

WHEREAS, Section 501.158 of the Act requires a performance agreement to provide at a minimum for a schedule of additional payroll or jobs to be created or retained, capital investment, and workforce training and development are all factors to consider for any direct incentives provided or expenditures made by the Bastrop Economic Development Corporation (the “BEDC”) under an agreement and to specify the terms under which repayment must be made if the business enterprise does not meet the performance requirements specified in the agreement; and

WHEREAS, Moca Ventures Nebraska, LLC (“Developer”) desired to purchase approximately 27.954 acres of land (the “Property”) from BEDC for Nine Hundred Thousand Dollars (\$900,000.00) and develop an office complex and campus for software engineering, call center, and other business development, location, and/or expansion, as well as substantial capital improvements within the Bastrop Business and Industrial Park, a target area for development for the BEDC (“Project”); and

WHEREAS, the Developer entered into a performance agreement with the BEDC for the Project in the First Amended and Restated Economic Development Performance Agreement (“Agreement”) executed on February 7, 2022; and

WHEREAS, per Article VIII, Section 3(c) of the Agreement, the Developer agreed to commence construction within one year of the effective date; and

WHEREAS, the Developer was granted a six-month extension by the BEDC Board of Directors on January 23, 2013; and

WHEREAS, the Developer has indicated that they will not be able to meet that timeline and are therefore requesting a second extension to Article VIII, Section 3(c) of the Performance Agreement of six (6) months; for a total extension of twelve (12) months; and

WHEREAS, Article VIII, Section 3(c) states that the Parties can agree to an extension of the Commencement of Construction date in lieu of any default or recapture process by the BEDC; and

RESOLUTION NO. R-2023-0010

WHEREAS, the Board has reviewed the terms and conditions of the proposed extension to the Agreement by and between the BEDC and Developer, and determined that it fully complies with the statutory requirements that govern the BEDC and is in the best interest of the BEDC to enter into such agreement.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE BASTROP ECONOMIC DEVELOPMENT CORPORATION THAT:

SECTION 1. The findings set out above are hereby found to be true and correct and are incorporated herein for all purposes.

SECTION 2. All resolutions in conflict are hereby repealed.

SECTION 3. The BEDC hereby approves the terms of the extension to the Agreement, attached hereto as Exhibit "A", between BEDC and the Developer.

SECTION 4. The Board authorizes the Interim Executive Director to take all necessary actions, including the execution of all necessary and related documentation to finalize the extension to the Agreement.

SECTION 5. This Resolution is effective upon passage.

DULY RESOLVED AND ADOPTED by the Board of Directors of the Bastrop Economic Development Corporation, this ____ day of _____ 2023.

BASTROP ECONOMIC
DEVELOPMENT CORPORATION

Ron Spencer, Board Chair

ATTEST:

Charles Washington, Board Secretary

APPROVED AS TO FORM:

Denton, Navarro, Rocha, Bernal & Zech, P.C.

RESOLUTION NO. R-2023-0010

EXHIBIT "A"

Second Extension to First Amended and Restated Economic Development Performance Agreement by and between the BEDC and Moca Ventures Nebraska, LLC

DRAFT



STAFF REPORT

MEETING DATE: July 24, 2023

AGENDA ITEM: 3.D

TITLE:

Hold a Public Hearing for the purpose of providing the general public with information concerning a proposed economic development project being considered by the BEDC, and for receiving public input regarding same, as follows: Pursuant to LGC Section 505.158, the BEDC is proposing to expend Type B economic development funds to undertake and to fund a Revolving Loan Fund Program in the amount of \$30,000 per fiscal year.

AGENDA ITEM SUBMITTED BY:

Sylvia Carrillo, ICMA-CM, CPM, City Manager & Interim Executive Director, Bastrop Economic Development Corporation

BACKGROUND/HISTORY:

At the BEDC board meeting of June 26, 2023, the Board approved the guidelines for a Revolving Loan Fund Program and the expenditure of \$30,000 per fiscal year in matching funds.

Texas Local Government Code (LGC) 505.158 allows a Type B corporation created by a municipality with a population of 20,000 or less to fund a project (including land, buildings, equipment, facilities, expenditures, targeted infrastructure, and improvements) which are found by the corporation's board of directors to promote new or expanded business development.

If the expenditure is more than \$10,000, the corporation must obtain project approval from the authorizing municipality through the adoption of a resolution on two separate readings.

Furthermore, per LGC Section 505.159, a Public Hearing is required to undertake the project prior to expending funds on said project unless it meets the definition of a project under Subchapter C, Chapter 501.

The Revolving Loan Fund Program does not fall under the list of exceptions, and therefore a Public Hearing is required.

FISCAL IMPACT:

\$30,000 of BEDC funds and \$20,000 Roscoe Bank funds per fiscal year

RECOMMENDATION:

Open the Public Hearing, receive input from the public on the project, and then close the Public Hearing.

ATTACHMENTS:

Revolving Loan Fund Program guidelines are included under the next agenda item, a resolution approving the Revolving Loan Fund Program.



STAFF REPORT

MEETING DATE: July 24, 2023

AGENDA ITEM: 3.E

TITLE:

Discussion and possible action on Resolution R-2023-0011 approving the BEDC Revolving Loan Fund Program and the commitment to funding in the amount of \$30,000.

AGENDA ITEM SUBMITTED BY:

Sylvia Carrillo, ICMA-CM, CPM, City Manager & Interim Executive Director Bastrop Economic Development Corporation

BACKGROUND/HISTORY:

At the board meeting on February 27, 2023, the BEDC Board approved a Revolving Loan Fund Program using only the funds donated by Roscoe Bank, via Resolution R-2023-0003.

Subsequently, the Board approved matching BEDC funds in the amount of \$30,000 per fiscal year, as well as various changes to the guidelines for the Program.

A new resolution is required in order to repeal the first resolution, and for BEDC staff to submit the program and expenditure to Bastrop City Council for approval.

FISCAL IMPACT:

\$30,000 of BEDC funds and \$20,000 Roscoe Bank funds per fiscal year

RECOMMENDATION:

Recommend approval of Resolution R-2023-0011 as submitted.

ATTACHMENTS:

1. Resolution R-2023-0011 approving the Revolving Loan Fund Program and the \$30,000 matching funds from BEDC
2. Finalized version of Revolving Loan Fund Program guidelines

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE BASTROP ECONOMIC DEVELOPMENT CORPORATION ESTABLISHING A REVOLVING LOAN FUND USING DONATED FUNDS FROM ROSCOE BANK AND BEDC FUNDS IN THE AMOUNT OF \$30,000 PER FISCAL YEAR; REPEALING ALL OTHER RESOLUTIONS IN CONFLICT; AND AUTHORIZING THE BEDC INTERIM EXECUTIVE DIRECTOR TO EXECUTE ALL NECESSARY DOCUMENTATION.

WHEREAS, the Bastrop Economic Development Corporation (“BEDC”) is a public instrumentality and non-profit industrial development corporation duly established and operating under Texas Local Government Code, Chapters 501 and 505 *et seq.*, as amended, known as the Development Corporation Act of 1979 (the “Act”); and

WHEREAS, economic development organizations commonly utilize Revolving Loan Fund programs to provide access to capital to achieve positive public outcomes such as community revitalization, economic growth, increased tax revenues, and job creation; and

WHEREAS, providing Bastrop businesses with access to such a program will contribute to the City of Bastrop by assisting small businesses and entrepreneurs in starting or expanding businesses, thereby creating a direct overall improvement/stimulus in the local economy; and

WHEREAS, Roscoe Bank has made a donation to the BEDC in the amount of \$20,000 per year for five (5) years, and has requested that the funds be used for a program such as a Revolving Loan Fund; and

WHEREAS, Local Government Code (LGC) 505.158 authorizes Type B corporations created by a municipality with a population of 20,000 or less to expend funds on projects (including land, buildings, equipment, facilities, expenditures, targeted infrastructure, and improvements) found by the corporation's board of directors to promote new or expanded business development; and

WHEREAS, the BEDC Board approved \$30,000 in matching funds at the Special Board Meeting of June 12, 2023; and

WHEREAS, after careful evaluation and consideration by the Board, it has determined that this BEDC Revolving Loan Fund program will benefit Bastrop businesses and the overall economy.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE BASTROP ECONOMIC DEVELOPMENT CORPORATION THAT:

SECTION 1. The Board hereby finds that all of the recitals above are true and correct and are incorporated herein as if restated in full.

SECTION 2. The Board approves the creation of a Revolving Loan Fund Program under LGC 505.158 as described in the guidelines attached hereto as Exhibit “A.”

SECTION 3. The Board hereby authorizes the BEDC Interim Executive Director to execute the necessary documentation to establish and fund the program as detailed in Exhibit "A."

SECTION 4. Any prior resolution of the BEDC Board of Directors in conflict with the provisions contained in this Resolution are hereby repealed and revoked.

SECTION 5. This Resolution is effective upon passage.

PASSED AND APPROVED on the _____ day of _____ 2023, by the Board of Directors of the Bastrop Economic Development Corporation.

BASTROP ECONOMIC
DEVELOPMENT CORPORATION

Ron Spencer, Board Chair

ATTEST:

Charles Washington, Board Secretary

APPROVED AS TO FORM:

Denton, Navarro, Rocha, Bernal & Zech, P.C.
Board Counsel

Exhibit "A"
BEDC Revolving Loan Fund Program Policy

DRAFT



Bastrop Economic Development Corporation Revolving Loan Fund Program Policy

I. GENERAL POLICY

The Bastrop Revolving Loan Fund (RLF) Program provides businesses with direct loans. As the RLF receives the principal and interest from outstanding loans, the money is made available to another borrower. This recycling of funds makes RLFs particularly valuable for small businesses and entrepreneurs that lack the equity typically required by financial institutions to start or grow their business. This RLF program provides low-interest financing to assist with business start-ups and the expansion of existing businesses for the purposes of creating jobs, increasing sales tax producing revenue, and enhancing private capital investment within the City of Bastrop, Texas.

II. ECONOMIC OBJECTIVES

The Bastrop Economic Development Corporation (BEDC) will consider applications for the RLF, which demonstrate the achievement of one or more of the following objectives:

1. Enhance the City's economic base through property tax and sales tax.
2. Assist businesses that provide permanent employment opportunities.
3. Stimulate private sector investment in commercial opportunities.
4. Encourage site improvements and redevelopment of commercial and industrial areas, blighted properties and vacant land.

III. DEFINITIONS

As used in this Policy, the following words or phrases shall have the stated meanings:

1. "Applicant" – Business or person applying for the loan
2. "BEDC" – Bastrop Economic Development Corporation
3. "BEDC Board" – BEDC Board of Directors
4. "RLF" – Bastrop Revolving Loan Fund Program
5. "RLF Committee," or "Committee" – loan committee comprised of a maximum of three BEDC Board members and additional members as determined by the BEDC Board
6. "Lender" – BEDC or established BEDC bank or lending institution
7. "Loan" – (aka microloan or small business loan) amount not to exceed \$10,000
8. "Recipient" – Business or person approved for a loan

IV. ELIGIBLE BUSINESSES

All RLF Applicants must meet the following criteria. The business must:

1. Be a for-profit business in the industrial, commercial, retail or service sector.
2. Be a private business (dba, LLC, LLP, PC, C, or S corporation).
3. Have a physical address within the City of Bastrop city limits. Proof of address shall be required when applying.
4. Be an allowed use through zoning of the property or be a legally non-conforming use.
5. Not have delinquent taxes, bills, or charges due to the City.
6. Not have any outstanding violations with the City of Bastrop unless working to come into compliance by utilizing the RLF.

Any participant in the RLF must be in good standing with the BEDC and the City of Bastrop (e.g., not in litigation against the BEDC or City or owing monies for utilities, judgements, fines, having unresolved code enforcement issues, etc.) and may only carry one revolving loan at a time.

V. ELIGIBLE USES OF THE REVOLVING LOAN FUND

1. Land and building acquisition
2. Property improvements
3. New building construction
4. Building renovation and modernization
5. Machinery, equipment & fixtures
6. Inventory
7. Working capital
8. Information technology

VI. INELIGIBLE USES OF THE REVOLVING LOAN FUND

1. Debt refinancing
2. Residential real estate, public buildings or infrastructure, speculative buildings, or any project not located within the city limits of Bastrop, Texas.
3. Investments, payments on current loans, or refinancing of existing debt.
4. Loans used as a loan guarantee or as a substitute for private capital.
5. Taxes
6. Gambling, religious, political or adult/pornographic businesses
7. Loans which would create a potential conflict of interest for any BEDC staff member, elected or appointed official, or members of the Committee.

VII. AMOUNT AVAILABLE

Applications will be accepted for loan amount requests ranging from \$3,000 up to \$10,000. Loans will be considered on a first come first served basis each fiscal year, which is October 1 to September 30. Once budgeted funds are exhausted, then the BEDC Board must approve

additional funding during the fiscal year or applicants will need to reapply in a subsequent term.

VIII. ADMINISTRATION

Application forms are available online at www.bastropcdc.org.

Applicant should allow a minimum of six to eight weeks for processing once the completed application and all required documentation are submitted.

Consideration for approval will be based on but not limited to the following:

1. Business plan for the proposed business or project
2. Assessment of business capacity to operate successfully based on current market conditions
3. Analysis of personal credit score
4. Cash flow analysis
5. Other financial documents as requested
6. The following minimum criteria will be used in assessing candidacy for a loan:

Business Status	Personal Credit Score	Business Annual Revenues	Years in Business	Business Plan	Articles of Org/Incorp/EIN	3 Months Personal Bank Statements	3 Months Business Bank Statements
Existing	>600	\$50,000	>1 Year	Yes	Yes	No	Yes
Start-Up	>700	N/A	N/A	Yes	Yes	Yes	No

7. If minimum criteria are met for securing a loan, then the loan committee will analyze and score the loan applicants based on their potential risk in the categories noted in the table below. Risk will be assigned as low (1), medium (2), or high (3). A total risk score will be calculated and used in the final evaluation of the loan application.

	Applicant Credit Score	Current Economic Conditions/ Communication (Business Plan)	Repayment Capacity (Bank Statements)	Total Score	Risk Score Average (Total Score/3)
Risk Score:					
1 - Low					
2 - Medium					
3 - High					

FOR INTERNAL USE ONLY

An initial meeting with the Applicant and BEDC staff will be set up to review the request. If the application meets the initial policy guidelines and the application is deemed complete, BEDC staff shall prepare a loan summary to be submitted to the BEDC RLF Committee for

consideration in making a recommendation to the BEDC Board. A copy of the loan summary and application will be sent to the Committee at least 72 hours prior to the meeting. Information in the loan summary will include:

1. Project description and use of funds
2. Type of business
3. Number of jobs created or retained
4. Source and use of personal or other funds
5. Staff recommendation for loan application
6. Estimated economic benefits to the City

Incomplete applications will be returned to the Applicant.

The RLF Committee shall meet on an as-needed basis to review applications for financial feasibility, security and ability to satisfy the purposes and priorities of the program. The Applicant will be invited to the meeting to present to the committee. Applications shall require a majority vote of the Committee for recommendation to proceed to the BEDC Board. During the next regularly scheduled BEDC Board meeting, the Board will formally approve/deny the application. If an application is denied, BEDC staff shall have the option to continue assisting the Applicant in gathering additional information for resubmittal.

Nothing in this Policy shall require the BEDC to make a loan to a business that meets the requirements of the Policy. The BEDC is not required to make a loan or provide any financial assistance to a business that meets the requirements of this Policy unless the BEDC in its sole discretion determines that it is in the BEDC and City of Bastrop's best interest to make a loan. Each application will be reviewed on a case-by-case basis.

NOTE: Information that the Applicant believes to be confidential should be clearly marked "Confidential" on each page containing confidential information. The BEDC shall take every precaution allowed by law to maintain confidentiality. Application materials may be subject to public disclosure.

IX. LOAN TERMS AND GUIDELINES

1. Minimum amount of loans – \$3,000
2. Maximum amount of loans – \$10,000
3. Loan term will be five (5) years.
4. Loan origination fees will be incurred by the BEDC.
5. The interest rate of all approved loans will be a fixed rate, established at the time of loan approval, and set to 75% of the Wall Street Journal prime rate.
6. Recipients may be required to maintain property insurance on buildings and contents for full replacement value. If required, insurance policies shall name the BEDC as a Lender Loss Payee.

X. LOAN PAYMENT TERMS AND GUIDELINES

1. Initial payment may be deferred up to three (3) months after closing.
2. Loan payment shall be made monthly to the City of Bastrop Finance Department by any means authorized by the department.
3. Payments more than thirty (30) days delinquent will be assessed a five (5) percent penalty. Payments first go towards any accrued penalties, then towards accrued interest, and lastly to reduce the balance of the principal.
4. The Recipient may repay the loan without incurring a prepayment penalty, to encourage early repayment of loans.
5. The Applicant will authorize the BEDC to obtain verification of any applicable records, including assets, employment records, and consumer credit reports.
6. BEDC will review RLF agreements annually.

XI. LOAN PROCEDURES

Prior to releasing RLFs, the following documentation as applicable, and any other documentation required by the BEDC, must be provided:

1. **Notice of Award** – The BEDC has reviewed and approved a complete application for an eligible Applicant.
2. **Loan Agreement** – A RLF agreement shall be executed by the BEDC Chair and the principal owner(s) or officer(s) of the business. The agreement must be dated, state the agreement between the BEDC and the business and specify the amount and terms of the loan funds delivered.
3. **Loan Security** – If RLF security is required, any mortgage or lien instruments must be executed at the time of the loan closing. The BEDC may take a security interest position in any equipment, real estate, or other collateral being financed. Subordinate lien position loans will be accepted.
4. **Amortization Schedule** – An amortization schedule shall be prepared by BEDC Staff with a copy provided to the borrower.
5. **Evidence of Permits** – Documentation must be provided by the Applicant.
6. **Other Documentation** – The Applicant may be asked to provide other types of documentation.

XII. POST-APPROVAL OF RLF RECIPIENT

In addition to the terms and conditions of the RLF, all Recipients must agree to comply with the following:

- To use RLF money only to pay the cost of services and materials necessary to complete the project or activity, or purchase the equipment for which the loan was awarded.

- To permit inspections by persons authorized by the BEDC of all projects and properties assisted with RLFs. Related project materials shall also be open to inspections which include but may not be limited to materials and equipment. Requests for inspection shall be complied with by the Recipient.
- To maintain records on the projects as may be requested by the BEDC. These files shall be maintained as long as the loan is active or for at least three (3) years after completion of the work for which the loan has been obtained, whichever is longer.
- The business must maintain an actual physical presence within the city limits of Bastrop, Texas, for 5 years.

XIII. POST-CLOSING AND MONITORING OF RLFs

General Procedures

1. When the loan closing is completed and the funds are disbursed, the Lender will establish a loan servicing file to contain:
 - 1) All closing documents.
 - 2) A log of all conversations and correspondence relating to the loan.
 - 3) A master follow-up file to ensure loan monitoring functions are performed on a timely basis.
2. The calculation of principal and interest and monthly payment reports will be executed at the time of the loan closing by the Lender.
3. Fund management services will be provided by the Lender. The BEDC may assist with loan packaging, underwriting, and related marketing services for the Fund.

Monitoring

Lender will be responsible for collecting and maintaining evidence of ongoing compliance with any loan requirements, insurance, financial reporting, and any special conditions of the original agreement. An annual report of projects financed through this program will be provided to the BEDC and BEDC Board each year.

XIV. DEFAULT

In the event the Recipient is in default on any of the terms and conditions of the RLF agreement, all sums due and owing, including penalties, shall, at the BEDC's option, become due and payable. To exercise this option, the BEDC Attorney shall prepare a written notice to the Recipient. The notice shall specify the following:

1. The default.
2. The action required to cure the default.
3. A date, not less than thirty (30) days from the date of the notice, by which the default must be cured to avoid foreclosure or other corrective action.

4. Any penalties incurred as a result of the default.

XV. USE OF LOAN REPAYMENTS AND REPORTING

Repaid loans shall be redeposited in the RLF account and used in a manner consistent with these policies and procedures. A separate accounting record for each loan shall be kept to account for all funds loaned.

XVI. PERFORMANCE ASSESSMENT PROCESS

The BEDC staff shall annually review the goals and objectives of the RLF to verify it is meeting its objectives. If staff determines the program requires modification, staff will prepare and present any modifications to the Committee for review, with final approval by the BEDC Board.

Bastrop Economic Development Corporation Revolving Loan Fund (RLF) Process

Item 3.E

Business Interested in RLF

BEDC staff provide RLF information, process, and application
Business completes application
Business begins to gather materials necessary for application requirements



Application Submission

Business submits application and required documentation to BEDC
BEDC staff review application and documents for completeness
If incomplete, business is notified of components for correction
If complete, BEDC staff will submit application to the BEDC RLF Committee and schedule a Committee meeting



Committee Convenes

Committee is provided with all application materials for review (at least 72 hours prior to meeting)
Committee meets to discuss application in which business is advised to make a presentation
If approved, Committee sends recommendation to the BEDC Board for approval
If not approved, Committee may decide to provide recommendations for the business for another application submission



Application Approval

Application is submitted to BEDC Board for approval
If application is approved, the business is notified of any additional contingencies required by the Board
Loan is awarded to business

BEDC RLF Committee meets on an as-needed basis. The Committee must have sufficient time for review and presentation of the RLF application before materials are distributed to members, a minimum of 72 hours prior to meeting.



**Bastrop Economic Development
Corporation
Revolving Loan Fund Application Form**

Applicant Information

Name of Applicant(s): _____

Address: _____ City, State, Zip Code: _____

Phone Numbers: _____

Email Address: _____

Information about Your Business

Name of Business: _____

Address of Business: _____ City, State, Zip Code: _____

Phone Numbers: _____

Type of Business: _____ Employer ID Number: _____

Number of Employees: Full-Time: _____ Part-Time: _____

Business Banking Institution: _____

Products or Services Your Business Provides: _____

Information about the Project

Brief Description of the Project:

Anticipated Start Date for the Project: _____

Amount of Loan Funds Requested: _____ Requested Loan Term: _____

Sources and Uses of Loan Proceeds

USES		SOURCES	
Land Acquisition: _____	BEDC RLF: _____		
New Building Construction: _____	Financial Institution: _____		
Site Preparation or Demolition: _____	Owner's equity: _____		
Rehabilitation or Renovation: _____	Other: _____		
New Machinery and Equipment: _____	Other: _____		
Inventory and Working Capital: _____	Other: _____		
Other: _____	Other: _____		

Additional Requirements

Each complete application to be submitted shall include the following items:

1. A cover letter describing the project, explaining the need for Economic Development Loan Funds, and describing the public benefits of the project.
2. A business plan outlining the management, marketing, competition, business history, and future potential.
3. Resumes of the principal borrowers.
4. Financial statements for the preceding three years, including balance sheets, income statements, and the most recent interim statements.
5. A current personal financial statement of any owner with 20% or greater ownership in the business.
6. A project budget showing a breakdown of the total sources and uses of funds for the project.

Private Financing Information

If private financing is being requested for this project, complete the following information.

Financial Institution: _____

Address: _____ City, State, Zip Code: _____

Contact Person: _____

Phone Number: _____ Email Address: _____

Loan Amount: _____

I hereby authorize the above referenced financial institution to release my financial records to the Bastrop Economic Development Corporation and/or their representatives.

Applicant Signature

Date

Applicant Certification

I authorize the Bastrop Economic Development Corporation to make inquiries as necessary to verify the accuracy of the information provided and to determine my credit worthiness. I certify the statements contained on this application and the supporting documentation are true and accurate as of the stated dates.

Applicant Signature

Date

Applicant Signature

Date



STAFF REPORT

MEETING DATE: July 24, 2023

AGENDA ITEM: 3.F

TITLE:

Update on BEDC funding commitments.

AGENDA ITEM SUBMITTED BY:

Sylvia Carrillo, ICMA-CM, CPM, City Manager & Interim Executive Director, Bastrop Economic Development Corporation

BACKGROUND/HISTORY:

This item seeks to provide the board with an “at a glance” opportunity to review projects and their status. This item was requested by the Chairman Spencer and serves to provide a primer as we enter budget discussions in the coming weeks.

FISCAL IMPACT:

None

RECOMMENDATION:

None; item presented for informational purposes. In depth discussions on any item can be brought back at a future meeting.

ATTACHMENTS:

1. Funding commitment updates

BEDC Funding Commitments

Project Name	Company Name	Amount Committed	Jobs Created	Status
Super Glue	TA Bastrop (Technical Adhesives)	\$300,000	5-12 in 5 years	Plans submitted to City on 06/21/23. Asked to submit revised docs on 6/26. Requested changes seem fairly minor and company is working through them.
Fiesta	Coltzin, LLC	\$233,944	25-30 in 5 years	Owner will send documents to amend performance agreement.
Swipe	Moca Ventures	\$400,000 (plus any remaining funds from infrastructure)	50-700 in 5 years	Requesting a second 180-day extension for their commencement date.
Third Arrow	Not yet public	Negotiations ongoing/ \$1M land plus \$1M infrastructure	100 by year 10	Meeting with BEDC staff in late July; performance agreement will need to be edited prior to finalizing.
Financial Way	N/A	\$1M (Moca committed to paying half)	N/A	Received additional comments on 100% plans (7-7-23). Comments are being addressed. Final replat has been submitted to City – no comments received yet. Received comments (7-7-23) on the front end documents for construction – comments are being addressed. Ready to go to bid after construction documents are approved.
Jackson Extension	N/A	\$1.6M	N/A	Engineering plans 30% complete. Survey, SUE and geotechnical have been ordered and should be completed by end of July. Design work should start in August.
Blakey Lane Extension	N/A	\$1M	N/A	Lift station, force main and gravity main site survey is complete. SUE and geotech ordered. Submitting updated proposal on 06/29/23.
				In engineering.