ECONOMIC DEVELOPMENT
CORPORATION BOARD OF DIRECTORS

Location:
City of Edinburg, City Hall-Council Chambers
415 W. University Drive, Edinburg, Texas

FEBRUARY 22, 2022
REGULAR MEETING AGENDA
4:00 PM

1. **CALL TO ORDER, ESTABLISH A QUORUM**

2. **CERTIFICATION OF PUBLIC NOTICE**

3. **PUBLIC COMMENTS**

   A specific portion of the meeting shall be dedicated to allowing Public Comments which will be limited to three (3) minutes. Because of the state of emergency due to the COVID-19 pandemic, public comment may be provided in-person abiding to the occupancy limits or by telephone. InÂ person requests shall be requested by completing the Public Comment Form available at City Council Chambers. Telephone requests shall be completed by (a) sending an email to publiccomment@cityofedinburg.com or (b) calling 956-388-8204.

   All requests must be received beginning at 9am and end immediately before the start of the meeting. Your request should include your name, address, and telephone number. We ask for everyone's cooperation in following this procedure.

4. **DIRECTOR'S REPORT**

   A. Economic Development Report
   B. S.P.A.R.C. 4.0 Report

5. **REGULAR AGENDA ITEMS**

   A. Consider approval of minutes for board meetings January 18, 2022 and January 25, 2022.
   B. Election of Officer: Secretary
   C. Consider approval of financial report for first quarter October 2021 through December 2021.
   D. Consider accepting the Edinburg Economic Development Corporation 2021 Audit.
   E. Consider approval of the South Texas Manufacturers Association (STMA) 2022 Cornerstone Sponsorship for the amount of $5,000.

6. **EXECUTIVE SESSION**

The EEDC will convene in Executive Session, in accordance with the Texas Open Meetings Act, Vernon's Texas Statutes and Codes Annotated, Government Code, Chapter 551, Subchapter D, Exceptions to Requirement that Meetings be Open. The EEDC May Elect To Go Into Executive Session On Any Item Whether Or Not Such Item Is Posted As An Executive Session Item At Any Time During The Meeting When Authorized By The Provisions Of The Open Meetings Act.

A. Deliberation regarding economic development negotiations (Review Economic Development Projects). (§551.087 Deliberation Regarding Economic Development Negotiations; §551.071. Consultation with Attorney; Closed Meeting.)

B. Discussion and possible action regarding pending litigation. (§551.071.Consultation with Attorney; Closed Meeting.)

7. **OPEN SESSION**

The EEDC will convene in Open Session to take necessary action, if any, in accordance with Chapter 551, Open meetings, Subchapter E, Procedures Relating to Closed Meeting, §551.102, Requirement to Vote or Take Final Action in Open Meeting.

8. **ADJOURNMENT**

I hereby certify this Notice of an EEDC Meeting was posted in accordance with the Open Meetings Act, at the City Offices of the City of Edinburg, located at the 415 West University entrance outside bulletin board visible and accessible to the general public during and after regular working hours.

This notice was posted on 2/18, *2022 at* 5:58 *am / pm.*

By:

Signature: Blanca Davila
Name: ~~Ron Garza, City Manager~~
City of Edinburg, Texas Blanca Davila
Director of Economic Development

Edinburg Economic Development Corporation
Meeting Date:February 22, 2022

Economic Development Report

1. **Agenda Item:**
   Economic Development Report
2. **Description/Scope:**
   Blanca Davila, Director of Economic Development will present an update to the board.
3. **Estimated Timeline:**
   N/A
4. **Budget:**
   N/A
5. **Procurement/Selection Process:**
   N/A
6. **Staff's Recommendation:**
   N/A
7. **Justification:**
   N/A

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Blanca Davila
Director of Economic Development

ATTACHMENTS
Attachment A: Economic Development Report
Attachment B: Sales Tax Revenue Analysis Report

Approved:	________
Not Approved:	________
Tabled:	________
No Action:	

Economic Development
Department Status Report

S.P.A.R.C. 4.0

Economic Development staff have concluded the Home-Based Business Program with 88 businesses approved. Staff hosted a Home-Based Business Program Awards Ceremony on February 16, 2022 to recognize recipients that were awarded a $2,000 grant, for a total of $176,000 total funds. There were 44 businesses in attendance. Staff is communicating with businesses that did not attend the ceremony to coordinate their check pickup.

Staff continues to review Facade Improvement Program applications and meet with the City's Development Services team to facilitate the next phase of the program.

AEP Texas' New Energizing Economic Development Course

AEP is offering a free E-learning opportunity for Community Leaders to learn the foundational pillars of economic development, better understand their role in economic development process, and critical aspects for community success. The course consists of lessons and modules that can be completed all in a little over two (2) hours or in multiple sessions.

Upon completion of the course, AEP Texas will provide a certificate of completion identifying you as an official "Champion for Economic Development." The link to enroll is found here.

Thank you to AEP Texas' Economic and Business Development Manager, Dale Fowler, for reaching out to Economic Development staff and sharing this opportunity for the Edinburg EDC (EEDC) board.

U.S. SBA LRGV District Awards Nominations

SBA's Lower Rio Grande Valley District Office is sought nominations from the public for exceptional entrepreneurs. The Edinburg Economic Development Corporation submitted nominations for the following categories:

- Family-Owned Business of the Year
- Home-Based Business of the Year
- Veteran Owned Small Business of the Year

Projects

The City of Edinburg Economic Development has two active projects.

Siddons-Martin Emergency Group

- 700 Independence Dr., Edinburg Texas 78541
- Expected Jobs: 20
- Capital Investment: $1,925,000
- Approved by City Council: July 6, 2021
- Expected Closing Date: November 1, 2021
- Extension Closing Date: November 15, 2021
- Amendment Extending Closing Date: Dec 15, 2021 (30 Days)

On February 9, 2022, the Property Tax Agreement was executed by Mark Hanna and Siddons North Industrial, LP and EEDC. Delinquent Property taxes were paid to Hidalgo County Tax Assessor on Friday, February 18, 2022 and a Property Tax Receipt with a zero balance was obtained.

Jett Media

- North Industrial Park Lot 7A
- Expected Jobs: 30
- Capital Investment: 900,000
- Approved by City Council: November 16, 2021
- Expected Closing Date: March 3, 2022

Staff is pending review of the Property Tax Agreement from Jett Media. Delinquent Property taxes were paid to Hidalgo County Tax Assessor on Friday, February 18, 2022 and a Property Tax Receipt with a zero balance was obtained.

Edinburg Economic Development Projects - Visit webpage to review completed and ongoing projects.

Prospects

Staff is currently working with 24 prospects in the following business categories:

Expansions

- Full-service restaurant
- Lessors of other real estate property
- Fresh Fruit & Vegetable Merchant Wholesalers (3)
- Wood Container and Pallet Manufacturing
- Offices of Lawyer
- Office Equipment Merchant Wholesaler
- Tortilla Manufacturing (2)
- Non-Chocolate Confectionery Manufacturing
- Cheese Manufacturing
- Supermarkets and Other Grocery Stores
- General Medical and Surgical Hospitals
- Offices of Chiropractors

Relocations

- Other Technical and Trade Schools
- All Other Amusement Parks
- Other Commercial and Industrial Machinery and Equipment Rental and Leasing
- Offices of Mental Health Practitioners
- Other Measuring and Controlling Device Manufacturing

New Businesses

- Beverage Manufacturing
- Aeronautical Equipment and Supplies Merchant Wholesalers
- Meat (except poultry) butchering, packing and distribution
- Limited-Service Restaurants

Retail Development

Staff continues to communicate with potential leads resulting from retail match outreach identified by Buxton Co.

- Full-Service Restaurant
- Other Spectator Sports
- Theaters, amusement games, dining

BREaching Out

Economic Development staff continues to meet with targeted industry employers in Edinburg to identify areas of opportunity or challenges.

City Council, the EDC board, and City staff attended the Business Retention and Expansion (BRE) meeting with South Texas Health System (STHS) on February 8, 2022. Thank you to STHS for their participation in the program and for the facility tour.

The next BRE meeting is scheduled for March 3, 2022 at 10:30 AM with Little Bear Produce (JD Produce).

Future meetings include El Dorado Pallets, JD Little Bear Produce, Edinburg Airport, CBP RGV Sector, Don Hugo Produce, Melhart, and International Paper Co.

Programs

Marketing

- A Cost of Living Calculator was included in the Work in Edinburg webpage in the Edinburg EDC website. The cost of living calculator allows users to compare current base salaries from other cities and states across the country to Edinburg, TX. This feature will assist individuals seeking to move to Edinburg.

- Featured Properties webpage continues to grow as staff adds properties on the webpage. The communication with private property owners is ongoing.

- The month of January 2022 Google Analytics Report indicates:

    - ❖ 787 users visited the website
    - ❖ Top 5 most visited webpages are the Resources, Edinburg Data Points, About us - Staff, Featured Properties, and Doing Business.
    - ❖ 1:26 is the average session duration
    - ❖ 55.7% of traffic users are acquired through organic search and social media and 26.1% via organic search and 23.6% via direct search.

- The month of January 2022 Social Media Report indicates:

  Facebook
    - ❖ 22,193 accounts reached
    - ❖ 545 page visits

- ❖ 57 new Facebook likes
- ❖ 12.4K page followers

Instagram

- ❖ 423 accounts reached
- ❖ 1,228 followers page followers
- ❖ 39.6% of followers are within the ages of 35-44

Student Internship Program

- Staff is communicating with Workforce Solutions, UTRGV Career Center, STC Career Center, and ECISD Career and Technology Education to connect and begin conversations regarding an internship program. An introductory meeting is scheduled for Thursday, March 10, 2022.

Properties

EEDC 1710 S 28th Ave Building

Improvements to the Edinburg EDC building located at 1710 S. 28th Ave. started with the replacement of air conditioning units. Next improvement will be roof repairs.

AEP Energy Saving Program

Edinburg contractor approached Economic Development staff to inform of a program through AEP for Energy Saving Solutions. It was determined that the building located at 1710 S. 28th Ave. is eligible for replacement of the existing fluorescent lights to LED lamps.

This change will allow an annual bill savings of $2,222.89 and reduce greenhouse gas by 15.69 metric tons of carbon dioxide. The 73 LED lamps will be replaced and installed at no cost to the EEDC.

Request for Information (RFI)

Qualified: Project White Eagle

- Submitted on January 28, 2022
- Capital Investment: $20 million
- Job Creation: 80 jobs created by year 5
- NAICS: 321918 Other Mill work
- Proposed Sites:
  - North Industrial Park, Lot 1: 8.0033 Acres
  - North Industrial Park, Lot 4: 13.16 Acres

Overview: International company interested in opening its first US assembly facility for attic ladders. Site selection expected on March 2022 and construction by Q4 2022.

Shortlisted: Project Iron Eagle

- Submitted on: February 16, 2022
- Capital Investment: $200 million
- Job Creation: 200 jobs created
- NAICS: 332999 All Other Miscelleneous Fabricated Metal Product Manufacturer
- Proposed Sites:
  - North Industrial Park, Lot 4: 13.16 Acres

Overview: European company seeking a facility to manufacture permanent magnets. Site selection and construction to be ready by Q4 2022 and the facility can reach full production by 2024.

SALES TAX STATE COLLECTION RGV COMPARISON - JANUARY 2022

Valley Rank	City	Net Payment This Period	Payment Prior Year	% Change	2021 Payments To Date	2020 Payments To Date	% Change
Rank Based on Current Month Activity							
1	Mercedes	$ 697,919	$ 495,384	41%	$ 697,919	$ 495,384	41%
2	McAllen	$ 7,739,829	$ 5,741,368	35%	$ 7,739,829	$ 5,741,368	35%
3	Brownsville	$ 4,810,162	$ 3,640,524	32%	$ 4,810,162	$ 3,640,524	32%
4	Mission	$ 1,942,066	$ 1,517,095	28%	$ 1,942,066	$ 1,517,095	28%
5	South Padre Island	$ 293,743	$ 234,603	25%	$ 293,743	$ 234,603	25%
6	**Edinburg**	**$ 2,822,432**	**$ 2,264,020**	**25%**	**$ 2,822,432**	**$ 2,264,020**	**25%**
7	Weslaco	$ 1,495,631	$ 1,202,011	24%	$ 1,495,631	$ 1,202,011	24%
8	Pharr	$ 2,262,597	$ 1,866,531	21%	$ 2,262,597	$ 1,866,531	21%
9	Harlingen	$ 2,577,495	$ 2,169,332	19%	$ 2,577,495	$ 2,169,332	19%
Rank Based on Calendar Year 2021 To Date Activity							
1	Mercedes	$ 697,919	$ 495,384	41%	$ 697,919	$ 495,384	41%
2	McAllen	$ 7,739,829	$ 5,741,368	35%	$ 7,739,829	$ 5,741,368	35%
3	Brownsville	$ 4,810,162	$ 3,640,524	32%	$ 4,810,162	$ 3,640,524	32%
4	Mission	$ 1,942,066	$ 1,517,095	28%	$ 1,942,066	$ 1,517,095	28%
5	South Padre Island	$ 293,743	$ 234,603	25%	$ 293,743	$ 234,603	25%
6	**Edinburg**	**$ 2,822,432**	**$ 2,264,020**	**25%**	**$ 2,822,432**	**$ 2,264,020**	**25%**
7	Weslaco	$ 1,495,631	$ 1,202,011	24%	$ 1,495,631	$ 1,202,011	24%
8	Pharr	$ 2,262,597	$ 1,866,531	21%	$ 2,262,597	$ 1,866,531	21%
9	Harlingen	$ 2,577,495	$ 2,169,332	19%	$ 2,577,495	$ 2,169,332	19%
RGV AVERAGES		**$ 2,737,986**	**$ 2,125,652**	**29%**	**$ 2,737,986**	**$ 2,125,652**	**29%**
STATE TOTALS		**$ 634,913,049**	**$ 505,562,038**	**26%**	**$ 634,913,049**	**$ 505,562,038**	**26%**

EEDC Portion (25%)	**$ 705,607.91**

Prepared by: Dagoberto Soto Jr., Director of Finance

Date: 01/12/2022

Edinburg Economic Development Corporation
Meeting Date:February 22, 2022

S.P.A.R.C. 4.0 Report

1. **Agenda Item:**
   S.P.A.R.C. 4.0 Report
2. **Description/Scope:**
   Blanca Davila, Director of Economic Development will present an update to the board regarding S.P.A.R.C. Home Based Business Program and Facade Improvement Program.
3. **Estimated Timeline:**
   N/A
4. **Budget:**
   N/A
5. **Procurement/Selection Process:**
   N/A
6. **Staff's Recommendation:**
   N/A
7. **Justification:**
   N/A

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Blanca Davila
Director of Economic Development

ATTACHMENTS

Approved:	_________
Not Approved:	_________
Tabled:	_________
No Action:	

Edinburg Economic Development Corporation
Meeting Date:February 22, 2022

Consider approval of minutes for board meetings January 18, 2022 and January 25, 2022.

1. **Agenda Item:**
   Consider approval of minutes for board meetings January 18, 2022 and January 25, 2022.
2. **Description/Scope:**
   Board meeting minutes are reviewed and approved on a monthly basis.
3. **Estimated Timeline:**
   N/A
4. **Budget:**
   N/A
5. **Procurement/Selection Process:**
   N/A
6. **Staff's Recommendation:**
   N/A
7. **Justification:**
   N/A

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Blanca Davila
Director of Economic Development

ATTACHMENTS
Attachment A: January 18, 2022 Board Meeting Minutes
Attachment B: January 25, 2022 Board Meeting Minutes

Approved:	________
Not Approved:	________
Tabled:	________
No Action:	

MINUTES OF THE
EDINBURG ECONOMIC DEVELOPMENT
CORPORATION BOARD OF DIRECTORS

LOCATION:
City of Edinburg, City-Hall Council
Chambers 415 W. University Drive.
Edinburg, Texas

JANUARY 18, 2022
SPECIAL MEETING
12:00 PM

PRESENT: **Hiren Govind, President**
Roland Gomez, Vice President
Daniel "Dan" Diaz, Secretary
Aaron "Ronny" Rivera, Treasurer
Sabrina Walker-Hernandez, Director
Veronica Gonzales, Director
Raul Resendez, Director

ABSENT: **None**

STAFF: **Ron Garza, City Manager**
Brian Kelsey, Assistant City Manager/EDD
Blanca Davila, EDD Director
Omar Ochoa, City Attorney
Leticia Pantoja, EDD Management Analyst
Nidian Elizondo, EDD Coordinator
Carlos Garza, EDD Coordinator

PUBLIC: **Mark Hanna, Hanna Solutions**

1. **CALL TO ORDER, ESTABLISH QUORUM**

President, Hiren Govind, called the meeting to order at 12:02 PM.

EDD Director, Blanca Davila, proceeded to roll call and established quorum.

For record, Director Veronica Gonzales, arrived to the meeting at 12:05 PM.

2. **CERTIFICATION OF PUBLIC NOTICE**

EDD Director, Blanca Davila, confirmed the public notice was posted in accordance with the Texas Open Meetings Act, on January 14, 2022 at 1:40 PM.

3. **PUBLIC COMMENTS**

A specific portion of the meeting shall be dedicated to allow Public Comments which will be limited to three (3) minutes. Because of the State of Emergency due to the COVID-19 Pandemic, public comments may be provided in-person abiding to the occupancy limits or by telephone. In person requests shall be requested by completing the Public Comment Form available at the City Council Chambers. Telephone requests shall be completed by (a) sending an email to publiccomment@Cityofedinburg.com or (b) calling (956) 388-8204.

All requests must be received beginning at 9am and end immediately before the start of the meeting. Your request should include your name, address, and telephone number. We ask for everyone's cooperation in following this procedure.

There were no public comments.

4. **REGULAR AGENDA ITEMS**

A. Discussion and possible action regarding the Edinburg Arts, Culture and Events Center.

President, Hiren Govind, stated all board members were present for discussion in the Joint Work Session Meeting with City Council and Cultural Activities Board (CAB) regarding the Arts, Culture, and Events Center (ACE) on Thursday, January 13, 2022. Mr. Govind opened the discussion for EEDC board members.

Treasurer, Aaron Rivera, stated he has a couple of concerns concerning the design of the building. Mr. Rivera mentioned the pantry/food area needs to be larger to accommodate caters.

To provide context regarding the convention and ballroom space, City Manager, Ron Garza, presented an overview of convention and ballroom spaces in the Rio Grande Valley (RGV) including the McAllen Convention Center, Mission Events Center, Harlingen Convention Center, and Brownsville Events Center to compare square footage of banquet capacity, classroom, and theater capacity, and rental rates. The ACE building will be 14,567 sq. ft. building and have a banquet capacity of 750 people, classroom capacity of 900 people, theater capacity of 1,200 people, and have a rental rate of approximately $4,500. The ACE building will be the only convention and ballroom space with a fixed stage in comparison to other venues. The ACE building ballroom will be dividable into two spaces and there will only be one divider. The divider will be a high quality sound resistant divider.

Mr. Garza stated he has been working with the architect on a modified footprint that takes out the exhibits cabinetry from the event space to decrease the footprint from 14,500 sq. ft. to 13,000 sq. ft. This is an alternative to consider increasing the event space.

Secretary, Dan Diaz, asked the dimensions of the City's Activity Center for perspective. Mr. Garza stated the Activity Center might be right below 10,000 sq ft.

Director, Veronica Gonzales, inquired the purpose of the ballroom divider and asked whether it is needed. The ballroom dividers' purpose is to provide efficiency of the space, especially in hosting business conferences. The divider is at a substantial price of $1.2 - $1.3M and eliminating the divider is another alternative to maximize the budget. As the project moves forward with budget, the alternatives are to either decrease the footprint or eliminate the divider.

Director, Raul Resendez, inquired whether one-half of the ballroom space would have access to the stage and/or food prep area if the divider is used. Mr. Garza confirmed that is correct. Mr. Resendez mentioned that may be a challenge for events and stated $1M is expensive for one divider. The reason the divider is expensive is due to the quality and the size as the ballroom will have a 20 ft ceiling. Mr. Diaz asked whether the divider could be added in a way that both sides have access to the stage. Mr. Garza further explained this would result in two oblong ballroom sides.

Director, Sabrina Walker Hernandez, inquired whether staff has considered a stage that is retractable, similar to school gymnasium bleachers. Mr. Garza stated this is a cost issue but can be a concession brought up to the CAB.

Mr. Garza proceeded to present the modified version of the footprint. There was a significant increase in the restroom space by changing the vanities. If

City Council advocates removing City staff offices from the north-west quadrant of the footprint, this will add three additional classrooms. There were two sets of stairs however; the east side stairs were eliminated in order for the food prep area to extend. This added 220-230 sq. ft. of food prep area. The storage space was also increased.

Vice-President, Roland Gomez, inquired whether there is a sink area or counter in the food prep area. Mr. Garza clarified that will be added in the next phase of the project.

The board members continued to discuss and provide feedback regarding the modified version of the footprint. The modified footprint will be presented to the CAB on the January 20, 2022 meeting for their feedback as well.

B. Discussion and possible action of property taxes at 6930 Democracy Dr - Lot 7, North Industrial Park Edinburg, Hidalgo, County, Texas related to Green Cold Formed Steel LLC.

City Attorney, Omar Ochoa, provided background on the Edinburg EDC’s history with Green Cold Formed Steel (Green Cold). The EEDC and Green Cold entered into a real estate contract agreement on August 23, 2011. Green Cold was required to construct a 22,000 sq. ft. warehouse and to employ thirty people within one year of the deed date. Green Cold did not construct a warehouse within one year so; the EEDC executed an amended deed to grant Green Cold two more years to construct the warehouse. Green Cold still did not construct a warehouse within the extended time.

On May 25, 2015, the EEDC told Green Cold that it would exercise the repurchase option and take back the property. During that time, Green Cold had taken out a loan from a third party, which was already in foreclosure action against Green Cold trying to claim the property as collateral for the defaulted loan. This initiated a dispute between the EEDC and the third party over who had the better title over the property; the third party because of their lien or the EEDC because of its opportunity according to the deed to repurchase the property. On March 6, 2018, a court formally ruled that the EEDC’s repurchase right was superior to the lender’s lien. On November 6, 2019, the court also ordered that the EEDC had title of the Property “free and clear of all liens, claims, encumbrances and other clouds of title” because it had exercised its repurchase right.

Throughout this time, property taxes were being recorded as owed to the appraisal district. Although the EEDC successfully obtained title of the property, it now faces an outstanding property tax bill of over $200,000, as it is a tax lien. The lien exists and prevents the property from being sold.

Mr. Rivera questioned whether Green Cold is still an existing business. Mr. Ochoa confirmed Green Cold is not in business.

Mrs. Gonzales questioned whether the taxing entities were notified the EEDC would exercise the repurchase option and take back the property. Mr. Ochoa stated he can look further into the documents to verify if that is true but, eventually the taxing entities were notified as the EEDC got into a legal action over it.

A memo was written and presented to the appraisal district informing them the position of the EEDC is that the title relates back to the original date when the option to repurchase was exercised. The appraisal district attorney has disagreed and is not conforming with the position. However, Mr. Ochoa agrees as the title relates back to that point in time and the property taxes generated from then do not apply since it was EEDC property at that point.

One solution is to reduce or eliminate the lien in total, which involves two routes; one is going to the original court that granted the property title and requesting an order that states the title dates back to the date the option was exercised. If the EEDC obtains such an order, the EEDC can go to the appraisal district and the taxing entities to try to eliminate the taxes due. This would take a legal process to get to the order and a legal process to get to the point where taxes are eliminated. A large portion of the amount of taxes due are from penalties and interest. Second, if the EEDC does not obtain such an order, the EEDC can make a request to each of the taxing entities to reduce or eliminate the penalties and interests. This would also be a process as the request would have to be made to each taxing entity and their governing bodies would have to authorize that. Both of these options would take months or even years to complete.

This impedes the EEDC to close on the property for Siddons Martin and Jett Media. Mr. Ochoa stated there are options the EEDC can explore to try to expedite the process however, the legal process is not fast. The main question to the board is how fast they want to address this issue.

Mr. Resendez, inquired whether the value of the property covers the costs. Mr. Kelsey stated the cost does not cover now but can cover if the two projects come to flourish.

Mr. Diaz questioned how staff did not know about the lien before selling the property and marketing the property. Mr. Kelsey added the lien was discovered on the title search of one of the properties. At the time, the property owner was listed as Green Cold on the Hidalgo County Appraisal District (HCAD). Blanca Davila, Director of Economic Development, added a property tax statement was received about a year ago, that indicated the property belonged to Green Cold. Economic Development staff contacted the Hidalgo County Clerk's office to clarify. Staff received a letter to prorate the taxes due for 2019 and 2020. Mr. Ochoa added there is a live order that grants the property back to the EEDC however; the listing on HCAD did not reflect the order.

Mark Hanna, Principal of Hanna Solutions, stated he is working with Siddons Martin on the project, which will be a 12,500 sq. ft. building. Mr. Hanna added the original tract of land owned by Green Cold was 8.22 acres, which are included in the tax lien. The Siddons Martin project requires 3.55 of those 8.22 acres. The property was subdivided and that is when the title company discovered the lien. Siddons Martin was supposed to close on the property December 15, 2021 and the building is supposed to be completed by July 15, 2022. There has already been $200,000 put into the project. The property is being purchased for $175,000. Mr. Hanna added Siddons Martin will bring economic drivers including job creation and sales tax revenues to the City of Edinburg. *(Note: Lot 11 – 2 acres and Lot 7 – 6.22 acres are being replated to Lot 11A – 3.5 acres, Lot 7A – 2.36 acres, and Lot 7B – 2.36 acres)*

Mrs. Gonzales asked whether the EEDC risks litigation from the potential property buyer if the project does not go through considering the investment already made. Mr. Ochoa stated potential liabilities can be discussed in executive session.

Mr. Diaz stated a search should be conducted for other properties the EEDC is in contract with to ensure a similar situation does not occur. Mr. Diaz also inquired how soon staff could request an abatement considering half of the amount owed is from penalties and interest. Mr. Ochoa stated it is hard to say how long it would take as the request would have to go to each of the taxing entities. The request would include adding the request to the governing bodies agendas, getting approval, executing the request, and then reaching out to the appraisal district once executed orders are received.

Mr. Hanna added Siddons Martin is ready to break ground. Upon closing on the property, Siddons Martin will begin construction. Mr. Hanna stated Siddons Martin is a regional business that will be located in Edinburg. Mr. Hanna hopes the economic impact drivers Siddons Martin will bring can offset the unprecedented liability. Mr. Rivera agreed and stated Siddons Martin is not at fault for delays.

Mr. Hanna stated the EEDC and Siddons Martin found out about the tax liability at the same time. As per Mr. Hanna, the property statements were being sent addressed to EEDC with Green Cold's address. *(Note: Tax statement and Delinquent tax statement were sent to EEDC PO Box address with Green Cold as certified owner with McAllen, TX business address).*

Mr. Rivera asked whether Green Cold is ready to begin construction. Mr. Hanna stated the City process needs to be finalized with planning and zoning. Siddons Martin is ready to close on the property and stated preliminary plans were received and they have already spoken to City Planners. A building permit cannot be obtained until they close on the land.

Mr. Diaz shared his opinion and stated Siddons Martin is not at fault and there needs to be a way to accommodate them as they did everything in good faith. Mr. Diaz added there was a fumble on our end and it should not affect their operations as he stated it is our fault.

MOTION TO TAKE ITEM B INTO EXECUTIVE SESSION WAS MADE BY VICE PRESIDENT ROLAND GOMEZ AND SECONDED BY DIRECTOR VERONICA GONZALES. MOTION CARRIED UNANIMOUSLY.

5. EXECUTIVE SESSION

The board entered executive session at 1:15 PM.

MOTION TO ENTER EXECUTIVE SESSION WAS MADE BY TREASURER AARON RIVERA AND SECONDED BY SECRETARY DAN DIAZ AT 1:15 PM. MOTION CARRIED UNANIMOUSLY.

During further review of the items in Executive Session, any of the items will be brought back into Open Session if necessary, for open discussion.

6. <u>OPEN SESSION</u>

The EEDC will convene in Open Session to take necessary action, if any, in accordance with Chapter 511, Open meetings, Subchapter E, Procedures Relating to Closed Meeting §551.102, Requirement to Vote or Take Final Action in Open Meeting.

The EDC board reconvened for open session at 1:46 PM.

MOTION TO OPEN SESSION WAS MADE AT 1:46 PM. MOTION CARRIED UNANIMOUSLY.

A. Discussion and possible action of property taxes at 6930 Democracy Dr - Lot 7, North Industrial Park Edinburg, Hidalgo, County, Texas related to Green Cold Formed Steel LLC.

Mr. Hanna was invited to take the podium. Mr. Govind reassured Mr. Hanna the EEDC board has no intention to delay or disrupt Siddons Martin's process.

Mr. Govind stated any action taken would need to go to City Council and the next City Council meeting is until February 1, 2022. The EEDC board is meeting within a week on January 25, 2022, so there would be no delay. This gives the board and staff a week before they come to an agreement.

Mr. Diaz stated the board and staff discussed a couple of options and have zero intention to disrupt the timeline. No action was taken on this item.

7. <u>ADJOURNMENT</u>

There being no further business to consider, the meeting adjourned at 1:47 PM.

MOTION TO ADJOURN MEETING WAS MADE BY SECRETARY DAN DIAZ AND SECONDED AT 1:47 PM. MOTION CARRIED UNANIMOUSLY.

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Minutes Transcribed by: Leticia Pantoja

MINUTES OF THE
EDINBURG ECONOMIC DEVELOPMENT
CORPORATION BOARD OF DIRECTORS

LOCATION:
City of Edinburg, City-Hall Council
Chambers 415 W. University Drive.
Edinburg, Texas

JANUARY 25, 2022
REGULAR MEETING
4:00 PM

PRESENT: **Hiren Govind, President**
Roland Gomez, Vice President
Daniel "Dan" Diaz, Secretary
Aaron "Ronny" Rivera, Treasurer
Sabrina Walker-Hernandez, Director
Veronica Gonzales, Director (Via Zoom)
Raul Resendez, Director

ABSENT: **None**

STAFF: **Ron Garza, City Manager**
Brian Kelsey, Assistant City Manager/EDD
Blanca Davila, EDD Director
Leticia Pantoja, EDD Management Analyst
Nidian Elizondo, EDD Coordinator
Carlos Garza, EDD Coordinator
Omar Ochoa, City Attorney
Dagoberto Soto, Finance Director

PUBLIC: **Ronnie Larralde, Edinburg Chamber of Commerce**
Jason De Leon, Council Member
Frances Kirkconnell, HSIR Academic Chair
Stephanie Caballero, HSIR Student
Anel Cantu, HSIR Student
Carlos Varela, Varco Investments/Origo Works
Javier Huerta, Origo Works
Mark Hanna, Hanna Solutions
Alex Meade, Texas Regional Bank
Ana Perez-Gabriel, Resident

ZOOM: **Manuel Villarreal, TP UT RGV**
Humberto Alanis, TP UT RGV
Ayram Solis, TP UT RGV
Alex Monroy, TP UT RGV

1. **CALL TO ORDER, ESTABLISH QUORUM**

President, Hiren Govind, called the meeting to order at 4:05 PM.

EDD Director, Blanca Davila, proceeded to roll call and established quorum.

2. **CERTIFICATION OF PUBLIC NOTICE**

EDD Director, Blanca Davila, confirmed the public notice was posted in accordance with the Texas Open Meetings Act, on January 21, 2022 at 4:23 PM.

3. **PUBLIC COMMENTS**

A specific portion of the meeting shall be dedicated to allow Public Comments which will be limited to three (3) minutes. Because of the State of Emergency due to the COVID-19 Pandemic, public comments may be provided in-person abiding to the occupancy limits or by telephone. In person requests shall be requested by completing the Public Comment Form available at the City Council Chambers. Telephone requests shall be completed by (a) sending an email to publiccomment@Cityofedinburg.com or (b) calling (956) 388-8204.

All requests must be received beginning at 9am and end immediately before the start of the meeting. Your request should include your name, address, and telephone number. We ask for everyone's cooperation in following this procedure.

Frances Kirkconnel, Health Sciences Institute at Renaissance (HSIR) Academic Chair, thanked the Edinburg EDC (EEDC) board for their partnership in sponsoring four Edinburg residents for the Medical Assistant Program. The board took a group photo with Ms. Kirkconnel and two HSIR students in attendance to recognize their certification.

4. DIRECTOR'S REPORT

A. Economic Development Report

EDD Director, Blanca Davila, provided an update on Edinburg's unemployment. Edinburg is tied with McAllen with the lowest unemployment rate in the RGV at a rate of 4.9 % for December 2021. Texas seasonally adjusted unemployment rate decreased by -0.2% to 5.0%

The EEDC received over $700,000 in sales tax revenues for January 2022, which reflect sales tax for November 2021. A Sales Tax State Collection RGV Comparison Report was provided for January 2022, which depicts how Edinburg compares to other cities across the valley as requested per Director Veronica Gonzales.

The EEDC has two active projects including Siddons-Martin Emergency Group and Jett Media that are pending to close. These two projects will be further discussed in the regular agenda item.

Economic Development staff are currently working with 19 prospects for expansions, relocations or new businesses. The list of prospects is ongoing and staff are continuously communicating with the companies.

Staff has continued to meet with targeted industry employers in Edinburg to identify areas of opportunities or challenges and strengthen relationships. A survey is sent to businesses following every meeting. Staff have scheduled Business Retention and Expansion (BRE) meetings with Edinburg's employers scheduled throughout the first half of 2022. Businesses include DHR Health, South Texas Health System, El Dorado Pallets, Little Bear Produce, Edinburg Airport, U.S. Customs and Border Protection RGV Sector, Don Hugo Produce, and Melhart.

Regarding retail development, follow-ups took place at ICSC Las Vegas. EEDC Board members, Economic Development staff, and City leadership met with several prospects in attendance at the ICSC Conference.

Staff update the website on a weekly basis to ensure the website is up to date with latest data points, articles, and resources. The month of December 2021 Google Analytics Report indicated 895 users visited the website and the average session duration is 1:16. The goal is to reach a duration of 2:00 minutes. The top five most visited webpages are the Homepage, Resources, About Us - Staff, Featured Properties, and Incentives. Additionally, 38.47% of traffic users are acquired through social media and 26.1% via organic search.

Staff is working with the City’s Multimedia Specialist to ensure social media posts include EEDC website links to drive traffic. Director, Sabrina Walker Hernandez, inquired whether there is staff working on the SEO for the website. Ms. Davila mentioned an update can be provided to the board in the next meeting.

Staff is working with the City’s Graphic Designer to develop ads and graphics to market the EEDC on various platforms including Site Selection Magazine, RGV Partnership Economic Snapshot, Edinburg Chamber of Commerce, Rio Grande Guardian, and Texas Border Business.

Staff launched newsletter Stay in the Know with Edinburg Economic Development in December 2021. The newsletter is released on a quarterly and as needed basis. A newsletter was released to announce the SPARC Home-Based Business and Façade Improvement Programs.

The EEDC, in collaboration with HSIR and Workforce Solutions, offered a training opportunity through the Medical Assistant Certificate Program. Four (4) Edinburg residents were sponsored by the EEDC. The EEDC funded two full tuition students with $4,955 each and two partial tuitions with Workforce Solutions for $450 each. Seven students completed the program on December 23, 2021 and graduated with a Medical Assistant Certificate. Four out of the seven graduated with assistance by the EEDC.

Staff has submitted a Request for Information (RFI) for project Sterile Label where Edinburg, TX met requirements to the Economic Development & Tourism department of the Office of the Governor Greg Abbott. The City of Edinburg was shortlisted for project Avocado Toaster that was submitted in July 2021 and additional information was provided.

Assistant City Manager, Brian Kelsey, stated staff is working on the year-end numbers in terms of new taxable value for commercial and residential, total number of new homes permitted, and number of new businesses opened. In the calendar year 2021, the City of Edinburg had more than $100M in commercial permitted, $135M in residential permitted, nearly 1,400 new housing permits, and upward of 50 new businesses opened.

City Manager, Ron Garza, provided a status update on the bond projects. The Cultural Activities Board (CAB) approved the final footprint of the Arts, Culture, and Events Center (ACE). One classroom was decreased in size to create a computer lab that can serve as a smaller business center and/or executive conference room. There was additional capacity added to the restrooms by adding more stalls. As well, Cultural Arts and Communications City staff space was reconfigured. A reception area was added by the entrance for staff.

The City Council selected ERO Architects for the parking garage. City Council will be considering the final version of the contract on February 15, 2022. The EEDC will have input sessions for the design as the project moves forward. The design phase will be four months.

El Tule Project is on schedule and is in the construction phase. The full foundation has been poured and the project will have a ribbon cutting in September 2022.

The Vanguard Beethoven Park's final schedule will be completed by the end of February 2022. The potential ribbon cutting is tentatively slated for February 22, 2022.

The Capable Kids Cove project is in the final portion of the design phase. This is part of the full reconstruction of the municipal pool. The phase one is the bathhouse and the second phase is the inclusive waterpark. The groundbreaking is tentatively slated for March 2022.

B. SPARC 4.0 Report

Ms. Davila provided a brief recap of SPARC Business Grant Programs for 2020 and 2021. There was a total of $2,050,000 distributed into the business community. In the Assistance to Families – Gift Cards Program for 2020 and 2021, there was a total of $1,873,409.37 distributed with the $100 gift cards for eligible Edinburg residents.

The Home Based and Façade Programs were launched in January 2022. There were a total of 119 applications to date, 40 approvals to date, and 79 applications pending review. A waitlist was created as the amount of applications for the program was exceeded. There are 99 applications on the waitlist. The starting budget was $176,200 and the remaining budget is $96,200.

In the Façade Improvement Program, applicants can receive up to $10,000 for the improvement of the exterior of the business including paint, signage, window repairs, door repairs, and exterior lighting. A total of 102 applications have been received to date, 100 applications have been reviewed, and 10 applicants have been pre-approved. The starting budget was $850,000 and the remaining budget is $850,000. Applicants receive a pre-approval from Economic Development staff and a final approval from the City's Planning & Zoning department upon obtaining permits needed.

Mr. Rivera inquired whether there is a specific area of concentration for the program. Ms. Davila stated the specific focus is the downtown area, which includes from I-69 all the way to the courthouse. There are 10 downtown businesses that have applied to date. The program is open to all businesses inside the City limits.

Mr. Diaz asked about the process for businesses to apply as a couple of businesses reached out to him and mentioned they were asked to submit a design plan for the project. Ms. Davila stated the development services team assess each application and requests items needed depending on the project. All permit fees are waived for applicants of this program.

Mr. Diaz inquired what is being done to ensure uniformity and businesses apply. Economic Development staff is block walking around downtown University and passing out flyers to encourage businesses to apply. Mr. Rivera inquired whether there are color specifications businesses need to abide to. There are color specifications included in the Unified Development Code (UDC) for the Downtown District. The development services team will review the specifications with the applicant. Economic Development staff will have more details once meetings with development services begin.

Mr. Diaz suggested having an architect to assist businesses in the project process and ensure uniformity. Mr. Garza added there are state law restrictions that prohibit municipalities from enforcing esthetic standards. As long as the project meets the UDC, applicant is allowed to make the improvement.

Ms. Gonzales stated businesses might not feel comfortable having spent money upfront to not be approved. Ms. Davila clarified and indicated Economic Development staff review the applications and if the business meets the eligibility project expenses, they receive a pre-approval letter. The applicant then reviews their project plan and design with the development services team. Once applicant obtains permits needed, they will receive approval from the development services team, which allows the business to begin their improvements. The project must be completed by October 1, 2022 and the applicant must submit receipts, invoices, and supporting documentation of expenses. Economic Development staff will review the documentation submitted and process the reimbursement. If applicants foresee project delays, they can contact Economic Development staff.

5. REGULAR AGENDA ITEMS

A. Consider excusing absence of Secretary Dan Diaz for November 30, 2021 meeting

MOTION TO EXCUSE ABSENCE OF SECRETARY DAN DIAZ FOR NOVEMBER 30, 2021 MEETING WAS MADE BY TREASURER AARON RIVERA AND SECONDED BY VICE PRESIDENT ROLAND GOMEZ. MOTION CARRIED WITH ONE ABSTENTION FROM SECRETARY DAN DIAZ.

B. Consider approval of minutes for board meeting November 30, 2021.

MOTION TO APPROVE MINUTES FOR BOARD MEETING NOVEMBER 30, 2021 WAS MADE BY DIRECTOR SABRINA WALKER HERNANDEZ AND SECONDED BY TREASURER AARON RIVERA. MOTION CARRIED UNANIMOUSLY.

C. Consider approval of sponsorship for Edinburg Chamber of Commerce's 53rd Annual Fiesta Edinburg event for the amount of $15,000.

Ronnie Larralde, Executive Director of Edinburg Chamber of Commerce, stated Fiesta Edinburg will take place at H-E-B Park on February 24-27, 2022. The Edinburg Chamber of Commerce is requesting the EEDC participate as a Pachanga Partner by sponsoring $15,000. A video of the previous Fiesta Edinburg hosted was presented.

Mr. Govind added Fiesta Edinburg is a tradition event in Edinburg and would like the EEDC to continue to support it. Mr. Diaz agreed with President Govind.

Ms. Gonzales inquired on the average number of attendance for these events. Mr. Larralde stated there are close to 10,000 people in attendance on average for the four day event.

Ms. Davila questioned how Fiesta Edinburg compares to the Texas Cook'Em event. Mr. Larralde explained Texas Cook'Em is a one day event and attendance for the 2021 event was nearly 8,000 people.

Mr. Diaz asked what the deciding factor was for choosing to host the event at H-E-B Park. Mr. Larralde added the biggest concern to bringing the event to Ebony Hills was the carnival. Because of the carnival size, it needs to be on solid asphalt ground.

For record, Director Veronica Gonzales, abstained from voting on this item as she serves in the Edinburg Chamber of Commerce Board.

MOTION TO APPROVE SPONSORSHIP FOR EDINBURG CHAMBER OF COMMERCE'S 53RD ANNUAL FIESTA EDINBURG EVENT FOR THE AMOUNT OF $15,000 WAS MADE BY SECRETARY DAN DIAZ AND SECONDED BY DIRECTOR SABRINA WALKER HERNANDEZ. MOTION CARRIED WITH ONE ABSTENTION FROM DIRECTOR VERONICA GONZALES.

D. Consider approval of term waiver for incentive payments to TP UT RGV, LLC, due to experienced hardship resulting from the COVID-19 pandemic and declared state of disaster.

TP UT RGV, LLC is requesting a term waiver for the third incentive payment due to experienced hardship resulting from the COVID-19 pandemic and declared state of disaster. The board approved a waiver for the second incentive payment in February 2021. For this year, Taco Palenque had 31 employees and did not meet the requirement of 50 full-time employees. Taco Palenque did demonstrate effort in trying to hire employees by attending job-hiring events and posting job opportunities on social media.

Mr. Resendez asked what the starting wage is for Taco Palenque employees. Mr. Humberto Alanis, Taco Palenque Payroll Director, stated the starting wage in Taco Palenque Edinburg is between $9.00 - $9.50 depending on the applicant's experience. Mr. Resendez suggested offering higher wages to ensure a livable wage for employees.

Mr. Rivera inquired whether it has been difficult to get applicants to apply to Taco Palenque. Melo Villarreal, Taco Palenque representative, added they were at the Employ RGV Job Fair and conducted marketing efforts in attempt to hire. Mr. Villarreal added it has been difficult to hire employees in other Taco Palenque's including in New Braunfels and San Antonio. Mr. Diaz added many restaurant owners have to work with their employees as there is a labor shortage.

Mr. Resendez reiterated wages matter and mentioned employers could recruit employees if starting wages are $12.00 - $15.00. Mr. Villarreal agreed wages matter and mentioned being flexible is also important as some employees prefer to work delivering foods rather than working in the kitchen. Mr. Govind agreed and mentioned employees avoid working in high traffic areas due to the risk of COVID-19.

Mr. Alanis stated another reason Taco Palenque has not met their deliverable of 50 full-time employees is because they are not operating their third shift. Since COVID-19 began, Taco Palenque has not operated the third shift. Because there is no traffic on University Dr in Edinburg after 9:00 PM, there is no demand or justification for Taco Palenque to operate the night shift.

Mr. Alanis proceeded to present the waiver request letter, weekly sales from September 2020 to September 2021, proof of efforts to hire, and federal funding grants received. As per the weekly sales report comparing 2020 and 2021, there was a 5.11% decrease. The average Taco Palenque employee count from September 2020 to September 2021 was 37. Mr. Alanis added other Taco Palenque's in the RGV are not operating the night shift including Weslaco, San Juan, and Harlingen.

Regarding efforts to hire, Taco Palenque has participated in various job fairs, is in continuous communication with Workforce Solutions, and has a sponsored social media campaign with ads to promote they are hiring.

In this year, Taco Palenque did not receive the second round of the U.S. SBA's Paycheck Protection Program (PPP) nor Restaurant Revitalization funding, as they did not meet the requirements. Ms. Gonzales inquired whether Taco Palenque did not participate in the PPP funding because it was not available or by choice. Ms. Davila stated Taco Palenque received the first round of PPP funding. Mr. Villarreal confirmed that is correct and clarified they were not eligible for the second round of PPP.

Mr. Diaz stated Taco Palenque tried to recruit employees in good faith and suggested the board follow the staff recommendation for approval. Mr. Govind agreed.

Mr. Resendez referenced the salaries on the Taco Palenque website and suggested considering reviewing the pay structure to recruit employees. Mr. Rivera also suggested increasing wages. Mr. Diaz stated the incentive agreement was not based on hourly wages and mentioned the pandemic has impacted the entire economy, which he believes is the reason Taco Palenque did not meet their deliverable.

MOTION TO APPROVE TERM WAIVER FOR INCENTIVE PAYMENTS TO TP UT RGV, LLC DUE TO EXPERIENCED HARDSHIP RESULTING FROM THE COVID-19 PANDEMIC AND DECLARED STATE OF DISASTER WAS MADE BY SECRETARY DAN DIAZ AND SECONDED BY TREASURER AARON RIVERA. MOTION CARRIED UNANIMOUSLY.

E. Presentation and update on Trenton Plaza.

Carlos Varela, Managing member for Varco Investments and property owner, along with Javier Huerta, representing Origo Works, provided a presentation and update on 506 and 508 Trenton Rd. The proposed project is to construct an 11,000 sq ft retail site. The properties were purchased in March 2021. In June 2021, they discovered they did not have a plat for the site. In August 2021, they began working with Engineers for the plat and proceeded to work on obtaining permits. They were notified by the City there was a restriction on the site. Mr. Varela stated they were unfamiliar with the restriction and mentioned when the EEDC made the deal with the original property owner; it was subsequently transferred into a trust. The property was purchased from the trust with cash. Mr. Varela stated there was negligence on behalf of the title company regarding the transfer.

Mr. Varela stated the second phase would add value to Trenton Rd. The building can be constructed in one year, marketed, and quickly be leased.

Mr. Ochoa interjected and stated there are additional updates regarding the litigation with Dan Damon, the previous property owner, which staff will provide in executive session. Mr. Ochoa advised the board to refrain from getting into any subject matter relating to the lawsuit.

Mr. Resendez inquired whether there are tenants ready for the retail site. Mr. Varela stated they have received several Letters of Intents (LOI’s). However, they were not ready to sign leases yet as they would like to break ground first to then execute the LOI’s and leases. Mr. Resendez questioned the type of footprint expected for the retail site. Mr. Varela estimated 35-40% will be food beverage, coffee shops, and bigger restaurants. Mr. Huerta added there are currently four restaurants interested. The investment on the plaza is $2.5M at a minimum. Mr. Varela and Mr. Huerta are seeking the green light from the EEDC board to move forward and begin constructing the plaza.

Vice President, Roland Gomez, inquired on how long it will take to construct the plaza from start to finish. Mr. Huerta stated it is a 10-month project and added that every week a contract is not signed, materials need to be repriced.

For record and to summarize the item, Mr. Ochoa stated the EEDC had previously conveyed the property to Dan Damon under Edinburg Plaza LLC. There was a condition in the deed that required Mr. Damon to construct a plaza within five years of the conveyance. If plaza was not constructed, the property would revert to the EEDC. The EEDC was not aware of the conveyance between Mr. Damon and Mr. Varela. When the EEDC became aware, the EEDC filed lawsuit against Mr. Damon.

MOTION TO MOVE ITEM E INTO EXECUTIVE SESSION WAS MADE BY DIRECTOR SABRINA WALKER HERNANDEZ AND SECONDED BY SECRETARY DAN DIAZ. MOTION CARRIED UNANIMOUSLY.

F. Discussion and possible action of property taxes at 6930 Democracy Dr - Lot 7, North Industrial Park Edinburg, Hidalgo, County, Texas related to Green Cold Formed Steel LLC.

Mr. Kelsey stated this item was brought back from the January 18, 2022 EEDC board meeting. There are two pending real estate transactions for lot 7 of the North Industrial Park. One is for Siddons Martin and one is for Jett Media, LLC. These are two contracts the EEDC has approved and entered into. In the process of trying to close these transactions, a lien was discovered on lot 7 for delinquent property taxes. Staff is seeking approval to pay the delinquent property taxes subject to the two project deals going through.

Mark Hanna, Hanna Solutions stated one of the things that was offered by staff in the January 18, 2022 board meeting was a potential land lease. Initially, Siddons Martin was opened to the option. However, because the financial institution giving the construction loan is requiring to have a superior lien, that is no longer feasible. The only option is to purchase and close on the property.

Siddons Martin would like to start the building process and every day they do not start, construction prices increased. Mr. Hanna stated there has been $150,000 deposited for the steel, before the steel price increased 14%. The deadline for the building to be constructed is July 15, 2022. Siddons Martin is hoping to close on the property. Mr. Hanna stated the contractor has started the preliminary process with City Planners. Mr. Rivera inquired whether footprints are completed. Mr. Hanna confirmed that is correct.

For the record, Mr. Govind added the property situation with Green Cold occurred almost a decade ago and stated no one present is accountable for it. The City Attorney has been working with the County to address the problem and find a solution.

Mr. Kelsey explained the justification behind staff's recommendation of approval. The closing on the Siddons-Martin and JettMedia transactions will result in net proceeds to the EEDC of approximately $287,000, which more than offsets the taxes owed of approximately $200,000. The EEDC would still keep a portion of the land for a future project.

Staff has been unsuccessful in appeals of trying to lower the tax bill. Staff was unaware something like this would pop up in the process of closing. Staff is recommending approval as they would like to have the two projects in Edinburg and clear the delinquent property taxes owed. As well, staff will ask Mr. Hanna to sign a development agreement on behalf of the development to ensure a successful outcome of the project, should the EEDC move forward with closing on the transaction.

Mr. Rivera stated the EEDC would be fighting an uphill battle in trying to reduce tax penalties and indicated the EEDC should take care of the taxes. Mr. Govind agreed with Mr. Rivera.

Mr. Resendez inquired whether there is still a way to try to litigate. Mr. Ochoa stated the owner of Green Cold still exists and potentially filing a lawsuit is an option.

Staff has researched deed history for EEDC owned properties and will work with a title company to conduct a title search for each property.

MOTION TO APPROVE PAYING PROPERTY TAXES AT 6930 DEMOCRACY DR – LOT 7, NORTH INDUSTRIAL PARK, RELATED TO GREEN COLD FORMED STEEL LLC SUBJECT TO THE TERMS OF THE FINAL DEVELOPMENT AGREEMENT WAS MADE BY TREASURER AARON RIVERA AND SECONDED BY SECRETARY DAN DIAZ. MOTION CARRIED UNANIMOUSLY.

G. Presentation and discussion of the Project Expenditure Guide.

City Attorney, Omar Ochoa, created a two-page summary on eligible project expenditures for a type A EDC's. Staff will incorporate the project expenditure guide in the incentive review process and analysis for incentives. No action was required on this item.

6. EXECUTIVE SESSION

The board entered executive session at 6:11 PM.

MOTION TO ENTER EXECUTIVE SESSION WAS MADE BY TREASURER AARON RIVERA AND SECONDED BY VICE PRESIDENT ROLAND GOMEZ AT 6:11 PM. MOTION CARRIED UNANIMOUSLY.

During further review of the items in Executive Session, any of the items will be brought back into Open Session if necessary, for open discussion.

7. **<u>OPEN SESSION</u>**

The EEDC will convene in Open Session to take necessary action, if any, in accordance with Chapter 511, Open meetings, Subchapter E, Procedures Relating to Closed Meeting §551.102, Requirement to Vote or Take Final Action in Open Meeting.

The EDC board reconvened for open session at 7:27 PM.

MOTION TO OPEN SESSION WAS MADE BY PRESIDENT HIREN GOVIND AT 7:27 PM. MOTION CARRIED UNANIMOUSLY.

A. Presentation and update on Trenton Plaza.

No action was taken in executive session.

8. **<u>ADJOURNMENT</u>**

There being no further business to consider, the meeting adjourned at 7:27 PM.

MOTION TO ADJOURN MEETING WAS MADE BY SECRETARY DAN DIAZ AND SECONDED BY VICE PRESIDENT ROLAND GOMEZ AT 7:27 PM. MOTION CARRIED UNANIMOUSLY.

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Minutes Transcribed by: Leticia Pantoja

Edinburg Economic Development Corporation
Meeting Date:February 22, 2022

Election of Officer: Secretary

1. **Agenda Item:**
   Election of Officer: Secretary
2. **Description/Scope:**

3. **Estimated Timeline:**

4. **Budget:**
   N/A
5. **Procurement/Selection Process:**
   N/A
6. **Staff's Recommendation:**
   N/A
7. **Justification:**
   N/A

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Blanca Davila
Director of Economic Development

ATTACHMENTS

Approved:	________
Not Approved:	________
Tabled:	________
No Action:	

Edinburg Economic Development Corporation
Meeting Date:February 22, 2022

Consider approval of financial report for first quarter October 2021 through December 2021.

1. **Agenda Item:**
   Consider approval of financial report for first quarter October 2021 through December 2021.
2. **Description/Scope:**
   Blanca Davila, Director of Economic Development and Dagoberto Soto, Director of Finance will provide a quarterly financial report for October 2021 through December 2021.
3. **Estimated Timeline:**
   Quarterly.
4. **Budget:**
   N/A
5. **Procurement/Selection Process:**
   N/A
6. **Staff's Recommendation:**
   Staff recommends approval.
7. **Justification:**
   N/A

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Blanca Davila
Director of Economic Development

ATTACHMENTS
Attachment A: 1st Quarter FY 2022 Financials

Approved:	_________
Not Approved:	_________
Tabled:	_________
No Action:	

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
BALANCE SHEET (Unaudited)
December 31,2021

Assets		
Cash and Cash Equivalents	$	803,743
Investments		5,900,163
Taxes Receivable, Net		2,142,018
Receivables, Net		1,602,143
Notes Receivable, Net		12,083,422
Restricted Assets		
Cash and Cash Equivalents		1,396,621
Investments		33,590,739
TOTAL ASSETS		**57,518,849**
Liabilities		
Current Liabilities		
Accounts Payable		6,783
Total Liabilities		6,783
Fund Balance		
Restricted For:		
Capital Projects		16,495,521
Debt Service		18,491,839
Other: Note Receivables		12,083,422
Other: Property Acquisitions		2,300,000
Other: Contingency Reserve		1,900,000
Unrestricted		6,241,283
Total Fund Balance		57,512,066
TOTAL LIABILITIES AND FUND BALANCE	**$**	**57,518,849**

EDINBURG ECONOMIC DEVELOPMENT CORPORATION

MONTHLY BUDGET ACTIVITY REPORT (Unaudited)

As of December 2021

	Total Budget	October	November	December	YTD	Percent Used	Remaining Budget
Revenues							
GEN SALES & USE TAX (.5%)	7,730,000	620,368	705,608	816,042	2,142,018	27.71%	5,587,982
INTEREST EARNED	10,000	417	401	473	1,292	12.92%	8,708
RENTAL INCOME	91,032	6,186	8,286	8,486	22,958	25.22%	68,074
Total Revenues	**7,831,032**	**626,971**	**714,295**	**825,001**	**2,166,268**	**27.66%**	**5,664,764**
Other Financing Resources							
SALE OF CITY PROPERTY	-	-	156,403	-	156,403	0.00%	(156,403)
TRANSFERS IN (Use of Bond Proceeds for Projects)	-	-	253,706	306,746	560,452	0.00%	(560,452)
Total Other Financing Resources	-	-	410,108	306,746	716,854	0.00%	(716,854)
Total Revenues and Other Financing Resources	**7,831,032**	**626,971**	**1,124,403**	**1,131,747**	**2,883,122**	**36.82%**	**4,947,910**
Expenses							
Administrative Services							
ADMINISTRATION FEE	1,000,000	-	-	-	-	0.00%	1,000,000
AUDIT / ACCOUNTING	22,000	-	-	-	-	0.00%	22,000
BOND FEES	55,000	-	(5,347)	-	(5,347)	-9.72%	60,347
PROFESSIONAL SERVICES	10,000	-	-	300	300	3.00%	9,700
Total Administrative Services	**1,087,000**	**-**	**(5,347)**	**300**	**(5,047)**	**-0.46%**	**1,092,047**
Programs							
CONFERENCES	50,000	-	2,385	795	3,180	6.36%	46,820
JOB TRAINING PROGRAMS	200,000	-	3,607	-	3,607	1.80%	196,393
MARKETING AND ADVERTISING SERVICES	200,000	10,740	12,757	1,520	25,016	12.51%	174,984
RESEARCH, STUDIES, OTHER CONTRACTS	100,000	-	-	4,340	4,340	4.34%	95,660
SPONSORSHIPS	50,000	2,750	21,000	-	23,750	47.50%	26,250
TRAVEL,TRAINING,MEETINGS	50,000	-	316	1,822	2,138	4.28%	47,862
Total Programs	**650,000**	**13,490**	**40,064**	**8,477**	**62,031**	**9.54%**	**587,969**
Properties							
GENERAL INSURANCE	70,000	-	8,984	-	8,984	12.83%	61,016
LAND - PURCHASE OF PROPERTY	4,336,548	-	2,250	5,650	7,900	0.18%	4,328,648
PROPERTY MAINTENANCE	200,000	473	320	628	1,421	0.71%	198,579
PROPERTY TAXES	100,000	-	-	27,820	27,820	27.82%	72,180
UTILITIES	20,000	-	337	357	694	3.47%	19,306
Total Properties	**4,726,548**	**473**	**11,891**	**34,454**	**46,818**	**0.99%**	**4,679,730**
380 Agreements							
ECONOMIC DEVELOPMENT INCENTIVES	500,000	-	-	-	-	0.00%	500,000
VANTAGE VENTURES/DPS	92,000	-	-	-	-	0.00%	92,000
AURIEL INVESTMENTS/PLAZA	50,000	-	-	-	-	0.00%	50,000
TACO PALENQUE/PALENQUE GRILL	50,000	-	-	-	-	0.00%	50,000
FIRST HARTFORD REALTY-RESTAURANT PLAZA	100,000	-	-	-	-	0.00%	100,000
SHEA NATE LLC	150,000	-	-	-	-	0.00%	150,000
Total 380 Agreements	**942,000**	**-**	**-**	**-**	**-**	**0.00%**	**942,000**

EDINBURG ECONOMIC DEVELOPMENT CORPORATION

MONTHLY BUDGET ACTIVITY REPORT (Unaudited)

As of December 2021

	Total Budget	October	November	December	YTD	Percent Used	Remaining Budget
Revenue Bond Projects							
EL TULE RECREATION CENTER	-	-	253,706	163,626	417,332	0.00%	(417,332)
CAPABLE KIDS BEETHOVEN	-	-	-	143,120	143,120	0.00%	(143,120)
Total Revenue Bond Projects	**-**	**-**	**253,706**	**306,746**	**560,452**	**0.00%**	**(560,452)**
Total Programs, Properties, 380 Agreements & Bond Projects	**5,376,548**	**13,963**	**305,660**	**349,677**	**669,301**	**12.45%**	**4,707,247**
Debt Service							
ARENA BOND SHORTAGE	1,000,000	-	-	-	-	0.00%	1,000,000
BOND INTEREST EXPENSE	1,088,095	-	-	-	-	0.00%	1,088,095
BOND PRINCIPAL PAYMENT	1,585,000	-	-	-	-	0.00%	1,585,000
Total Debt Service	**3,673,095**	**-**	**-**	**-**	**-**	**0.00%**	**3,673,095**
Total Expenses	**10,136,643**	**13,963**	**300,313**	**349,977**	**664,254**	**6.55%**	**9,472,389**

EDINBURG ECONOMIC DEVELOPMENT CORPORATION

SUPPLEMENTARY INFORMATION (Unaudited)

Cash Balances as of December 31, 2021

	Beginning Balance	October Activity	November Activity	December Activity	1st Qtr Activity	Ending Balance
Cash - Unrestricted						
Operating - Non Interest Bearing	$ 1,459,968	$ (619,416)	$ (33,174)	$ (3,634)	$ (656,225)	$ 803,743
Operating - Interest Bearing	2,382,743	(797,469)	145,749	(30,860)	(682,581)	1,700,163
Total Unrestricted Cash	**3,842,711**	**(1,416,886)**	**112,574**	**(34,494)**	**(1,338,805)**	**2,503,906**
Cash - Restricted						
Non Interest Bearing:						
Debt Service Funds	2,261,431	-	-	-	-	2,261,431
Total Non Interest Bearing Cash	2,261,431	-	-	-	-	2,261,431
Interest Bearing:						
Series 2019 Bonds - Project Fund	8,040,422	71	(253,636)	(306,648)	(560,213)	7,480,209
Series 2021 Bonds - Project Fund	9,015,054	77	75	106	258	9,015,312
Series 2021 Refunding Bonds - Santana	14,822,863	-	-	-	-	14,822,863
Debt Service Reserves Fund	1,407,502	13	13	17	43	1,407,545
Reserved for Property Acquisitions	2,300,000	-	-	-	-	2,300,000
Reserved for Contingencies	1,900,000	-	-	-	-	1,900,000
Total Interest Bearing Cash	37,485,840	160	(253,548)	(306,524)	(559,912)	36,925,929
Total Restricted Cash	**39,747,272**	**160**	**(253,548)**	**(306,524)**	**(559,912)**	**39,187,360**
Total Unrestricted and Restricted Cash	**$ 43,589,983**	**$ (1,416,725)**	**$ (140,973)**	**$ (341,018)**	**$ (1,898,717)**	**$ 41,691,266**

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
SALES TAX REVENUES (0.5%) - CASH BASIS

MONTH	FY 18/19	FY 19/20	FY 20/21	FY 21/22	Difference FY 21/22 - 20/21	
OCT.	455,243	517,757	530,880	704,765	173,886	33%
NOV.	538,711	553,671	647,655	663,366	15,711	2%
DEC.	501,759	539,764	548,456	620,368	71,913	13%
JAN.	443,392	517,839	566,005	705,608	139,603	25%
FEB.	620,687	673,924	754,719	816,042	61,323	8%
MAR.	443,892	475,560	553,863			
APR.	528,458	453,935	501,873			
MAY	589,833	574,164	727,183			
JUN.	533,819	497,295	641,177			
JUL.	512,049	550,235	633,072			
AUG.	560,920	591,024	717,109			
SEP.	549,402	538,033	611,295			
TOTAL	6,278,165	6,483,200	7,433,285	3,510,149	462,435	15%

AVERAGE PER MONTH:

	FY 18/19	FY 19/20	FY 20/21	FY 21/22
YTD Comparison	$ 511,959	$ 560,591	$ 609,543	$ 702,030

YTD COMPARISON:

	FY 18/19	FY 19/20	FY 20/21	FY 21/22
	$ 2,559,793	$ 2,802,954	$ 3,047,714	$ 3,510,149

YTD COMPARISON: INCREASE/(DECREASE) $$:

	FY 18/19	FY 19/20	FY 20/21	FY 21/22
	300,405	243,161	244,760	462,435

YTD COMPARISON: INCREASE/(DECREASE) % :

	FY 18/19	FY 19/20	FY 20/21	FY 21/22
	13%	9%	9%	15%

Edinburg Economic Development Corporation
Meeting Date:February 22, 2022

Consider accepting the Edinburg Economic Development
Corporation 2021 Audit.

1. **Agenda Item:**
   Consider accepting the Edinburg Economic Development Corporation 2021 Audit.
2. **Description/Scope:**
   Luis C Orozco, CPA firm conducting the audit will review the Annual Financial Report for the year ended September 30, 2021 with the board and will make himself available for questions.

   In the Auditor's opinion, the financial statements referred in the report present fairly. No findings were reported in the EEDC 2021 Audit Report. Auditor included a note on the Aggregate Receivables of the Financial Statements regarding pending receivable from Santana Textile, LLC in net amount of $12,083,422.

3. **Estimated Timeline:**
   Audit is completed once a year.

4. **Budget:**
   The audit was budgeted for in the FY2022 budget for $13,075.

5. **Procurement/Selection Process:**
   Engagement Letter.

6. **Staff's Recommendation:**
   N/A

7. **Justification:**
   N/A

____
Blanca Davila
Director of Economic Development

ATTACHMENTS
Attachment A: EEDC FY21 Auditor Letter
Attachment B: EEDC FY21 Audit

Approved:	________
Not Approved:	________
Tabled:	________
No Action:	

LUIS C OROZCO

CERTIFIED PUBLIC ACCOUNTANT

808 Del Oro Lane
Pharr, TX 78577
lcocpa@lcocpa.com

February 22, 2022

To the President and Board of Directors of the
Edinburg Economic Development Corporation
Edinburg, Texas

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Edinburg Economic Development Corporation (EDC) for the year ended September 30, 2021 . Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 10, 2021. Professional standards also require that we communicate to you the following information related to our audit.

<u>Significant Audit Findings</u>

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Edinburg EDC are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during year. We noted no transactions entered into by the Edinburg EDC during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the EDC's financial statements were:

> Management's estimate of the Depreciation Expense is based on the life of the asset, GASB adjustments to reflect Pension Liability and expense, and allowance for uncollectible notes receivable. We evaluated the key factors and assumptions used to develop the depreciation expense, pension liability and expense, and allowance for uncollectible in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

> The disclosures of Defined Benefit Pension Plans and OPEB in the Notes to the financial statements.
>
> The disclosure of Note Receivable and allowance for uncollectible on the balance is particularly sensitive due to the history of the note and the probability of collection.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. A separate document will be issued reflecting our recommendations to items noted.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 22, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to EDC's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the EDC's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

<u>Other Matters</u>

We applied certain limited procedures to Budgetary Comparison Schedule, Schedule of Employer Contributions TMRS, Schedule of Changes in Net Pension Liability and Related Ratios TMRS, and Notes to the RSI, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining statements which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

<u>Restriction on Use</u>

This information is intended solely for the information and use of the President, Board and management of the Edinburg EDC and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Luis C Orozco
Certified Public Accountant
808 Del Oro Lane
Pharr, TX 78577

Edinburg Economic Development Corporation

Annual Financial Report

For the year ending September 30, 2021

EDINBURG ECONOMIC DEVELOPMENT CORPORATION

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED

SEPTEMBER 30, 2021

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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LUIS C OROZCO

CERTIFIED PUBLIC ACCOUNTANT

808 Del Oro Lane
Pharr, TX 78577
lcocpa@lcocpa.com

Independent Auditor's Report

President and Board of Directors of the
Edinburg Economic Development Corporation
Edinburg, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Edinburg Economic Development Corporation (EDC) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the EDC's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

(956) 782-5481 Member of AICPA & TSCPA (956) 782-5484

LUIS C OROZCO
CERTIFIED PUBLIC ACCOUNTANT
808 Del Oro Lane
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Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information for the Edinburg Economic Development Corporation as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As discussed in Note III - Aggregate Receivables of the Financial Statements, EDC has a pending receivable from Santana Textile, LLC in net amount of $12,083,422. Santana Textile has ceased operations and is in default of loan payments and interest and is currently under an agreement to cover delinquent property taxes with Hidalgo County. EDC is secondary lien holder on Loan until a compliance date of April 24, 2022. Management of EDC feels that a satisfactory agreement will be placed on that date to satisfy the pending receivable either by contracting with other companies to take over the project or through asset liquidation. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison schedule, pension plan schedules, and related notes to the required supplementary information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

LUIS C OROZCO

CERTIFIED PUBLIC ACCOUNTANT

808 Del Oro Lane
Pharr, TX 78577
lcocpa@lcocpa.com

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2022 on our consideration of the EDC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the EDC’s internal control over financial reporting and compliance.

Luis C. Orozco
Certified Public Accountant
Pharr, Texas
February 22, 2022

(956) 782-5481 Member of AICPA & TSCPA (956) 782-5484

In this section of the Annual Financial and Compliance Report, we, the managers of Edinburg Economic Development Corporation (EEDC), discuss and analyze the EEDC's financial performance for the fiscal year ended September 30, 2021. Please read it in conjunction with the independent auditors' report page 1, and the EEDC's Basic Financial Statements, which begin on page 10.

FINANCIAL HIGHLIGHTS

General Fund

- At fiscal year-end, total fund balance for the General Fund was $58,928,352.
- General Fund revenues were $8,423,887 and General Fund expenses were $7,876,215.

Government-Wide

- EEDC's governmental activities reported program expenses of $5,273,428. General revenues totaled to $9,191,446 and charges for services $90,132, resulting in an increase in net assets of $4,008,150.
- At year end, EEDC's governmental activities reported combined total net assets of $67,135,029.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Assets and the Statement of Activities on pages' 11 and 12. These statements provide information about the activities of the EEDC as a whole and present a longer-term view of EEDC's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner like the financial reports of a business enterprise.

Fund financial statements, starting on page 13, report the EEDC's operations in more detail than the government-wide statements by providing information about the EEDC's most significant funds. For governmental activities, these statements tell how services were financed in the short- term, as well as, what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget.

The notes to the financial statements starting on page 17 provide narrative explanations or additional data needed for full-disclosure in the government-wide statements or the fund financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-Wide Financial Statements

The analysis of the EEDC's overall financial condition and operations begins on page 11. Its primary purpose is to show whether the EEDC is better off or worse off as a result of the year's activities. The Statement of Net Assets includes all the EEDC's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the EEDC's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All the current year's revenues and expenses are recognized regardless of when cash is received or paid. The EEDC's revenues are divided into those provided by outside parties who share the costs of some programs. All the EEDC's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the EEDC's net assets and changes in them. The EEDC's net assets (the difference between assets and liabilities) provide one measure of the EEDC's financial health or financial position. Over time, increases or decreases in the EEDC's net assets are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the EEDC, however, you should consider non-financial factors as well, such as changes in the EEDC's property tax base and the condition of the EEDC's facilities.

In the Statement of Net Assets and the Statement of Activities, we reflect the EEDC in only one kind of activity:

- Governmental activities: Most of the EEDC's basic services are reported here, including general government and economic development. Sales taxes designated for economic development finance most of these activities.

Fund Financial Statements

The fund financial statements begin on page 13 and provide detailed information about the most significant funds - not the EEDC as a whole. Certain funds are required by State law and by bond covenants. The EEDC's administration established several other funds to help it control and manage money for particular purposes. The EEDC has one fund type - governmental funds.

- Governmental funds: Most of the EEDC's basic services are reported in governmental funds. These funds use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the EEDC's general operations and the basic services it provides.

We describe the differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets (Government-Wide)

The following table summarizes the EEDC's net assets as of September 30, 2021.

Table I

	Governmental Activities 2021	Governmental Activities 2020	Increase (Decrease)
Assets			
Current and other assets	59,718,867	33,707,262	26,011,605
Capital assets	7,416,162	6,255,684	1,160,478
Total assets	67,135,029	39,962,946	27,172,083
Deferred outflow of resources	-	155,775	(155,775)
Total Assets and Deferred Outflow of Resources	67,135,029	40,118,721	27,016,308
Liabilities			
Current liabilities	2,490,515	1,216,582	1,273,933
Long-term liabilities	47,745,000	26,548,852	21,196,148
Total liabilities	50,235,515	27,765,434	22,470,081
Deferred inflow of resources		50,496	(50,496)
Total Liabilities and Deferred Inflow of Resources	50,235,515	27,815,930	22,419,585
Net Position			
Invested in capital assets net of related debt	2,065,996	3,255,684	(1,189,688)
Restricted	4,218,428	13,419,681	(9,201,253)
Unrestricted	10,615,090	(4,372,574)	14,987,664
Total Net Position	16,899,514	12,302,791	4,596,723
Total Liabilities and Net Position	67,135,029	40,118,721	27,016,308

The EEDC's assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by $16,899,514 at the close of the current fiscal year. Unrestricted net assets - the part of net assets that can be use d to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements -were $10,615,090 at September 30, 2021.

The restricted net assets decreased from $13,419,681 to $4,218,428 or by $9,201,253.

Statement of Activities (Government-Wide)

The following table summarizes the change in the EEDC's net assets from its activities for the fiscal year ended September 30, 2021.

Table 2

	Governmental Activities 2021	Governmental Activities 2020	Increase (Decrease)
Revenues			
Program Revenues:			
Charges for Services	90,132	136,160	(46,028)
General Revenues:			
Sales and Use Taxes	7,622,882	7,144,078	478,804
Investment Earnings	9,843	136,161	(126,318)
Note Receivable Interest	701,030	674,073	26,957
Miscellaneous Revenue	857,691	-	857,691
Total Revenue	9,281,578	8,090,472	1,191,106
Expenses			
Economic Development and Assistance	2,702,470	5,001,653	(2,299,183)
Debt Bond Interest	2,570,958	1,869,120	701,838
Total Expenses	5,273,428	6,870,773	(1,597,345)
Increase in Net Assets before transfers and special items	4,008,150	1,219,699	2,788,451
(Loss) on Sale of Asset	-	-	-
Increase in Net Assets after transfers and special items	4,008,150	1,219,699	2,788,451
Net Position Beginning	12,302,791	12,026,529	276,262
Prior Period Adjustment	588,573	(943,437)	1,532,010
Net Position Ending	16,899,514	12,302,791	4,596,723

The EEDC 's total revenues were $9,281,578. Sales tax contributed $7,622,882 or 82.1% of total revenues. Notes receivable interest earned contributed $701,030 or 7.6% of total revenue and investment earnings were $9,843 or 0.1%.

Total cost of all programs and services was $5,273,428.

Governmental Activities

As reflected in the Statement of Activities, total expenses for governmental activities were $5,273,428. General revenues of $9,191,446 exceeded the total net expenses for governmental activities of $5,183,296 by $4,008,150.

GENERAL FUND FINANCIALANALYSIS

The General Fund is the chief operating fund of the EEDC. At the end of the current fiscal year, the total fund balance of the General Fund was $58,928,352.

General Fund Budgetary Highlights

The EEDC did amend the General Fund Budget during the year. Those budget amendments fall into two categories. The first involved amendments moving funds from categories that did not need all the resources to categories with resource needs. The second involved adjusting the budgets to better reflect the needs and resources available.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the 2020-2021 year, the EEDC had $7,416,162 invested in a broad range of capital assets, including facilities, land, infrastructure, vehicles, and equipment.

Debt

At year-end, the EEDC had $50,163,050 in bonds outstanding versus $27,663,050 last year.

More detailed information about the EEDC' s long-term liabilities is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Fiscal year 2022 is projected to be a year of continued growth. Both public and private development in building and infrastructure activity will serve to broaden the City's tax base and provide continuing employment opportunities for the residents. In 2021, the EEDC experienced a 16% increase in sales tax revenue from 2020. Cash reserves are in place in accordance with the Investment Policy in secured investments.

The EEDC Board of Directors has approved the General Fund Budget for the Fiscal Year 2022 that includes funding for continued growth and development opportunities. Priority has been placed on the development of the North Industrial Park and airport, infrastructure projects, workforce programs, and the revitalization of the Downtown District. Revenues in the General Fund are estimated at $7,831,032. Budgeted expenditures are estimated at $10,136,643. If these estimates are realized, the EEDC's budgetary General Fund balance is expected to decrease modestly. However, unrestricted cash is expected to increase conservatively by the close of fiscal year 2022.

CONTACTING THE EEDC'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the EEDC's finances and to show the EEDC's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the EEDC' s administration office at:

Edinburg Economic Development Corporation
415 West University Drive
Edinburg, Texas 78541

BASIC FINANCIAL STATEMENTS

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

Data Control Codes		Primary Government: Governmental Activities
	ASSETS	
1010	Cash and Cash Equivalents	$ 7,582,743
1150	Accounts Receivable, Net	3,651,577
1210	Notes Receivable, Net	12,083,422
1611	Restricted Cash	21,578,262
1612	Restricted Investment	14,822,863
	Capital Assets:	
1710	Land Purchase and Improvements	6,238,287
1730	Buildings, Net	1,177,788
1750	Furniture and Equipment, Net	87
1000	Total Assets	67,135,029
	LIABILITIES	
2010	Accounts Payable	790,515
2250	Bonds Payable - Current	1,700,000
	Noncurrent Liabilities:	
	Due in More Than One Year:	
2502	Bonds Payable - Noncurrent	47,745,000
2000	Total Liabilities	50,235,515
	NET POSITION	
3200	Net Investment in Capital Assets	2,065,996
3860	Restricted for Debt Service	4,218,428
3900	Unrestricted	10,615,090
3000	Total Net Position	$ 16,899,514

The notes to the financial statements are an integral part of this statement.

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT B-1

Data Control Codes		Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Gov. Governmental Activities
	Primary Government:				
	GOVERNMENTAL ACTIVITIES:				
650	Economic Development and Assistance	$ 2,702,470	$ 90,132	$ -	$ (2,612,338)
700	Debt Service	2,570,958	-	-	(2,570,958)
	TOTAL PRIMARY GOVERNMENT	$ 5,273,428	$ 90,132	$ -	(5,183,296)

General Revenues:	
General Sales and Use Taxes	7,622,882
Miscellaneous Revenue	701,030
Investment Earnings	9,843
Other Sources	857,691
Total General Revenues and Special Items	9,191,446
Change in Net Position	4,008,150
Net Position - Beginning	12,302,791
Prior Period Adjustment	588,573
Net Position - Ending	$ 16,899,514

The notes to the financial statements are an integral part of this statement.

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

Data Control Codes		General Fund
	ASSETS	
1010	Cash and Cash Equivalents	$ 7,582,743
1150	Accounts Receivable, Net	3,651,577
1210	Notes Receivable, Net	12,083,422
1611	Restricted Cash	21,578,262
1612	Restricted Investment	14,822,863
1000	Total Assets	$ 59,718,867
	LIABILITIES	
2010	Accounts Payable	$ 790,515
2000	Total Liabilities	790,515
	FUND BALANCE	
3415	Long Term Loans/Notes Receivable	12,083,422
3470	Restricted for Capital Projects	17,359,834
3480	Restricted for Debt Service	4,218,428
3490	Other Restricted Fund Balance	14,822,863
3600	Unassigned Fund Balance	10,443,805
3000	Total Fund Balance	58,928,352
4000	Total Liabilities and Fund Balance	$ 59,718,867

The notes to the financial statements are an integral part of this statement.

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

Total Fund Balances - Governmental Funds	$	58,928,352
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net position.		(21,277,889)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements,but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2021 capital outlays and debt principal payments is to increase (decrease) net position.		(21,285,835)
The implementation of GASB 68 & GASB 75 for the TMRS Pension plan and OPEB pension plan this fiscal year required that the EEDC remove their net pension liability in the Government Wide Statement of Net Position. The net effect of these was to increase the ending net position by $588,573		588,573
The 2021 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(53,687)
Net Position of Governmental Activities	$	16,899,514

The notes to the financial statements are an integral part of this statement.

EXHIBIT C-3

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Data Control Codes		General Fund
	REVENUES:	
5120	General Sales and Use Taxes	$ 7,622,882
5200	Lease and Rental	90,132
5550	Note Receivable Interest	701,030
5610	Investment Earnings	9,843
5020	Total Revenues	8,423,887
	EXPENDITURES:	
	Conservation and Development:	
0650	Economic Development and Assistance	2,646,130
	Debt Service:	
0700	Debt Service	3,660,958
	Capital Outlay:	
0800	Capital Outlay	1,569,127
6030	Total Expenditures	7,876,215
1100	Excess of Revenues Over Expenditures	547,672
	OTHER FINANCING SOURCES (USES):	
7911	Issuance of Bonds	23,590,000
7912	Sale of Real and Personal Property	1,210,000
7080	Total Other Financing Sources (Uses)	24,800,000
1200	Net Change in Fund Balance	25,347,672
0100	Fund Balance - October 1 (Beginning)	33,580,680
3000	Fund Balance - September 30 (Ending)	$ 58,928,352

The notes to the financial statements are an integral part of this statement.

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Total Net Change in Fund Balances - Governmental Funds	$	25,347,672
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2021 capital outlays and debt principal payments is to increase (decrease) the change in net position.		(21,285,835)
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.		(53,687)
Change in Net Position of Governmental Activities	$	4,008,150

The notes to the financial statements are an integral part of this statement.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Edinburg Economic Development Corporation (EEDC), a component unit of the City of Edinburg, was incorporated on April 23, 1990, under the Constitution of the State of Texas. The EEDC was organized on behalf of the City of Edinburg for the purpose of promoting the development of commercial, industrial, and manufacturing enterprises within its city limits and encouraging new employment opportunities.

The EEDC is considered a 501(c)(4) corporation by the Internal Revenue Service, and thus, its income is generally exempt from federal income taxation.

The Corporation prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Government Accounting Standards Board and other authoritative sources identified in the *Statement on Auditing Standards No. 69* of the American Institute of Ce1tified Public Accountants and the requirements of contracts and grants of agencies from which it receives funds.

A. REPORTING ENTITY

Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," provides guidance for determining which governmental organizations should be included within a reporting entity. GASB No. 14 sets forth financial accountability as the basic criterion for inclusion of a government unit in a governmental reporting entity. Financial accountability is defined as appointment of a voting majority of the component units board and either the ability to impose its will by the primary government or the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Due to the primary government' s ability to impose its will on the EEDC, the EEDC is included as a component unit within the City of Edinburg's Audit Comprehensive Annual Financial Report and is an integral part thereof.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the Edinburg EDC's non-fiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State funds, grants, and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates how other people or entities that participate in programs the EBDC operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use or directly benefit from goods or services provided by a given function or segment of the EEDC. The "grants and contributions" column includes amounts paid by organizations outside the EEDC to help meet the operational or capital requirements of given function. If a revenue is not a program revenue, it is a general revenue used to support all of the EEDC's functions. Taxes are always general revenues.

Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Assets and as other resources and other uses on the governmental fund Statement of

Revenues, Expenses and Changes in Fund Net Assets. All interfund transactions between governmental funds are eliminated on the government-wide statements.
Interfund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide State of Net Assets as internal balances and on the Statement of Activities as interfund transfers. lnterfund activities between governmental funds and fiduciary funds remain as due to/due *from* on the government-wide Statement of Activities.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for the EEDC operations, they are not included in the government-wide statements. The EEDC considers some governmental and enterprise funds major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are non-operating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are non-operating.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities, and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e. revenues and other financing sources and the expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long- term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The EEDC considers all revenues available if they are collectible within *60* days after year-end.

Revenues from local sources consist primarily of sales taxes. Sales tax revenues and revenues received from the State are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. The EEDC considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until received. Investment earnings are recorded as earned, since they are both measurable and available.

D. FUND ACCOUNTING

The EEDC reports the following major governmental funds:

1. **The General Fund** - The primary operating fund is the only major fund in the current fiscal year. It accounts for all of the financial resources of the general government, except those required to be accounted for in another fund.

Additionally, the EEDC reports the following government fund types:

1. **Debt Service Fund** - Is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. The debt service fund is not reported as a major fund.
2. **Capital Projects Fund** - Is used to account for financial resources to be used for the acquisition of capital assets or construction of major capital facilities. None of the capital projects funds are major.

E. OTHER ACCOUNTING POLICIES

1. In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as, issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

   In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as, bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

2. Capital assets, which include land, buildings, furniture, and equipment [and infrastructure assets] are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the EEDC as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

   The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, furniture, and equipment of the EEDC are depreciated using the straight-line method over the following estimated useful lives. The estimated lives range from 5 to 20 years for equipment, 10 to 40 years for improvements, and 40 years for buildings.

3. *Restricted Assets:* Certain proceeds of enterprise fund revenue bonds, as well as, certain resources set aside for their repayment, are classified as restricted assets on the Balance Sheet because their use is limited by applicable bond covenants.

4. Deferred revenues are those for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Monies collected in advance from federal or state agencies are recorded as revenue in the year for which the expenditures are incurred.

5. When the EEDC incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.

6. In the fund financial statements, governmental funds report fund balance based on the following classifications: non-spendable, restricted, committed, assigned *or* unassigned. Restricted fund balances are an1ounts legally restricted by outside parties for use by a specific purpose. Commitments of fund balance require approval of the Board of Directors through formal action. The Board of Directors delegates the responsibility to assign fund balance to the Executive Director or his/her designee, when appropriate. Funds will be utilized in the following order: restricted, committed, assigned, and unassigned.

7. In June 2012, the GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment to GASE Statement No. 27,* effective for fiscal years beginning after June 15, 2014. The objective of GASB Statement No. 68 is to improve accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that arc administered through certain trusts. GASB Statement No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources and deferred inflows of resources, and expense/expenditures. GASB Statement No. 68 also identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. In addition, GASB Statement No. 68 addresses the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. Management is evaluating the effects that the full implementation of GASB Statement No. 68 will have on its financial statements for the year ended September 30, 2020.

8. The EEDC adopted GASB Statement No. 75 for Accounting and Reporting for Other Post-Employment Benefits Other Than Pensions.

II. DEPOSITS AND INVESTMENTS

The EEDC Depository Agreement requires its designated financial institution to secure by collateral valued at fair value, less the amount of the Federal Deposit Insurance Corporation insurance. At September 30, 2021, the EEDC's deposits were entirely covered by federal deposit insurance or were secured by collateral held by the pledging financial institution 's agent in the EEDC's name, pursuant to the Depository Agreement. The bank balance consisted of the following at September 30, 2021:

Bank	Bank Statement Balance
Plains Capital Bank	1,000,000
Plains Capital Bank	28,328
Plains Capital Bank	184,958
Plains Capital Bank	1,276,473
Plains Capital Bank	549,402
Texas National Bank	800,000
TexStar	775,094
TexStar	9,015,054
TexStar	162,988
TexStar	441,184
TexStar	8,344,780
Total Bank Deposits	**22,578,262**

The Public Funds Investment Act (Government Code, Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires the EEDC to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity (2) portfolio diversification (3) allowable investments (4) acceptable risk levels (5) expected rates of return (6) maximum allowable stated maturity of portfolio investments (7) maximum average dollar- weighted maturity allowed based on the stated maturity date for the portfolio (8) investment staff quality and capabilities (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas (2) certificates of deposit (3) certain municipal securities (4) money market savings accounts (5) repurchase agreements (6) bankers acceptance (7) Mutual Funds (8) Investment Poo ls (9) guaranteed investment contract (10) and common trust funds.
The Act also requires the EE DC to have independent auditors perform test procedures related to investment practices as provided by the Act. The EEDC is in substantial compliance with the requirements of the Act and with local policies.

Credit Risk: To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the EEDC limits investments to Certificates of Deposits, Public Funds Investment Pools and Guaranteed Investment Contracts, collateralize d by the U.S. Government Securities. As of September 30, 2021, the EEDC's investments were secured by the U.S. Government Securities, pursuant to the Depository Agreement.

Custodial Credit Risk for Investments: State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the EEDC complies with this law, it has no custodial credit risk for deposits.

Concentration of Credit Risk: To limit the risk of loss attributed to the magnitude of a government' s investment in a single issuer, the investment portfolio shall be diversified in terms of investment instruments maturity scheduling, and financial institution s. To further limit the risk, all of the EEDC has 100% of its investment in Ce1tificates of Depo sits.

Interest Rate Risk: To limit the risk that changes in interest rates will adversely affect the fair value of investments, the EEDC requires that the investments shall be monitored by using specific identification.

Foreign Currency Risk for Investments: The EEDC limits the risk that changes in exchanges rates will adversely affect the fair value of an investment. At year-end, the EEDC was not exposed to foreign currency risk.

III. AGGREGATE RECEIVABLES

The aggregate receivables at September 30, 2021, were:

Notes Receivable- Santana Textile	13,640,004
Allowance for Uncollectible Notes	(272,800)
Accounts Receivable	2,283,446
Allowance for Uncollectible	(1,283,781)
Sales Tax Receivable	1,368,131
Total Receivable, net	15,735,000

The notes receivable (Santana Textiles) net account is comprised of two (2) notes from Santana Textiles, LLC. The first note originated on April 16, 2010, *in* the amount of $5,000,000. The second note originated on August 30, 2011, in the amount of $10,000,000. Listed below are dates in which the EEDC and Santana Textiles, LLC agreed to Reinstatement, Modify, Renew, and Extend the Note Receivable agreement. Under the most recent modification, December 17, 2017, the terms and amounts agreed for September 30, 2020, were as follows:

The $5,000,000 note receivable from Santana Textiles, LLC has payments of $23,167 monthly, including principal and interest (4.25%) beginning November 21, 2017, and ending upon maturity on October 21, 2022.

The $10,000,000 note receivable from Santana Textiles, LLC has payments of $52,658 monthly, including principal and interest (4.25%) beginning November 21, 2017, and ending upon maturity on October 21, 2022.

Santana Textile has ceased operations and is in default of loan payments and interest and is currently under an agreement to cover delinquent property taxes with Hidalgo County. EEDC is secondary lien holder on Loan until a compliance date of April 24, 2022. Management of EEDC feels that a satisfactory agreement will be placed on that date to satisfy the pending receivable either by contracting with other companies to take over the project or through asset liquidation.

The combined balance of the notes receivable is $13,640,004. An allowance for uncollectible has been setup at 2% of the note receivable balance. An additional allowance for uncollectible has been set up for the accrued interest and late fees that have been outstanding for over 90 days, the total allowance for uncollectible balance is $1,556,581 which brings the notes receivable, net balance to $12,083,422. A Cross-Collateralization and Cross-Default and Security Agreement was executed on August 30, 2011 and recorded in the Office of the County Clerk of Hidalgo County, Texas as Document No. 2237059 for both Notes.

IV. ACCOUNTS PAYABLE

The accounts payable at September 30, 2021, were:

Business Incentives	540,515
Management Fees	250,000
Total Accounts Payable	**$790,515**

V. REPLACEMENT FOR RESERVES

As of September 30, 2021, the replacement for reserves consisted of the following:

Account	Reserve Required	Balance at 09/30/21	Overfunded/Underfunded
TexStar Series 19 Bond Reserve	768,049	775,094	7,045

VI. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

During the current year, revenue s from local and intermediate sources consisted of the following:

	General Fund
Sales and Use Taxes	7,622,882
Investment Income	9,843
Rental Income	90,132
Note Receivable Interest	701,030
Total	8,423,887

VII. CAPITAL ASSETS

A summary of changes in capital assets follows:

	Primary Government				
For the Years Ended September 30,	2020	Additions	Retirements	Adjustments	2021
Capital assets not being depreciated:					
Land	4,984,283	1,254,004	-	-	6,238,287
Total capital assets not being depreciated	4,984,283	1,254,004	-	-	6,238,287
Capital assets being depreciated:					
Buildings	2,075,150	312,470	(630,516)	40,338	1,797,442
Furniture and equipment	41,062	-	-	(40,338)	724
Total capital assets being depreciated	2,116,212	312,470	(630,516)	-	1,798,166
Less: accumulated depreciation for:					
Buildings	(805,579)	(53,513)	278,207	(38,769)	(619,654)
Furniture and equipment	(39,232)	(174)	-	38,769	(637)
Total accumulated depreciation	(844,811)	(53,687)	278,207	-	(620,291)
Total capital assets, being depreciated, net	1,271,401	258,783	(352,309)	-	1,177,875
Governmental activities capital assets, net	6,255,684	1,512,787	(352,309)	-	7,416,162

VIII. LONG-TERM DEBT

Long-term debt consists of the following at September 30, 2021:

$13,715,000 Sales Tax Revenue Refunding Bonds 2015 to the Bank of New York Mellon Trust Company, N.A.; payable in semi-annual installments of $8,333 plus interest of 5.55%, maturing August 2035, and is collateralized by economic development sales and use tax receipts.	$	13,125,00
$2,300,000 Bond Issue Series 2013A; payable in semi-annual installments of $18,750 plus interest of 3.12%, maturing November 30, 2024, and is collateralized by economic development sales and use tax receipts.		765,000
$4,575,000 Bond Issue Series 2013B; payable in semi-annual installments of $37,500 plus interest of 3.04%, maturing November 30, 2024, and is collateralized by economic development sales and use tax receipts.		1,520,000
$10,840,000 Bond Issue Series 2019; payable in semi-annual installments plus interest maturing September 30, 2044.		10,445,000
$7,730,000 2021A Sales Tax Revenue Bonds; payable in semi-annual installments plus interest of 2.5%-3.375% maturing in September 30, 2046, collateralized by sales and use tax receipts.		7,730,000

$2,250,000 2021B Sales Tax Revenue Bonds; payable in semi-annual installments plus interest of 4.750%-5.250% maturing in September 30, 2046, collateralized by sales and use tax receipts.	2,250,000
$13,610,000 2021 Sales Tax Revenue Refunding Bonds; payable in semi-annual installments plus interest of .355%-2.340% maturing in September 30, 2035, collateralized by sales and use tax receipts.	13,610,000
	$ 49,445,000

The EEDC issued 2021A & 2021B sales tax revenue bonds on August 15, 2021 with a maturity date of September 30, 2046 the bonds principal balances are $7,730,000 & $2,250,000 respectively. On August 15, 2021 the EEDC issued a 2021 sales tax revenue refunding bond with a maturity date of September 30, 2035 with a principal balance of $13, 610,000 The 2021 revenue refunding bonds proceeds are being held in a restricted investment account where payments will be made out of.

Annual debt service requirements to maturity for the EEDC's general long-term debt are as follows:

Fiscal Year	Principal	Interest
2022	1,700,000	1,645,331
2023	1,695,000	1,646,222
2024	1,740,000	1,598,038
2025	2,600,000	1,541,184
2026	2,665,000	1,471,206
2026-2030	14,615,000	5,812,236
2031-2035	14,505,000	3,705,065
2036-2040	5,115,000	1,714,494
2041-2045	4,810,000	534,631
	49,445,000	19,668,407

A summary of changes in long-term debt follows:

Changes in Long-Term Liabilities
For the year ended September 30, 2021

	2020	Additions	Reductions	2021	Current Portion
Bonds payable					
Series 2013A	1,005,000	-	(240,000)	765,000	245,000
Series 2013B	1,995,000	-	(475,000)	1,520,000	490,000
Taxable Series 2015	13,235,000	-	(110,000)	13,125,000	115,000
Series 2019	10,710,000	-	(265,000)	10,445,000	275,000
Series 2021A	-	7,730,000	-	7,730,000	235,000
Series 2021B	-	2,250,000	-	2,250,000	55,000
Series 2021 Refunding	-	13,610,000	-	13,610,000	285,000
Total Bonds Payable	26,945,000	23,590,000	(1,090,000)	49,445,000	1,700,000
Net pension liability	584,135	-	(584,135)	-	-
OPEB Liability	133,915	-	(133,915)	-	-
Total Long-Term Debt	27,663,050	23,590,000	(1,808,050)	$49,445,000	1,700,000

IX. RISK MANAGEMENT

The EEDC maintains insurance for all business and government functions of which it may be liable for claims, through the City of Edinburg, Texas. The more significant of these include general liability insurance, property insurance covering the EEDC's industrial park buildings and structures, and the Executive Director and Board of Directors. Employees were covered by a fully-insured health insurance plan provided by the City of Edinburg. There have been no significant reductions *in* insurance coverage.

X. TAX INCREMENT REINVESTMENT ZONE

In 1997, the City Council approved Ordinance No. 1915 which created a tax increment reinvestment zone pursuant to Chapter 311 of the Texas Code. This was originally designated as Reinvestment Zone Number One, City of Edinburg, Texas (1997 Zone). However, no public or private improvements were made to the 1997 Zone and expected development never materialized. Therefore, on November 18, 2008, an ordinance was passed terminated the 1997 zone. However, the new zone established in 2007 (TIRZ #1 described below) was inadvertently named Reinvestment Zone Number One, City of Edinburg, Texas. Since the 1997 Zone was terminated, there was no need to change the name of the 2007 tax increment zone. There is no Tax Increment Zone Number Two. Reinvestment Zone Number One, City of Edinburg, Texas (TIRZ #1) is a reinvestment zone created by the City of Edinburg, pursuant to the Tax Increment Financing Act, Chapter 311, Texas Tax Code. Creation of the tax increment zone along with an economic development agreement between the City of Edinburg, Hidalgo County, the Edinburg Economic Development Corporation, the City of Edinburg Local Government Finance Corporation, and the developer, allowed for property tax increment funding to support development activities relating to the development of a retail shopping center containing approximately 800,000 square feet in multiple buildings. On March 16, 2015, the development agreement with First Harford Realty Corporation dated February 20, 2007 and subsequently amended on August 16 and November 15, 2011 was cancelled. All work under the agreement had been performed by the developer and the City desired to use TIRZ #1 to help finance the repayment of debt issued for the construction of a new municipal facility in TIRZ #4.

Under the developer agreement, the City was required to provide a Chapter 380 Grant Reimbursement equal to the difference between $8,000,000 and the public infrastructure reimbursement. This was being paid from the City's dedicated 1% sales tax revenues within TIRZ #1. The remaining amount due to the developer under the agreement was $1,575,266. In addition, the EEDC owed a remaining balance of $1,975,684, for a total amount of $3,547,950. Under the agreement to terminate the economic development agreement, both the City and the EEDC agreed to pay off these balances. In return, the developer would release both the City and the EEDC from future obligations under the agreement. The amount needed to pay off this balance was provided by a contribution from the Vipers Arena, LLC. Tax increment revenues received by the City of Edinburg are deposited into a separate bank account designated for the tax increment reinvestment zone and transferred to the City of Edinburg Local Government Finance Corporation for the purpose of discharging obligations arising out of Public Infrastructure Bonds issued for which tax increment revenues have been pledged. Other than the City of Edinburg and Hidalgo County, no other taxing jurisdictions are participating in TIRZ #1. At the expiration of the term of the tax increment zone, any remaining tax increment revenues will be distributed into the general fund of the City in proportion to its contribution s to the zone for the tax year most recently ended.

Reinvestment Zone Number One, City of Edinburg, Texas, has a Board of Directors composed of six members, with one of the members appointed by Hidalgo County and the remaining five members appointed by the City Council of the City. Each Board Member serves a two-year term. The zone is managed by the City of Edinburg Local Government Finance Corporation, which is presented as a blended component unit of the City. Reinvestment Zone Number Three, City of Edinburg, Texas (TIRZ #3), is a reinvestment zone created by the City of Edinburg, pursuant to the Tax Increment Finance Act, Chapter 311, Texas Tax Code. The zone was created on November 18, 2008. Creation of the tax increment zone along with an economic development agreement between the City of Edinburg, Hidalgo County, the City of Edinburg Local Government Finance Corporation, and the developer, allows for property tax increment funding to TIRZ #3 to support qualifying development activities related to 704 acres of land located in the northeast quadrant of the City. The developer will be responsible for the development and construction of the project at their cost and expense. In exchange, taxes generated in TIRZ #3 will reimburse the developer for all, or a portion of reimbursable public infrastructure costs as defined in the agreement. Tax. increment revenues received by the City of Edinburg are deposited into a separate bank account designated for the tax increment reinvestment zone and transferred to the City of Edinburg Local Government Finance Corporation for the purpose of discharging obligations under the development agreement. Other than the City of Edinburg and Hidalgo County, no other taxing jurisdictions are participating in TIRZ #3. Per the development agreement, the City will contribute the lesser of the tax rate of $0.52 per $100 of assessed valuation or the City's then current maintenance and operations tax rate for the applicable year. The zone will terminate upon the earlier of (i) the date on which the reimbursement commitments or tax increment bonds have been fully paid or defeased in accordance with the terms of the development agreement or (ii) 30 years (December 31, 2045) from the effective date of the ordinance creating the zone. At the expiration of the term of the tax increment zone, any remaining tax increment revenues will be distributed into the general fund of the City in proportion to its contributions to the zone for the tax year most recently ended. Reinvestment Zone Number Three, City of Edinburg, Texas, has a Board of Directors composed of five members, with one of the members appointed by Hidalgo County, and the remaining four members appointed by the City Council of the City. Each Board Member serves a two-year term. The zone is managed by the City of Edinburg Local Government Finance Corporation, which is presented as a blended component unit of the City.

Reinvestment Zone Number Four, City of Edinburg, Texas (TIRZ #4), is a reinvestment zone created by the City of Edinburg, pursuant to the Tax Increment Financing Act, Chapter 311, Texas Tax Code. The zone was created on November 19, 2013. Creation of the tax increment zone allows for property tax increment funding to TIRZ #4 to support financing of costs associated with the construction of public improvements related to several possible development and redevelopment projects, including the construction of a mW1icipal facility. On March 1, 2015, an agreement was entered into between the City, the LGFC, TIRZ # I, TIRZ #4, and the EEOC. Under the terms of the agreement, the LGFC will aid in the financing, constructing, furnishing, and owning of an indoor multipurpose event center. The LGFC will be the landlord and lease the municipal facility to Vipers Arena, LLC as further described in the Lease and Development Agreement. In connection with this agreement, the LGFC issued bonds to finance the construction. Under the terms of the agreement, the developer was responsible for half of the construction costs of the municipal facility and any cost overruns. As of the end of the year, no tax increments have been levied or collected within the zone. The zone will terminate on December 31, 2045, unless otherwise terminated earlierr as a result of payment in full of all project costs or tax increment bonds, if issued. Reinvestment Zone Number Four, City of Edinburg, Texas, has a Board of Directors composed of five members, with one of the members appointed by the Hidalgo County and the remaining four members appointed by the City Council of the City. Each Board Member serves a two-year term. The zone is managed by the City of Edinburg Local Government Finance Corporation, which is presented as a blended component unit of the City.

XI. RELATED PARTY TRANSACTIONS

The EEDC has a receivable for sales tax revenue sharing from the City of Edinburg. The receivable balance as of September 30, 2021 was $1,368,131.

XII. EXPENDITURES EXCEEDING APPROPRIATION

For fiscal year ended September 30, 2021 expenditures exceeded budget in the General Fund in the following:

Function	Amount
Debt Service	436,479
Total	436,479

XIII. LITIGATION

From time to time the Edinburg EDC is involved in legal proceeding arising from its operations. The Edinburg EDC's administration believed the outcome of these proceedings, if not favorable to the Edinburg EDC, will not materially affect the Edinburg EDC's financial position and therefore no allowances have been made.

XIV. SUBSEQUENT EVENTS

The Edinburg EDC considered all events through February 22, 2022, the financial statement issuance date.

XV. PRIOR PERIOD ADJUSTMENT

A prior period adjustment of $588,573 to remove GASB 68 & GASB 75 pension plan balances was prepared. The balances will now be part of the main governmental agency the City of Edinburg.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT G-1

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	REVENUES:				
5120	General Sales and Use Taxes	$ 6,500,000	$ 6,500,000	$ 7,622,882	$ 1,122,882
5200	Lease and Rental	48,000	48,000	90,132	42,132
5550	Note Receivable Interest	-	-	701,030	701,030
5610	Investment Earnings	25,000	25,000	9,843	(15,157)
5020	Total Revenues	6,573,000	6,573,000	8,423,887	1,850,887
	EXPENDITURES:				
	Conservation and Development:				
0650	Economic Development and Assistance	7,860,220	6,341,090	2,646,130	3,694,960
	Debt Service:				
0700	Debt Service	3,224,479	3,224,479	3,660,958	(436,479)
	Capital Outlay:				
0800	Capital Outlay	50,000	1,569,130	1,569,127	3
6030	Total Expenditures	11,134,699	11,134,699	7,876,215	3,258,484
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,561,699)	(4,561,699)	547,672	5,109,371
	OTHER FINANCING SOURCES (USES):				
7911	Issuance of Bonds	4,139,638	4,139,638	23,590,000	19,450,362
7912	Sale of Real and Personal Property	-	-	1,210,000	1,210,000
7080	Total Other Financing Sources (Uses)	4,139,638	4,139,638	24,800,000	20,660,362
1200	Net Change	(422,061)	(422,061)	25,347,672	25,769,733
0100	Fund Balance - October 1 (Beginning)	33,580,680	33,580,680	33,580,680	-
3000	Fund Balance - September 30 (Ending)	$ 33,158,619	$ 33,158,619	$ 58,928,352	$ 25,769,733

The notes to the financial statements are an integral part of this statement.

FEDERAL SECTION

LUIS C OROZCO

CERTIFIED PUBLIC ACCOUNTANT

808 Del Oro Lane
Pharr, TX 78577
lcocpa@lcocpa.com

Independent Auditor's Report

President and Board of Directors of the
Edinburg Economic Development Corporation
Edinburg, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Edinburg Economic Development Corporation (EDC) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the EDC's basic financial statements, and have issued our report thereon dated February 22, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the EDC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the EDC's internal control. Accordingly, we do not express an opinion on the effectiveness of the EDC's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the EDC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standard.

LUIS C OROZCO
CERTIFIED PUBLIC ACCOUNTANT
808 Del Oro Lane
Pharr, TX 78577
lcocpa@lcocpa.com

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pharr, Texas
February 22, 2022

(956) 782-5481 Member of AICPA & TSCPA (956) 782-5484

EDINBURG ECONOMIC DEVELOPMENT CORPORATION

SCHEDULE OF FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

I. Summary of the Auditor's Results:

a The type of report issued on the financial statements of *Edinburg Economic Development Corporation*:
Unmodified opinion.

b Significant deficiencies in internal control disclosed by the audit of the financial statements:
None

c Significant deficiencies identified as material weakness:
None

d Noncompliance material to the Financial Statements:
None

II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with *Generally Accepted Government Auditing Standards.*

None

EDINBURG ECONOMIC DEVELOPMENT CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

(Prepared by the EDC's Management)

None.

Edinburg Economic Development Corporation
Meeting Date:February 22, 2022

Consider approval of the South Texas Manufacturers Association (STMA) 2022 Cornerstone Sponsorship for the amount of $5,000.

1. **Agenda Item:**
   Consider approval of the South Texas Manufacturers Association (STMA) 2022 Cornerstone Sponsorship for the amount of $5,000.
2. **Description/Scope:**
   The South Texas Manufacturers Association (STMA) is requesting the Edinburg EDC participate as a member by sponsoring $5,000 under the Cornerstone Sponsorship level.

   The Cornerstone Sponsorship includes:

   - Supports STMA's Vision, Mission, and Goals of the organization.
   - Supports our ability to recruit and maintain a new full-time Executive Director and permanent part-time administrative support.
   - Supports the resumption and expansion of our Scholarship Program for high school graduates enrolling or continuing in manufacturing-related Associate Degree programs at South Texas College, Texas Southmost College, and Texas State Technical College.
   - Supports the continuation of our biennial Manufacturing Wage & Benefit Survey project.

3. **Estimated Timeline:**
   FY 2022-2023

4. **Budget:**
   The Cornerstone Sponsorship level is $5,000. If approved, will be included in the next fiscal year budget.

5. **Procurement/Selection Process:**
   N/A

6. **Staff's Recommendation:**
   Staff recommends approval.

7. **Justification:**

The Edinburg EDC has previously been a member of the South Texas Manufacturing Association (STMA) and has also participated in the biennial Wage & Benefit Survey. The Cornerstone Sponsorship will cover membership fees and the Wage & Benefit Survey.

The STMA lost their Executive Director and the Board of Directors has brought previous Executive Director, Mike Willis back temporarily. Mr. Willis is assisting with increasing membership, restructuring sponsorship levels, streamlining financials for the organization, and working on a succession plan. In conjunction, he is searching for a new Executive Director.

Edinburg EDC is among other RGV cities Mr. Willis has reached out to participate.

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Blanca Davila
Director of Economic Development

ATTACHMENTS

Attachment A: STMA 2022 Cornerstone Sponsorship Information
Attachment B: STMA Vision, Mission and Goals
Attachment C: STMA About

Approved:	_________
Not Approved:	_________
Tabled:	_________
No Action:	

SOUTH TEXAS MANUFACTURERS ASSOCIATION

2022 STMA Cornerstone Sponsorship Information

Economic Development Corporation Members

Annual Cost: $5,000

Purpose: Provides extra visibility and recognition for your business – while supporting STMA's work to promote the manufacturing industry.

- Supports our ability to recruit and maintain a new full-time Executive Director and permanent part-time administrative support
- Supports the resumption and expansion of our Scholarship Program for high school graduates enrolling or continuing in manufacturing-related Associate Degree programs at South Texas College, Texas Southmost College, and Texas State Technical College
- Supports the continuation of our biennial Manufacturing Wage & Benefit Survey project
- Supports the expansion and growth of our Brownsville/Cameron County Chapter to provide services to our growing membership base in that area

Benefits:

- The Sponsorship covers the annual dues cost for the company
- The Sponsorship will cover the $2,000 cost of our biennial Wage & Benefit Survey that EDCs have been paying us every other year
- New STMA website will have a banner on our main page recognizing our Sponsors with their name and Logo, and thanking them for their support of STMA and the industry
- Executive Director will have Sponsor names & logos at the foot of ALL emails, meeting notices, and announcements sent to our members and to any other companies or individuals, thanking them for their sponsorship and support of STMA and our industry

SOUTH TEXAS
MANUFACTURERS
ASSOCIATION

Advancing Manufacturing

Vision 2022: - To foster the advancement of local manufacturers by promoting and supporting their best interests.

Slogan: ***"Advancing Manufacturing"***

Mission: Establish STMA as the premier resource for advancing world class manufacturing.

Goals:

1). Advocate for and promote careers in the manufacturing community

2). Develop a skilled workforce and a talent pipeline for our industry

3). Provide regulatory and legislative awareness and support

4). Provide members with opportunities for networking and idea sharing

5). Communicate market trends, technology, and Best Practices

We will enhance and support manufacturers to excel in a global marketplace

Strategies: (STMA helps manufacturers compete globally by)

1). Improve public perception of advanced manufacturing and industry careers

2). Enhance development of a skilled workforce by developing/supporting educational programs and ensuring access to skills training

3). Provide updates on legislative changes that impact their business

4). Provide opportunities to communicate, share ideas with a network of industry leaders

5). Provide timely information on new technologies and innovative ideas

Top Priorities (ranked):

1). Promotion and re-branding of our Industry

2). Workforce Development

3). Regulatory environment

4). Networking

5). Timely Information & Technology

Advancing Manufacturing

ABOUT STMA

Founded in 1992, STMA is a 501 (c) 6 non-profit Trade Association dedicated to supporting the manufacturing sector in the Rio Grande Valley and the South Texas Region.

STMA has grown to our current membership of over 170 companies by focusing on providing high quality information and support to our manufacturing sector. We work with area economic development corporations, other trade associations, regional workforce development boards, colleges and public school districts, our region's manufacturers, and other businesses who provide services and support to the manufacturing sector in the region.

Vision: - To foster the advancement of local manufacturers by promoting and supporting their best interests.

Slogan: ***"Advancing Manufacturing"***

Mission: Establish STMA as the premier resource for advancing world class manufacturing.

Edinburg Economic Development Corporation
Meeting Date:February 22, 2022

Deliberation regarding economic development negotiations
(Review Economic Development Projects). (§551.087
Deliberation Regarding Economic Development Negotiations;
§551.071. Consultation with Attorney; Closed Meeting.)

1. **Agenda Item:**
   Deliberation regarding economic development negotiations (Review Economic Development Projects). (Â§551.087 Deliberation Regarding Economic Development Negotiations; Â§551.071. Consultation with Attorney; Closed Meeting.)
2. **Description/Scope:**
   Closed Meeting.
3. **Estimated Timeline:**
   Closed Meeting.
4. **Budget:**
   Closed Meeting.
5. **Procurement/Selection Process:**
   Closed Meeting.
6. **Staff's Recommendation:**
   Closed Meeting.
7. **Justification:**
   Closed Meeting.

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Blanca Davila
Director of Economic Development

ATTACHMENTS

Approved:	________
Not Approved:	________
Tabled:	________
No Action:	

Edinburg Economic Development Corporation
Meeting Date:February 22, 2022

Discussion and possible action regarding pending litigation. (§551.071.Consultation with Attorney; Closed Meeting.)

1. **Agenda Item:**
   Discussion and possible action regarding pending litigation. (SS551.071.Consultation with Attorney; Closed Meeting.)
2. **Description/Scope:**
   Closed Meeting.
3. **Estimated Timeline:**
   Closed Meeting.
4. **Budget:**
   Closed Meeting.
5. **Procurement/Selection Process:**
   Closed Meeting.
6. **Staff's Recommendation:**
   Closed Meeting.
7. **Justification:**
   Closed Meeting.

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Blanca Davila
Director of Economic Development

ATTACHMENTS

Approved:	________
Not Approved:	________
Tabled:	________
No Action:	