

Minutes of a **REGULAR** called meeting of the Board of Directors of the Greater Brownsville Incentives Corporation (GBIC), held on **Friday May 15, 2020 at 10:00 am** via Zoom Video Conferencing.

**Board Members in Attendance:**

Graham Sevier-Schultz                      Dennis Sanchez  
Jason Wolfe                                      Sandra Duran  
Pedro Cardenas *joined @ 10:18am*  
Esteban Guerra *joined @ 10:18am*

**Board Members Absent – Excused:**

Nico Schaefer (*Excused*)

**GBIC Staff:**

Mario Lozoya, Executive Director  
Ramiro Aleman, Director of Business Recruitment & Development  
Karla De La Riva, Associate Director of Industry Retention  
Elsa M. Galvan, Executive Assistant

**Others in Attendance:**

Michael Pruneda, GBIC Attorney	Salvador Villalpando, COB Accountant
Lupe Granado, Director of Finance	Joe Silva, Keppel Amfels
Randy Gonzales, Keppel Amfels	Priscilla Alvarez, VIDA Executive Director
Isidro “Sid” Ramos, VIDA	Shawn Mathew, Maximus Manager
Constanza Miner, COB Retail and Redevelopment Manager	Helen Ramirez, COB Assistant City Manager
David Garcia	Michael Geissmann
John Stone	David Zapata
Luz Vallejo	Aviva Wolmer
Steve Becker	Joie Perez
Armando Gutierrez	Ruben Garcia
Nick Mitchell	Erika Stubberud
Analy Reyes	Veronica Vargas
Ruben Sanchez	Laura Lambarri

**1. Roll Call- Excuse Members**

With a quorum present, Graham Sevier-Schultz, called the meeting to order at 10:06 am to consider the following matters, as posted at the Brownsville City Hall.

**EXECUTIVE SESSION**

*Dennis Sanchez “Motioned to adjourn to Executive Session @ 10:09am”*

*Sandra Duran “Seconded Motion” “Motion Carried”*

**2. CLOSED SESSION:** In accordance with Chapter 551 of the Texas Government Code, the Board of Directors hereby gives notice that it may meet in a closed, non- public session to discuss the items listed on the public portion of the meeting agenda in accordance with the following below:

**A.** Pursuant to Section 551.087, the Board of Directors may convene in a closed, non-public meeting to discuss any matters regarding **economic development issues**. The Board of Directors and its attorney may also

discuss such issues with the appropriate staff so as to obtain necessary and relevant information so that such discussion is informative and developed.

- **Project Bobbin (Executive Director & Staff)**
- **Project Stone (Executive Director & Staff)**
- **Project Maple (Executive Director & Staff)**

Mario Lozoya "Now we go out of executive session"

Graham Sevier-Schultz "I think if we have any items with people waiting, we will move those up the agenda. Let me see the agenda. Let me take some notes because there is a lot of items that don't have board members who are waiting."

Elsa Galvan "Are we going to reconvene now Mr. Chairman?"

Graham Sevier-Schultz "I'm basically going to move to items 9, 11, and 17 because those seem to have people waiting is that accurate? Am I missing anything? Item 9 is Keppel and Maximus award. Are they here in the waiting room?"

Ramiro Aleman "Yes"

Graham Sevier-Schultz "Item 11 is the workforce training which we have Constanza Miner waiting and then 17 is the possible action with Community Loan Center."

### **RECONVENE**

### **3. Reconvene for possible action on any item(s) as discussed in Executive Session and those that are listed on the public portion of the agenda.**

Elsa Galvan "Mr Chairman we need to first reconvene. Are you ready to reconvene?"

Graham Sevier-Schultz "Yes"

Elsa Galvan "Reconvene for possible action on any item(s) as discussed in Executive Session and those that are listed on the public portion of the agenda."

Elsa Galvan "Discussion and possible action on negotiations related to Project Bobbin"

Graham Sevier-Schultz "Are we public now? Did we get a motion to reconvene?"

Elsa Galvan "Yes chairman"

*Esteban Guerra "Motioned to reconvene chairman"*

*Graham Sevier-Schultz "Do we have a motion do I have a second?"*

*Pedro Cardenas "Second"*

*Graham Sevier-Schultz "All In favor?" Board members "I"*

*Graham Sevier-Schultz "Meeting reconvenes at 11:44am. Reconvene for possible action on any item(s) as discussed in executive session and those that are listed on the public portion of the agenda. Discussion and possible action on negotiations related to Project Bobbin. We did have some discussion and I believe that we are close to some sort of consensus. Does anybody have a motion they would like to enter as it relates to Project Bobbin? We all reconvene in a public meeting. Thank you all for joining us. Please make sure your microphones are muted if you are not called upon directly or if you are not a board member or staff thank you. Back to item number 3 does anybody have a motion they would like to enter as it relates to project Bobbin. Board Members not muted. Does anyone want to participate? Sandra, Steve, Mr. Wolfe are you still here? Mr. Cardenas?"*

*Sandra Duran "I motion that we sell as is."*

*Graham Sevier-Schultz "We have a motion. Do we have a second?"*

*Esteban Guerra "What was the motion?"*

*Graham Sevier-Schultz "She wants to sell as is was the motion"*

*Esteban Guerra "I'll second that motion."*

*Graham Sevier-Schultz "We have a motion and a second. Any further discussion? No further discussion. Okay. All in favor? Board of directors "I" Motion Carried*

*Graham Sevier-Schultz "Is that four votes. I heard Mr. Guerra, Ms. Duran, Was that Mr. Cardenas?"*

*Pedro Cardenas "Yes"*

*Jason Wolfe "I, for me as well."*

*Graham Sevier-Schultz "Motion Carries. That is 4. That is sell as is. No concessions, right?"*

*Jason Wolfe "That's correct."*

*Elsa Galvan "Next Item Discussion and possible action on negotiations related to Project Stone"*

*Mario Lozoya "There was no action. It was just an acknowledgment of the update."*

*Graham Sevier-Schultz "I'll entertain a motion to table that. No action"*

*Esteban Guerra "On what. What is that Bobbin? Or which one?"*

*Elsa Galvan "Project Stone."*

*Mario Lozoya "Stone. No action"*

*Dennis Sanchez "I make a motion to table. For it to be acknowledged to table"*

*Graham Sevier-Schultz "We have a motion to table. Do we have a second?"*

*Jason Wolfe "I'll second it."*

*Graham Sevier-Schultz "All in Favor?" Board of directors "I"*

*Graham Sevier-Schultz "Discussion and possible action on negotiations with Project Maple?"*

*Esteban Guerra "Moved to table"*

*Graham Sevier-Schultz "I have a motion to table. Do I have a second?"*

*Dennis Sanchez "I second"*

*Graham Sevier-Schultz "All in Favor?" Board of directors "I" Motion Carried*

*Graham Sevier-Schultz "Project Maple we are moving to table and I called for all in favor."*

*Sandra Duran "I want to make a motion to approve an incentives package if we are going to lose those 60 jobs in the next 12 months."*

*Graham Sevier-Schultz "Right now I am calling for votes so are you calling vote for Nay?"*

*Sandra Duran "I am making a motion to approve."*

*Graham Sevier-Schultz "You can't make a motion. We have an active motion Sandra. Are you voting against or for?"*

*Sandra Duran "I don't want to table."*

*Graham Sevier-Schultz "It needs to be a nay. I vote I"*

*Sandra Duran "That's a nay."*

*Graham Sevier-Schultz "The motion carries."*

**4. Public Comment Period –**

Graham Sevier-Schultz "Do we have anyone registered for public comment?"

Elsa Galvan "No Mr. Chairman we do not."

Elsa Galvan "Next Item consent agenda items number 5 approval of minutes for April 6<sup>th</sup> and acknowledgment of invoices and miscellaneous claims"

Graham Sevier-Schultz "Elsa sorry for the interruption but I'd like to move forward to the items that we have audience members waiting for so unless I am mistaken the next items are 9, 11, 17. Am I missing any items that have audience members waiting. I see we have a pretty big audience."

Elsa Galvan "Yes, number 9."

Mario Lozoya "Okay moving to 9."

**5. Consent Agenda Items:** All consent Agenda Items listed are considered to be routine by the Greater Brownsville Incentives Corporation and will be approved by one motion. There will be no separate discussion of these items unless a GBIC Board member so requests, in which event the time will be removed from the Consent Agenda and considered in its normal sequence on the Agenda.

**Consideration and action, if any on the following items:**

- A.) Approval of the Minutes of Special Workshop and Minutes of Regular Board Meetings:**  
Regular – April 6, 2020
- B.) Approval and acknowledgement of invoices and miscellaneous claims.**

*Agenda Item Skipped*

**6. Discussion and Acknowledgement of GBIC Financials and investment reports. (Lupe Granado, COB)**

Lupe Granado presented to the board the financials. He stated GBIC has a healthy cash balance of 10 million dollars, investments 4 million dollars, receivables about 1 million dollars. He went on to say that part of the 1 million dollars is from sales tax from last month which has not been transferred but should be wiped out before the next financials. There is an undesignated fund balance of 10 million dollars. On the sales taxes collection from April reflects the COVID-19 which was down about nine percent. The city is working on how COVID-19 has impacted the sales tax and they should have an update by the next few weeks. The financial department is working on a matrix to see how COVID-19 has affected the sales tax. They have made a general projection that sales tax will decrease in the next few months maybe about 20 percent from now till September. The finance department projects that the sales tax will come down at least 350,000 dollars which we need to look at. Mr. Granado continued about the deobligated incentives and administrative costs can anticipate we have spent half. He stated that GBIC will have some revenue over expenditures if the trend of not paying the incentives we will have some financial conditions caveat through this impactful event. we are only using 20 percent so by next month we should have a better idea of what will be spent through September 30th. He continued to address the board of all the other financial aspects which included the incentive programs, expenditures, and capital assets.

*Graham Sevier-Schultz "I entertain a Motion to acknowledge financials"*

*Esteban Guerra "I move to acknowledge"*

*Dennis Sanchez "Seconded the Motion to acknowledge financials"*

7. Discussion, consideration and acknowledgement of GBIC Executive Director & Staff reports regarding recent activities and progress related to current ongoing projects. – *(Executive Director & Staff)*

*Agenda Item Skipped*

8. Discussion and possible action authorizing payment of membership dues for GO Big in Texas- *(Executive Director & Staff)*

*Agenda Item Skipped*

**9. Discussion and possible action on status and payout on the following performance agreements:**  
*(Executive Director & Staff)*

- A. Maximus
- B. Keppel Amfels

Graham Sevier-Schultz “Okay discussion and possible action on status and payout on the following performance agreements. Item A is the Maximus call center. Ramiro do you want to discuss this one?”

Ramiro Aleman “Yes I do. So as per your packet we submitted the summary as well as the backup the reports that were submitted. So, for the year the company averaged 410 employees at that location at an average wage of \$13.18. This is above and beyond the requirement of \$11.00 dollars and because of the 410 jobs the recommendation is to pay out \$164,000 for the creation and retention of 410 jobs at \$400 hundred dollars per job. We have Shawn that is on the line to answer your questions you may have.”

Shawn Mathews “Yes I am here.”

Graham Sevier-Schultz “Thank you for joining us. How is everything going with COVID. I know this is fur passing time, but I am wondering how you all have been affected over there?”

Shawn Mathews “It is business as usual for us. We were deemed essential, but we have been practicing a lot of measures to obviously help prevent the spread, so we have a lot of social distancing, rules and regulations in place. There have been no layoffs, no furloughs, few people that have taken FMLA type of leave. We have roughly I don’t have the exact number we have been able to get at least 40-50 percent of the staff being able to work from home currently. That was mainly due to wanting to keep that 6 feet distance from everyone, so the idea is to displacing half so that everyone has 6 feet distance. Everyone is required to wear a face mask there. We also have implemented a self-check, created an app that you have to check in every morning to see what your symptoms are. If you are feeling well, your temperature, things of that nature. We have not been affected as far as having a layoff or business shut down. We have been affected by means of trying to maneuver this entire pandemic.”

Graham Sevier-Schultz “Awesome. That’s good that you all weren’t affected and that everyone is staying safe. It sounds like Maximus has met their incentive employment goals. Does anyone on the board or staff have further questions or discussions. Okay no further discussion. I entertain a motion as it relates to Project Maximus and their incentives.

*Jason Wolfe “I make a motion that we move forward with the obligations”*

*Graham Sevier-Schultz “I have a motion to reward the incentives do I have a second?”*

*Esteban Guerra “Second”*

*Graham Sevier-Schultz “We have a motion and a second. All in favor?” Board of Directors “I” Motion Carried*

*Graham Sevier-Schultz “Congratulations on receiving your incentive and thank you for your good work.”*

*Shawn Mathew “Thank you very much. Thanks Ramiro.”*

Graham Sevier-Schultz "Awesome. Next Sub item is for Keppel. Ramiro do you want to introduce that one?"  
Ramiro Aleman "Again go to the packet. They submitted all of their reports for the year 2019 and as you can see the requirement is for \$18.48 an hour and as you can see in the first quarter of 2019 \$28.68 an hour. That is the difference and also, they were only required to add 250 new employees this time around and as you can see by the jobs eligible, they had 629. So total jobs there at this time 1,339 jobs they are above their requirements and our recommendation is to payout according to the contract. The payment schedule is \$405,000 dollars maximum and that is our recommendation chairman."

Graham Sevier-Schultz "Is there anyone here from Keppel to represent this item?"

Ramiro Aleman "Joe Silva and Randy Gonzalez are available"

Graham Sevier-Schultz "Okay gentleman, thanks for joining us guys. How is everything out there? I think you are still muted but we can see your face."

Joe Silva "Can you hear us?"

Graham Sevier-Schultz "Thanks for joining us. How is everything at the port?"

Joe Silva "Everything is good. We were lucky enough to fall as essential as well to the fact that we are bringing a critical manufacturing ship for the state of Hawaii. We are doing our screenings, social distancing. Its been a little tough but the workers have been complying. As you can see we are wearing our face masks as well and the workers out there wearing their face masks. They complained because it is hot outside."

Graham Sevier-Schultz "Yeah it is. Has anyone been laid off or anything because of COVID?"

Joe Silva "No, we had a few people who felt uncomfortable. We did come up with the method of being able to work from home as well. We have been accommodating those as much as we can those individuals depending on their job. We haven't had anybody resign on that aspect."

Randy Gonzalez "We continue working pretty much at full strength at this time."

Graham Sevier-Schultz "That's perfect. Any other further questions or discussions from board members or staff?"

Mario Lozoya "This is executive director regarding this particular company I'd like to share with you that I've seen an increase in the last two years from year one to year two from Keppel Amfels community engagement. They have been involved with the local school district and community college in terms of helping them the professionals Keppel Amfels helping the schoolhouse create programs to build a workforce pipeline. Also, it is a win win for the schools, for the students and this company. Kudos for this company for being good corporate citizens and I recommend that we pay out this contract."

Graham Sevier-Schultz "Yeah I agree that it is good to see you all by name and by face out there in some of events and I appreciate that involvement."

Joe Silva "Thank you for all the support as well."

Graham Sevier-Schultz "Our pleasure. At this point I will entertain a motion as it relates to incentivizing Keppel Amfels."

*Esteban Guerra "I move to approve this term."*

*Sandra Duran "I Second."*

*Graham Sevier-Schultz "We have a second. All in favor?"*

*Board of directors "I"*

Graham Sevier-Schultz "Okay motion approved. Congratulations gentleman and keep up the good work."

**10. Discussion and possible action authorizing GBIC to participate in EDA grant application.**  
*(Executive Director & Staff)*

Graham Sevier-Schultz "Okay so next item we will move too is."

Elsa Galvan "Item number 10 or do you want to skip that one?"

Mario Lozoya "Item 11."

Graham Sevier-Schultz "Which one is 10. I'm sorry."

Elsa "The EDA grant application."

Mario Lozoya "Based on discussions we can request a motion to table."

Graham Sevier-Schultz "Okay. Does anyone want to in term of to table?"

Dennis Sanchez "I motion to table."

Graham Sevier-Schultz "I have a motion do I have a second to table the current pursuit of an EDA grant? We need a second"

Sandra Duran "I motion to proceed with the application."

Graham Sevier-Schultz "Okay we already have a motion active so do we have a second?"

Graham Sevier-Schultz "Can I second. I can second, right?"

Mario Lozoya "Right"

Graham Sevier-Schultz "I second. All in favor?" Board of directors "I"

Graham Sevier-Schultz "Was that Mr. Cardenas? Motion Carries."

Pedro Cardenas "No that wasn't me."

Graham Sevier-Schultz "That was Mr. Wolfe. I'm sorry we might have to do an individual vote on that one. I can't keep track of everyone who is voting. Elsa did you catch it?"

Elsa Galvan "Yes. Mr. Sanchez voted yes, you voted yes as a second."

Graham Sevier-Schultz "Yes and I think Mr. Wolfe voted. Mr. Guerra did you vote?"

Jason Wolfe "Yes."

Esteban Guerra "What's the motion to table it?"

Graham Sevier-Schultz "To table the EDA for now."

Esteban Guerra "I'm sorry."

Graham Sevier-Schultz "To table the EDA grant application for now."

Esteban Guerra "Okay before I do vote I think that what was said is that I do feel we have to go after it but we do have to a fall in place plan. So, I vote I"

Graham Sevier-Schultz "Motion to table carries and we will revisit that in a more relevant time."

#### **11. Discussion and possible action on approval of funding for Workforce Training in response to COVID-19. (Constanza Miner & COB)**

Constanza Miner presented to the board the program to help during the COVID- 19 pandemic. Ms. Miner stated that COVID-19 has brought with it a radical shift for businesses and consumers alike. The ability to conduct business and make purchases as usual has been altered to due health considerations. To assist our small businesses to become sustainable, resilient, and proficient in operations City of Brownsville is looking for partners to help sponsor the services of the UTRGV entrepreneurial and COMER civilization center. The aim is to provide businesses in Brownsville with an online training program that assists with the necessary technological shift, should review the effectiveness of their business plan and provide businesses with strategies to build resistancy. To that end the City and UTRGV have worked closely to create a program that is tailored Brownsville businesses and considers the feedback obtained by the City, BCIC, UTRGV, ECC from over 400 hundred small businesses in our community. The program will focus on three areas number one E-Commerce, two elements of a business plan, and market alignment to build small business resilience. The E-Commerce course will provide a review on the popular and most used platforms used by retail, food, and professionals' services today like Amazon and Shopify, among others. This course will share best practices, present real life case studies and host a Q & A with a panel of experts with the ability to answer a wide array of questions for attendees. At the end they will receive an instruction manual on how to set up the E-Commerce platform that best suit their business operations. The elements of a business plan course provide a business template to participants and go over the core elements that are key to move forward in a crisis. It will focus on sections that vital to reorganize, reopen, and expand business operations. In addition, it will incorporate a how to on tools like marketing analysis, management, and financing with the aim of showcasing the way the businesses can use those

plans as roadmaps to success. The last course will introduce action steps, best practices in real cases studies to attain business sustainability and resiliency. This course will center on funding mechanisms and shed light on change, innovation, and alignment to business operations to meet market demand. It will provide an explanation on what small scale manufacturing is, why it is growing in popularity, and why this model can be a right fit for owners and their businesses. Ms. Miner continued to address the board about the funding amounts for sponsorship. She mentioned that sponsorships have been confirmed by BCIC has already funded the first course and hopes that GBIC will sponsor the two remaining courses for the total of \$30,000.

Graham Sevier-Schultz stated this has been something that has been a collaboration between partners, the city, BCIC, and this counts as job training which we can easily fund. As it will mostly attract local business this is a good use of EDC money.

Esteban Guerra asked if it is possible to allocate some of the \$150,000 dollars for these efforts from BCIC to sponsor this?

Graham Sevier-Schultz stated that we allotted those for specific reasons and specific organizations. We also established performance agreement measures with those. That money has been awarded. Graham stated that we cannot mutually agreeing to return that money we cannot with those same dollars this is separate.

Dennis Sanchez asked Ms. Miner you have 300 hundred potential clients who can take advantage of this program. How long is this supposed to last? Is it something they can keep going back too? Or is it that they stay for one session then it is over? Give us a background as to how the ICE training.

Constanza Miner answered these will be online seminars that will consist of two to three hours with some follow up information that will be emailed to participants or attendees. The courses are scheduled to be for 50 people so we will open up as many courses as necessary to meet the 300 hundred threshold per course.

Esteban Guerra asked if Ms. Miner can share what sponsorships she has secured from the different entities and at what level.

Constanza Miner stated that BCIC's participation has been secured and they will be participating with \$15,000 which will take care of the first course. Ms. Miner is seeking sponsorship for the last two courses.

Jason Wolfe commented that it needs to be contemplated which falls under Mario and legal's opinion as to whether we can participate. This seems to be geared towards business owners and looking at it at a frank standpoint it is more of a business owner training as opposed to a workforce training and moving workers through the categories of improving themselves. Mr. Wolfe continued to comment that this program seems to be for business owners and teaching them business plans and how to do E-Commerce and so forth that in his opinion falls under the bucket of workforce improvement.

Graham Sevier-Schultz commented that understands that concern. He mentioned that the information presented would be related to the employees and make them available to safely reopen and maintain operations. Mr. Pruneda, Mr. Lozoya any input on that?

Mario Lozoya commented when he first heard of these various courses, he had a mind of workforce development and not necessarily the business owner so from that perspective the business owner could be a small manufacturers, food manufacturers and alike that are in alignment with the Type A. Mr. Lozoya's recommendation was Type A alignment for workforce development and that was the purpose for his recommendation.

Michael Pruneda asked if the program will exclude members of the workforce?



Constanza Miner responded the program will not exclude members of the workforce. The intention to look at the business plan is because a lot of the positions that the businesses currently hold will no longer be necessary in the case of some servers. She stated if they are able to accommodate the training for E-Commerce a lot of the positions will be adequate into serving in other areas. The intent of the program is to give training to the people who can shift from one position to next and retain their jobs.

Michael Pruneda asked how will the \$50.00 dollar registration fee be used since you are already obtaining public monies from BCIC and now you are asking GBIC to participate? Why is there a registration fee?

Constanza Miner response that the registration fee is to cover the cost of the course.

Michael Pruneda asked what the public funds will be used for?

Constanza Miner responded that the funds will be received by UTRGV.

Graham Sevier-Schultz commented that they are offering the course and the curriculum in partnership with the city and other partners.

Sandra Duran asked Mario and Ramiro does this align with our strategic economic development plan? Does E-Commerce align with our strategic economic development plan?

Mario Lozoya commented E-Commerce is not on our strategic plan, but workforce development is therefore he leaves it to the board to interpret that.

Jason Wolfe commented I understand on trying to maintain our local businesses but is there a minimum threshold for entrepreneurs that are already in business or generate a certain level of jobs in the area.

*Dennis Sanchez made a motion to sponsor the two remaining courses.*

*Graham Sevier-Schultz Seconded the motion.*

*Dennis Sanchez mended the motion based on the recommendation that GBIC staff can establish qualifying parameters of the participants for this program and make that a necessary item to attend the courses us to fund the course for that client.*

*Sandra Duran, Jason Wolfe, Esteban Guerra voted Nay for the agenda item.*

*Motion did Not Carry*

**12. Discussion and possible action authorizing notice of contract termination as to the following performance agreements: (Executive Director & Staff)**

Elsa Galvan commented We will start with All Star Metals

Graham Sevier-Schultz commented that to his understanding this was an incentive that was signed in 2015 and we never had a response or follow through from the employer. We are here to deregulate and terminate the contract.

Ramiro Aleman commented there was some type of activity since there was a payment of \$11,700 since 2015. There has been no reports or communication. It's been inactive. We reached out to them but there has been no response. We are requesting the board terminate the contract and reallocate the funds.

*Pedro Cardenas motioned to terminate the contract.*

*Jason Wolfe Seconded the Motion.*

*Motion Carried*

Elsa Galvan Next Item Paragon Die and Engineering Company

Ramiro Aleman commented that it was like the previous item. He stated that in 2014 they entered a contract and there was activity back then and a payment of \$50,000 and there has not been any communication. Mr Lozoya and Mr. Aleman had visited the site and acknowledgement was made but there hasn't been any recent communication. GBIC's recommendation to terminate the contract and reallocate the funds.

*Pedro Cardenas motioned to terminate the contract.*

*Sandra Duran Seconded the Motion.*

*Motion Carried*

Elsa Galvan Next Item Sigosa Steel

Ramiro Aleman commented that this one was done in 2018 for \$90,000 for 10 years. He mentioned that as soon as the contract was made there was loss of communication. GBIC has made calls, site visits, and emails. GBIC has asked for reports and invoices with no response in return. GBIC's recommendation to terminate the contract and reallocate the funds.

*Dennis Sanchez Motioned to*

*Esteban Guerra Seconded the Motion*

*Motion Carried*

Elsa Galvan Next Item Valley Initiative for Development and Advancement

Mario Lozoya commented to the board that this contract was up to be reviewed as stated on the contract after 6 months. He continued to say that GBIC had previously asked VIDA for information to complete the 6month review and that information was never provided. VIDA and GBIC meet on two previous occasions prior to this board meeting and the information was provided. The recommendation from GBIC is for the board to consider continuation of payment to VIDA. Mr. Lozoya continued to mention that VIDA has

Mr. Lozoya's and Mr. Sanchez's recommendation is to payout existing students.

Dennis Sanchez commented to continue to fund the program so that the next program which will start in September or late fall be funded as well.

Graham Sevier-Schultz commented that GBIC has funded this program for about 11 years now. The concern is that the funding for incentives has been longer than the usual incentives package of last no longer than 10 years.

Mario Lozoya commented to the board that they have suggested VIDA seek other funding opportunities. He mentioned that VIDA has since worked with TWC to apply for funding and is not sure if they have been awarded any funds. Mr. Lozoya suggested that the contract be revisited with a 6-month period to align it to the particular program.

Priscilla Alvarez commented to the board about her thoughts over allied health. She stated that allied health is allowable under the type of training that they have. She stated that she provided two years' worth from the city that she would like to present. She stated that they have reached out to TWC to apply for other funding and the reports have been revised to only show the students that have received funding from GBIC. Mrs. Alvarez presented to the board the amounts of leverage from the training investment. She went on to say if the population is in need of this type of program the funding is also needed.

Michael Pruneda asked if Mr. Sanchez can amend his motion to be clearer that way the report and the payment can correspond accordingly on what you are paying out.

*Dennis Sanchez motioned for the fiscal year allocation of \$302,500.00 I would recommend that we continue through the fiscal year at that amount provided that all the students are qualified under the terms and conditions by GBIC and to include participation if necessary in the electrical appreciate program.*

*Esteban Guerra commented to second the motion*

*Sandra Duran, Jason Wolfe, Graham Sevier-Schultz, and Dennis Sanchez voted I for the motion.*

*Pedro Cardenas voted nay for this motion.*

*Motion carried*

**13. Discussion and possible action authorizing mutual termination agreement with UT-RGV related to Stargate. - (Executive Director & Staff)**

Mario Lozoya addressed the board about how GBIC entered into contract with Stargate and gave them about \$400,000 something to help with the building. He mentioned that UTRGV would partner through Stargate with Space X to create programs for students in aero space type courses. They were meeting performance standards every year except this year that program is not being offered. Mr. Lozoya went on to mention that UTRGV is considering not doing any work in that facility anymore so the request from UTRGV is to consider the contract. UTRGV has made a proposal of the years that were left in the contract to prorate the money that gave them back when it started which adds up to \$192,000. The request is for the board to allow Mr. Lozoya to negotiate with UTRGV to recover those \$192,000 dollars.

Sandra Duran asked if at any point where we supposed to recover the program amount?

Michael Pruneda answered the contract is based on performance and non-performance so that is why they are agreeing to give us the \$192,000. He continued to say that it is up to board if they want to hold them to a contract that they cannot fulfill. He stated if we were to continue, UTRGV would have to perform or be subject to termination. Mr. Pruneda stated that in this case UTRGV is asking us to mutually terminate the contract.

Mario Lozoya stated that the staff recommendation is to recover the amount of \$192,000 from UTRGV. Mr. Lozoya stated that once we sign the document the turnaround time for reimbursement should be around 3 weeks.

*Dennis Sanchez "Motioned to accept the staff recommendation that the money be paid timely paid by the University of Texas within no more than 60 days of signing that contract"*

*Sandra Duran "Seconded the motion"*

*"Motion Carried"*

**14. Discussion and possible action authorizing funding for workforce and incentive opportunities for commercial space-oriented attractions and events. - (Graham-Sevier-Schultz, Chairman of the Board)**

*Agenda Item Skipped*

**15. Discussion and possible action on the foundation of a 511 Development Committee for the restructuring of the industrial park. - (Graham-Sevier-Schultz, Chairman of the Board)**

*Agenda Item Skipped*

**16. Discussion and possible action authorizing limited emergency resource funding in response to COVID-19. - (Graham-Sevier-Schultz, Chairman of the Board)**

*Agenda Item Skipped*

**17. Discussion and possible action on agreement with Community Loan Center of the Rio Grande Valley to further workforce retention. – (Graham Sevier-Schultz, Chairman of the Board)**

Graham Sevier- Schultz addressed the board about the community loan center of the RGV and they operate as a lower payment option to keep people out of the payday lender cycle. He continued to say that they work with employers who sign on who then offer this service to their employees with zero cost to the employer and a low rate of default. The caveat that he would like to introduce is that employment is essential for people to receive this loan and he would like to introduce it to any of the incentivized employers and anyone else who would like to join. He would like to entertain an idea of loans or setting up a fund to keep people with access to some money and keeping people employed.

Mitchel Bennett addressed the board that this program is an alternative to payday lending. He explained that the program works by providing employers or borrowers to sign up to have their employees get a loan and repay it back through their deduction in the paycheck. This program is all about working with employers to incentivize their employees. Mr. Bennett has worked with Graham and Ramiro to reach out to some companies to get them to sign up for this program. He continued to say that they have many investors and he gave some options to Graham to address the board for this program.

Esteban Guerra asked Mr. Bennett are there any entities that are public that are working with you as far as obtaining these loans?

Mitchel Bennett answered that he is not working with public entities but is working on other companies. He continued to discuss that they have many employers who participate in this program to help their employees with funds. Mr. Bennett mentioned that Cameron County is one of the largest borrowers at this point. He stated that they do have a lot experience working with public entities but in the RGV they do not have a public entity guaranteeing.

Pedro Cardenas asked Michael Pruneda is this a Type A activity?

Michael Pruneda answered that he is confused if the employer is the beneficiary or the employee?

Graham Sevier-Schultz answered that we make employment a prerequisite to applying for this loan. He stated that this person would need to be retained as an employee by an employer as a retention tool. He stated that is was to partially keep people employed throughout the COVID concerns and if we do plan to participate the company can continue to offer it to their employers at zero cost to the employee.

Michael Pruneda asked if it is based off a payroll loan?

Mitchel Bennett answered that an employee can borrow up to \$1000 dollars and pay it back within a year in their payroll cycle. It is all through payroll deduction at their pay period weekly or every 2 weeks. He stated that this product is an average of 18 percent loan, is deducted from their payroll and only allowed to borrow up to 50 percent of their monthly take home. He stated that they regulate how much they borrow, and they have to be employed with a bank account.

Dennis Sanchez asked what is the default rate for the loan?

Mitchel Bennett answered that one hundred percent of default rate is through job separation and this year the charge off rate is 3.6 percent.

Dennis Sanchez asked the participation doesn't consist of an actual outline of money but rather a guarantee of certain amount and certain amount of loans is that correct?

Mitchel Bennett answered that it was Graham's idea and he had been asked to put together a couple of options in front of the board. He stated he is unable to share his screen to show the options, but he will state them

The three options are

1. Straight loan to the fund
2. Guaranteed loan
3. Guarantee loan

He continued to say that any eligible employer can utilize those loans to that employee and do it over a period of time. Mr. Bennett stated that using \$500,000 as a benchmark and keeping the 3 ½ percent loss you would be able to utilize your guarantee for about 10 years by losing that much every year and you would assist over a 5 year period you would help over 3500 hundred people to borrow.

Michael Pruneda asked the employer is not going to be privy to the agreement it is going to be with your entity and the employee is that correct?

Graham Sevier-Schultz answered that the employer would need to sign on to make sure that the employee is actually employed there and sign off on the payroll to have these payments sent to service the loan. He asked if we provided \$50,000 in a guarantee loan how much would that make available in loaning?

Mitchel Bennett answered that about 75 individuals would get a loan every year and grow yearly from there.

Michael Pruneda commented that Type A entities can fund for employee retention, but he would like to see the structure of it in writing and the performance conditions. I would like to see a copy of the agreement before we move on, but I leave it up to the board.

Esteban Guerra asked for Mr. Lozoya's input as well.

Dennis Sanchez asked if it is possible to make a loan to recover the interest?

Mitchell Bennett mentioned that in the options he sent to Graham is that GBIC could lend them money and that money goes into the loan pool and we get paid interest per the agreement.

Graham Sevier-Schultz stated that even beyond the employment retention this can be used as an attraction tool for the future to bring employers from surrounding areas or state to offer this as something to their employees.

Mitchell Bennett mentioned that is the biggest sales item when we go to employers and why they sign up. Those employers who have employees that need a payroll advance or some help this gives the employer the option to do that and reduces the stress that is in the workplace. It is a way to retain and attract employees.

Pedro Cardenas asked Mr. Bennett when this information was given to Graham?

Graham Sevier-Schultz answered that this has been in ongoing discussion between himself, Ramiro, Mr. Sanchez. Pedro Cardenas mentioned I was asking for the back up when I first got the agenda. He stated he never received it and it would have been a lot easier to have.

Graham Sevier-Schultz stated that we didn't send proper notice to Mr. Bennett to get this attached to the packet. He stated that he thought they would be able to share the screen. He stated that Elsa didn't convey that to him before the meeting.

Mitchell Bennet stated that he could always come back to provide that information to the board.

Graham Sevier-Schultz stated that he believes that we all understand the idea and how we all can participate when legal checks on it. He stated that he would not want to vote on it until all the board members are available.

Sandra Duran asked the executive director and the chairman if they agree that this does not align with our economic development strategic plan. She continued to say that there are clear objectives on the strategic plan in which we need his back and to focus on the activities where our strategic plan is pointing us to go towards.

Graham Sevier-Schultz answered that he was not going to provide that with an answer, but he acknowledged her statement. He stated that he would move this item to table.

*Graham Sevier-Schultz "Motioned to table"*  
*Dennis Sanchez "Seconded"*

*Esteban Guerra "Nay to table"*

*Pedro Cardenas "I vote Nay to table as well."*

*Graham Sevier-Schultz asked if the board would like to address it since they are voting nay to table.*

*Esteban Guerra answered yes, he would like to discuss. He mentioned that he appreciates the leadership and he agree with Ms. Duran that as far as the strategic plan. We need to define a fine line with what we are able to do with the Type A monies, again we will not agree on everything and this is one of those items where it is not in GBIC's best interest to get into the lending business. He continues to say If there is not motion on the table I would like to make a motion to deny.*

*Graham Sevier-Schultz stated that he understands the concern, but they can introduce this an in incentivized employers and not participate with the money. The chairman continued to state that the motion to table did not carry so there is a motion to deny.*

*Esteban Guerra "I motion to deny"*

*Pedro Cardenas "I second his motion"*

*Graham Sevier-Schultz asked if there was any further discussion and that he would like to discuss it further.*

*Mario Lozoya mentioned that he agrees with Mr. Guerra and Ms. Duran that it is not in our strategic plan and I would like for the Type A to move into the loan business.*

*Graham Sevier-Schultz stated you are discussing attaching monies but what if we introduce it to our employers.*

*Mario Lozoya answered that yes, they can introduce it through the BRE program and the recruiting program.*

*Graham Sevier-Schultz stated that is developing it into further discussion which this current discussion didn't run its course.*

*Dennis Sanchez mention that it is a novel idea and novel situation and at least our attorney can look at it to see what is feasible from a legal point of view and come back with a recommendation. He mentioned that to figure out what the issues are so we can make an informed decision.*

*Graham Sevier-Schultz commented that the board is invited to attended discussion in between meetings. Any further discussion. What is the current motion?*

*Esteban Guerra stated that the motion is to deny.*

*Graham Sevier-Schultz asked board if all were in favor?*

*Sandra Duran, Esteban Guerra, Pedro Cardenas answered "I"*

*Graham Sevier-Schultz stated motion dies and so does this organization.*

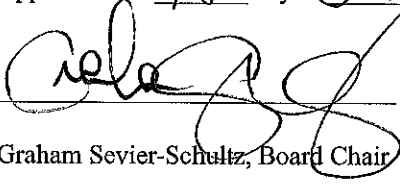
*Pedro Cardenas stated he disagrees with his comment and that graham could have sent the back up when he asked for it three days prior.*

## **18. ADJOURNMENT**

*Graham Sevier- Schultz "I entertain a motion to adjourn this meeting at 1:19pm"*

*Dennis Sanchez motioned to adjourn the meeting at 1:19 pm. The motion was seconded by Esteban Guerra. Motion Carried.*

\* Approved this 18<sup>th</sup> day of June, 2020. \*



Graham Sevier-Schultz, Board Chair

Respectfully Submitted By: Elsa M. Galvan, Executive Assistant