

NEDERLAND ECONOMIC DEVELOPMENT CORPORATION

Minutes November 25, 2008

MEETING

A meeting of the Nederland Economic Development Corporation was called to order at 5:00 p.m. at the Nederland Economic Development Corporation Office, 1903 Atlanta Avenue, by President Nick Phillips.

QUORUM

Board members present: Debby Griffin, Billy Neal, Nick Phillips, Bert Rogers and Eric Shaw. Absent: Mike Guidry and Stuart Kieschnick. Others present: Jim Wimberley, NEDC Attorney; Tracie Killian, Executive Director and Marlinda Eastberg, Secretary, NEDC. Guest present: Chris Duque, Nederland City Manager.

MINUTES

A motion was made by Erik Shaw and seconded by Bert Rogers to approve the minutes of September 30, 2008. Motion carried.

Ayes: Griffin, Neal, Phillips, Rogers and Shaw.

Noes: None. **Absent:** Mike Guidry and Stuart Kieschnick

PROMISE SPECIALTY HOSPITAL OF SOUTHEAST TEXAS

Mrs. Killian reported that an incentive of three hundred thousand dollars and no/100 (\$300,000.00) was granted to Promise Specialty Hospital of Southeast Texas on September 6, 2005. Mrs. Killian reminded the board that the hospital had a set back after Hurricane Rita and requested to resubmit their analysis using actual numbers. After the numbers were re-submitted it extended the pay back period to 5.2 years or sixty three months (63). Mr. Jim Wimberley, NEDC Attorney, reported that all the paperwork has been received either in his office or at the EDC office and after careful review it has been determined that the funding should be disbursed on receipt of a signed contract. Mr. Wimberley stated that there is the issue of when their monitoring period should start. Under the modified agreement, monitoring starts from the date of funding. If the board approves the contract as it is written, Promise Specialty Hospital would have to perform an additional sixty three (63) months from the date the NEDC funds, although if the board chooses they can give the hospital credit for the approximately two (2) years they have been in compliance with the requirements. This credit would extend to the required documentation process of monitoring but not the time limit included in the contract.

A discussion was held concerning the monitoring process start date, and a deadline for the contract to be signed.

Motion made by Billy Neal and seconded by Erik Shaw authorizing funds of \$300,000.00 to be dispersed to Promise Specialty Hospital of Southeast Texas provided all terms and conditions are met and the required contract is received by December 8, 2008 or the incentive would automatically be rescinded.

Motion Carried

Ayes: Griffin, Neal, Phillips, Rogers and Shaw.

Noes: None. **Absent:** Mike Guidry and Stuart Kieschnick

ALLIED PLYWOOD & LUMBER, INC.

Mrs. Killian reported that on November 14, 2007 the board approved an incentive of seventy four thousand five hundred dollars and no/100 (\$74,500.00) to Allied Plywood & Lumber, Inc. for the expansion and relocation of the abovementioned business which will be located at 320 Twin City Highway, Nederland, Texas. Mrs. Killian reported that due to the untimely death of Mr. Meriwether the business' current owners are his sons. She reported that due to the possible legal issues regarding ownership and settlement of the estate this incentive be rescinded.

A discussion was held regarding the new ownership of the business, credit for investment prior to the death of Mr. Meriwether, and the settlement of the estate. Mike Meriwether has stated the estate should be final by the end of the year. Mrs. Killian recommends the incentive be rescinded and allow the new owners to re-apply for the incentive.

Motion made by Bert Rogers and seconded by Billy Neal to rescind the grant previously awarded on November 14, 2007 in the amount of seventy four thousand five hundred dollars (\$74,500.00) to Allied Plywood & Lumber, Inc. and allow the new owners to re-apply for the incentive.

Motion Carried.

Ayes: Griffin, Neal, Phillips, Rogers and Shaw.

Noes: None. **Absent:** Mike Guidry and Stuart Kieschnick

FINANCIAL REPORTS

The board reviewed the income and expenses for the NEDC ending September 30, 2008.

A discussion was held regarding the board receiving a fiscal year-end report and the format of the current obligation sheet. Mrs. Killian stated that the obligation sheet is a hand generated report which allows for human error. Killian stated she has spoken with Cheryl Dowden, Director of Finance for the City of Nederland, to see if there is a more efficient format to show the current obligations of the EDC without creating a separate spreadsheet. Mrs. Dowden believes the information the board is requesting could be shown on the balance sheet as reserve funds. After a brief discussion Mrs. Killian stated that she will work with Mrs. Dowden over the next several months on different formats and will recommend a format to which everyone could be satisfied.

UPDATES

Mrs. Killian reported on the following items:

Mrs. Killian attended the ICSC show in San Antonio on October 29-31, 2008 with the developers for the Sterling Ridge Project. She reported that they made numerous contacts with those retailers and restaurants that were in attendance. Reception to the project was well received, but Mrs. Killian reminded the board that due to the current national economy that many retailers are either pulling out or putting current projects on hold.

Mrs. Killian reported that the Disaster Loan Program was once again very well received. She thanked the Small Business Development Center staff for their help in getting the word out to the Nederland businesses. She reported there were twelve (12) applications with one (1) being denied. The first repayment will be due April 10, 2008. Mrs. Killian recommends that the application process be closed as of December 1, 2008.

Mrs. Killian reported that the Nederland Chamber of Commerce Team City Committee is still working to update the Nederland Strategic Plan. The survey results were sent to a statistician to be analyzed. Due to the lack of funds to pay for this service the results will be analyzed as time permits. Ms. Carolyn Motl reported because she had been called away to work disaster recovery because of several hurricanes so this project was put on hold but assures us things are getting back to normal and will once again resume work on this project.

Mrs. Killian reported REDI – Regional Economic Development Initiative is a group of economic developers which represent Hardin, Jefferson and Orange counties. REDI recently hired The Mike Barnes Group from McGregor Texas as a consultant. They are currently working on a regional economic development plan.

Mrs. Killian stated she is still currently working on the Personal Policy. She is in the process of trying to merge three (3) documents into one. She stated it is very time consuming and will get it a draft copy to the board as soon as possible.

EXECUTIVE SESSION

The regular meeting was recessed at 5:40 p.m. by President Nick Phillips for the purpose of conducting an Executive Session as authorized by the Texas Government Code, Chapter 551.087, to discuss the offer of an incentive to a business prospect; Texas Government Code, Chapter 551.071 to discuss litigation and/or legal advise; Texas Government Code, Chapter 551.072, to discuss acquisition, exchange, and/or release of property.

RECONVENE

The regular meeting was reconvened by President Nick Phillips at 6:15 p.m. President Nick Phillips announced no action is needed on Texas Government Code, Chapter 551.087, to discuss and/or deliberate concerning financial and/or commercial information received from potential business prospects regarding potential economic development incentive, Texas Government Code, Chapter 551.071 to discuss litigation and/or legal advice, Texas Government Code, Chapter 551.072, to discuss acquisition, exchange, and/or release of property.

COMMUNICATION

Mrs. Killian presented the Board with a written Executive Director's Report with each item detailing activities of the NEDC office since the last board meeting.

Mrs. Killian reported that the NEDC in conjunction with the Nederland Chamber of Commerce will co-sponsor the Christmas Tabloid. This project was done several years back and gave each Nederland business the opportunity to place a free ad in a pull out section of The News. It was very well received by our businesses. The Chamber has requested the NEDC pay half of the cost which would be two thousand five hundred dollars and no/100 (\$2,500.00) and would come from the NEDC advertising budget. This tabloid would be delivered in The News on Wednesday December 3, 2008 and highlight special Christmas events taking place in the City of Nederland.

ADJOURN

There being no further business, a motion was made by Erik Shaw and seconded by Bert Rogers that the meeting be adjourned at 6:23 p.m. Motion carried.

Ayes: Griffin, Neal, Phillips, Rogers and Shaw.

Noes: None. **Absent:** Mike Guidry and Stuart Kieschnick

Nick Phillips, President

Billy Neal, Secretary/Treasurer