

MINUTES OF REGULAR MEETING

June 21, 2021

MONTGOMERY ECONOMIC DEVELOPMENT CORPORATION

CALL TO ORDER

President Rebecca Huss called the meeting to order at 6:00 p.m.

Present: Rebecca Huss – President
 Arnette Easley – Vice-President
 Carol Langley – Treasurer
 Ryan Londeen – Secretary
 Jeff Angelo – Board Member
 Byron Sanford – Board Member
 Dan Walker – Board Member

Absent:

Also Present: Richard Tramm – City Administrator
 Dave McCorquodale – Assistant City Administrator

OPEN PUBLIC COMMENT

No public comment

APPROVAL OF MINUTES

1. Approval of Minutes of Public Hearing and Regular Meeting held on May 17, 2021

Motion to approve the Regular Meeting Minutes was made by Carol Langley and seconded by Byron Sanford. All in favor. (7-0)

APPROVAL OF FINANCIAL REPORT

Approval of April 2021 Finance Report

Finance report was presented by Carol Langley.

Balances are through May 31st. Interest for the Texpool accounts are still 0.01%. Sales tax of \$69,895.77 was received and transferred on June 11th and it will show up on the next finance report. The 6th payment to MISD was made on June 1st for \$63,052.03 for the loan to the General Fund. Payment to Gunda Corporate for the downtown plan was made for \$13,000.

Langley noted that the sales tax is a lot lower than the taxes received in May. Tramm indicated that May was a quarterly payment month. Some businesses pay monthly, and some business businesses pay quarterly. So, quarterly payment months have a higher sales tax revenue.

President Huss noted that the June payment for 2020 was \$54,903.99. This month's revenue when compared to June of last year is a 27% increase.

The finance report did not get a number on the agenda and, as a result, was not voted on.

CONSIDERATION AND POSSIBLE ACTION

2. Update on Goat Mascot Costume which was approved at the May 17, 2021 Meeting, and review of proposed artwork

Presented by Richard Tramm.

Costume purchase was narrowed down to a single company. There are two costume options with the primary differences being the length and curvature of horns as well as the appearance of the beard.

Langley asked if the options are one or the other or if the costume items are interchangeable. Tramm said that it is a custom product so the board can choose parts from one and the other.

President Huss indicated that the breadths of his nose cannot be substantially changed due to visibility as well as closing the mouth.

Langley prefers the horns on option 2 and the beard on option 1. President Huss said that the horns on option 2 more match what is on the goat statue.

Byron asked what effect the beard has as far as performance or anything else. Tramm said, as far as performance, nothing significant. It is a facial feature that is right in line of site with those who are interacting with it. He indicated that Angelo may be better to able to answer the question.

Angelo said that he likes the horns on 2 and the beard on 1. He asked if the board would be receiving a color rendering soon. President Huss said yes but that they wanted buy-in from the board first on the design direction. A woman from the MISD theatre department talked about the goat being whimsical and approachable such as being slightly scruffy and fun rather than

being ominous or angry. So, the beard is scruffy to be more like grandpa's beard and not too barbered.

Tramm indicated that working with the MISD is something that has been cleared with the super intendent and that staff is working with them in a fully open environment. He is thankful that they have experience with costumes and have helped with developing the identity of the character.

There was no motion since it was an action item.

3. Consideration and possible action on mid-year 2020-2021 FY MEDC Budget Amendment

Presented by Tramm.

Tramm indicated there is an increase in the proposed income. The MEDC board initially took a conservative approach with projecting income. This was due to the pandemic and the board didn't want to be in position of projecting a lot of money to be spent that the MEDC would not have with the understanding that if more income came in, these numbers could be adjusted later. In actuality, the City increased income due to people staying in Montgomery and doing business in Montgomery during the pandemic. He is not sure how it will continue in the future. Montgomery came out positively, financially speaking, as a result of the pandemic.

Tramm noted that the MEDC has greater interest income than projected. The City will pay the MEDC back early so there will be a lower than expected interest income for that category.

Tramm indicated that there is now a projected \$200,000 for future downtown development work. This money will be put into a separate texpool account labeled for the downtown improvement project to go toward the next phase of that project. This is intended to slate money toward the big expense item.

Tramm noted a slight change in the sales tax reimbursement category.

Tramm noted that there are a quite a few changes to the events category. Tramm covered a few of the more significant changes.

The southern rum runners is not going to happen as expected and will regroup next spring. He will keep the category for next year but will move this money into another allocation.

Mud bugs and music category was slightly adjusted.

Equipment acquisition was added in order to cover the purchase of equipment to be used at events. He is looking at partial purchase with the City including direction signage. City could also use this equipment when not being used by the MEDC but the equipment would be given to MEDC when needed.

Fall Festival is another Charlie Diggs festival in October with \$9,500 tentatively budgeted from the increase in revenues. Langley indicated that he hasn't asked for that money yet. Tramm confirmed but said that it is coming next month. Langley asked if the money would be spent out of this year's budget. Tramm said the event would be out of next year's budget but that a lot of the expenses related to planning would be out of this year's budget leading up to the event in October.

Snow in Historic Montgomery is a new event that will be on the same day as the Christmas parade. It will be an event to allow children of all ages to play in a snow environment. Some of the costs will hopefully be picked up by a corporate sponsor. The event is in December but some of that money will need to be spent ahead of time. Angelo asked for the date of the event. President Huss said the 2nd Saturday in December (11th). She said hopefully it will take all day for the snow to disappear and so people will want to stay in the city longer than the parade to experience the snow. People staying in the city will cause a much bigger economic impact and will create a draw for people to come to the city. Angelo asked where the event would take place. Tramm said that it will be located at 777 Clepper St which is across from the Fernland park. Walker said it is also close to the parade route. Tramm said Fernland will also be open for business too. It will give people something to do and prolong their stay in the city. Angelo asked if someone is heading it up. Tramm said that there are meetings and conversations ongoing with the contractor to lock in a contract. Angelo said he would be happy to help with the event. You could build an entire Christmas scape around it. President Huss said there other opportunities such as the LeFevre property being a craft village as well as the Ransoms property (the train station is underutilized). This is an opportunity to expand that area of downtown. Parking is available. Lot of different things you can do to get people to stay in the city while increasing marketing opportunities. Angelo asked who the snow company is. President Huss said Ice Express is the one the city has spoken to. Handling 40,000 pounds of ice needs a lot of experience. Angelo volunteered to help head up the event. Angelo said he has experience with it already and knows what works and what doesn't. It would also be a good place to host a santa event. Cedar Brake park is okay but not enough parking. President Huss said that parking is iffy due to no parking available inside of the area, but there is local parking nearby and people will be walking from downtown. Parking will be allowed in the school administration parking lot. President Huss said that a corporate sponsor would be nice since it is such a large event. Walker said there a lot of new corporations coming into town who may want to participate. Angelo asked about tying in a charitable component. President Huss said that the MEDC is a non-profit and could presumably work with other charities (Toys for Tots, Food Bank, etc.). Angelo said he has a few in mind including orphan and foster care charities who have a good volunteer base which may help offset some of the labor costs. President Huss said her preference is for kids to be free as a gift to children. Could add an adult belly flop area and dunking tank that could be charged. Tramm said he is willing to run any of these things by the attorney to ensure the MEDC stays within the law. President Huss reminded everyone that Amy, with the quilt walk, would be doing raffle. This is legal as long as the MEDC is doing it since City's cannot do raffles, but EDCs can. The funds from that raffle will help sponsor this event as well.

Tramm said that funds were pulled back from the website category for other use. Funds for

other use including expanding work for the social media consultant to expand the City's social media presence. The consultant has not been asked for more funding, but Tramm thinks it is appropriate to do this.

Tramm said that there are a lot of events coming back. The city used to have a specific position to run events but presently it is City staff's responsibility. Staff is looking for 1500 to engage consultants on a contract basis to take on tasks with putting on events. He has not spoken with anyone yet. He wants to get the item funded first. President Huss said that it is a lot of work and is surprised on how many items are still being taken care of internally. A dirty secret is that money is only made with alcohol. Small events will not make money. If money is not being made then people have to volunteer which leads to a volunteer fatigue problem.

Langley asked if the line item that was consulting for 49,000 was for a full-time position that the City tried 2-3 times to get. Tramm said that no, that line item was previously funded under line item "Admin transfers to general funds" and the line item for hired person was not included for this fiscal year. Langley asked what the money from the MEDC to general fund was going toward? Tramm said to the city staff. Langley asked if the consulting professional service is different than money to general fund. Instead, this is for person that the MEDC had 2 or 3 time before? Tramm said that no, that came out of the admin transfer fund. The MEDC paid the City and the City then paid the person. President Huss indicated that the MEDC cannot have full time employees. Tramm said that this category is added so that MEDC can contract with specific consultants for specific purposes. Langley asked if the MEDC still needs those two large items. President Huss said that the admin transfer will not change at all. The 56004.6 is still social media and will include events. Tramm said that is largely using money that was previously budgeted but not used. The budget was reduced when money was taken out for Reflective Life Media. Difference is made up with reallocation of money that was allocated but not utilized. President Huss asked if the \$34,000 will be just for social media and events consulting? Tramm agreed. Langley asked if the MEDC could hire a consultant because it is for contract services. Tramm said yes because it is not a full-time position. Angelo asked who is vetting these people. Tramm said it falls on his shoulders to carry out the will of the board.

Langley asked if the social media budget was lowered because the category is not being used as much. Tramm said it was because part of that money was used to expand the website, but the social media person has already done a lot of that work. So, money goes up on professional services and down on the website. Social media consultant is doing website work which is a big bargain.

Londeen asked how the \$200,000 for the downtown improvement budget was chosen. Tramm said it basically came to what was left over in the budget. Londeen said the project will obviously be more than that amount, and the consultant hasn't given the MEDC any idea on the cost of the project. Tramm said the MEDC has not, in the past, put tabs on some of the money that's been brought forward. It has been assumed that a lot of the money in the MEDC accounts will go into the downtown area. This is an effort to put a label on that money so that the people can understand what the money is to be used for. It is not just about building a bank account. It has

a purpose. This money will be put into a separate texpool account. Londeen asked if some of the excess cash that the MEDC has now can also be allocated to the project. He said it would be helpful for him and to the public to keep track of where the money is going. It will also show that the MEDC is serious about the downtown improvement project and that it is saving for it. Tramm agreed that putting label on the money is an important detail. Some planned events also do not happen for months away so it is important to set aside money and put a label on it. President Huss said that putting money aside and labeling will help make large projects like this more manageable. Londeen said he would like to know what money is available outside of the \$200,000 budget. Tramm said that money is for this fiscal year and that there is money in the fund balance from previous years. President Huss said the general fund is also like a wedge fund. It is not so much about the money that you save every year. It is also money that can later become the debt service number. She asked Tramm how much money does \$200,000 of debt service cover. Tramm said it goes a long way in a 2% interest environment. President Huss said, for example, the down payment from the fund balance plus this debt service amount could possibly support a bond of \$15 million. She said if the MEDC needs to take on a debt service of \$200,000 it will not have to cut anything out of the budget next year because this money has already been wedged into the annual budget. Tramm said that as the economy grows and as the MEDC brings in additional income, the MEDC can section that additional money to go into that fund. It then becomes fairly painless to fund that bond over its entire life because the seed money has been started and the MEDC is adding to it every year with the economic growth. President Huss reiterated that the wedge would allow future payments to be painless because the money is either being spent on debt service or it is being saved.

President Huss asked if the MEDC needs to get approval from City Council for this. Tramm said no, only for specific expenditures that exceed \$10,000. Londeen asked why you need to get approval for the initial budget but not a budget amendment. Tramm said because the initial budget includes expenditures for items that are \$10,000 or greater and the City has authority over the general nature of the budget. Minor amendments are under the purview of the MEDC if they don't exceed the \$10,000 number. The City will need to approve individual expenditures over \$10,000 in the budget categories that are amended. President Huss clarified that if these items were included in the initial budget, then the MEDC wouldn't need approval for specific expenses over \$10,000.

Motion by Jeff Angelo, seconded by Arnette Easley, to approve the mid-year 2020-2021 FY MEDC Budget Amendment. All in favor. (7-0)

ECONOMIC DEVELOPMENT REPORTS

4. City Administrator's Development Report

Administrator's report was not presented.

5. City Engineer's Report

Presented by Richard Tramm

Angelo asked about the creation of MUD criteria standard that is currently being discussed. Tramm: a MUD used by developers as a reimbursement vehicle. The City has approved two separate MUDs in its history with different developers that are currently active. The goal is to identify specific standards under three basic questions: 1) How would the approval of a MUD be beneficial to the residents in the MUD and citizens of Montgomery; 2) how does it fit within the broader community; and 3) how does the district benefit the city itself including other residents in the area. Angelo asked if there are proposals now to establish MUD districts. Tramm said there is not one now, but there is one likely in the future. Chances are that there will be more in the future. Staff and attorney are getting more information and getting a firm to come into the City to establish standards that correspond to these criteria.

Walker asked if the city is positioning itself to where someone from the City will be on those MUD boards. Tramm said that is not something that is currently being discussed. Walker said it wouldn't be a bad idea. MUDs are a license to steal essentially. Tramm said that he has been in a couple of MUD boards and that a well-run MUD can be a good thing while an out of control can be a disaster. Angelo said it can get dicey with taxes. Tramm said that the kind of taxes that would be charged in that MUD is a concern the City has, and it is high a priority as far as ordinances is concerned. Easily asked if there is a maximum tax rate that the MUDs can charge. President Huss said that there is a statutory maximum, but they can charge less. Tramm said that a MUD tax max plus other taxes would be a high tax amount and that is why it is a high concern to the City. Huss said that the whole point is to start before the City has MUDs. She thinks MUDs are like Ponzi schemes in that who gets out first, the developer, is happy. Angelo said he'd imagine there has to be some City oversight when the MUD gets started. President said it depends on what is put in place, otherwise no. The point is what do you say to citizens who do not understand why they are paying so much in taxes. Goal is to provide a list of requirements for MUD creation. Angelo: once rules are set will the MEDC know which developer is applying to create a MUD. Tramm said that it does not come to the MEDC board. It will go to Council, and it will be public info. President Huss said the reason to have MUDs is that allegedly developers cannot develop in the City of Montgomery without a MUD because they need development costs reimbursed and the best way to achieve that is through a MUD. Otherwise, the developer would, as an example, need to develop one street at a time. Walker said the benefit is that it helps with growth and someone else can provide these services. President Huss said the City doesn't anyways, the developer does. It is essentially riskier for the City because instead of handling growth one street at a time, the City has to accept more larger service facilities. If the developer goes out of business during development of the property or if there is an economic recession and the houses don't sell then the City spends money on the facilities but doesn't have the extra revenue.

6. Sales Tax Report for May 2021

Presented by Richard Tramm

Sanford asked what "18 sourcing" was under the top sales tax filers list. Tramm said he did not know.

Tramm discussed how online shopping means that those purchases, if delivered to the residence in Montgomery, count as sales revenue to the City.

Sanford asked if the 27 vacant businesses is any concern. Tramm said there is always some amount of vacant business due to transition. Some places are new trying to fill lease space, but there are also some places that have been vacant for a while. If you are at 100% then you cannot bring in new businesses unless they build their own location. He is not saying it is ideal to have vacant places, but you will always have some places that are in transition. President Huss mentioned that there were some long-term vacancies like the slots next to the AT&T store and the business park has not rolled out as quickly as expected.

Langley asked if the financial inspectors just pick a time to come. Tramm said they come out once a year. They are expected to come out again within the next two weeks.

Londeed asked if the hotel tax shown here or elsewhere. Tramm said that is shown elsewhere and not a sales tax item. The City does not have a significant collection under that. President Huss mentioned that hotel / motel occupancy tax would change things quite a bit because it can only be spent in certain ways. You are almost forced to spend it on marketing and advertising.

Walker asked if the Jacobs project is on hold. Tramm said it is essentially is on hold. President Huss said that if he chooses to use AirBnB for that then the City doesn't get HOT money for that. Angelo indicated that those rules may be changing. Tramm agreed.

EXECUTIVE SESSION

CONSIDERATION AND POSSIBLE ACTION ON ITEMS FROM EXECUTIVE SESSION.

None

BOARD INQUIRY

None

ACTION ITEMS FOR FUTURE MEETINGS

<i>ACTION ITEM</i>		<i>ASSIGNEE</i>	<i>DUE DATE</i>

ADJOURNMENT

Motion by Carol Langley seconded by Arnette Easley to adjourn the meeting at 7:16 p.m. All in favor. (7-0)

Submitted by: _____ Date Approved: _____

Richard Tramm, City Administrator

Rebecca Huss, MEDC President