

## MINUTES OF REGULAR MEETING

April 20, 2020

### MONTGOMERY ECONOMIC DEVELOPMENT CORPORATION

#### CALL TO ORDER

President Rebecca Huss called the meeting to order at 6:01 p.m.

Present:       Rebecca Huss - President  
                  Dan Walker – Vice-President  
                  Julie Hutchinson - Treasurer  
                  Amy Brown – Secretary  
                  Tom Cronin – Board Member  
                  Arnette Easley – Board Member  
                  Bob Kerr – Board Member

Also Present:   Richard Tramm – City Administrator  
                  Frieda Joyce – Marketing and Tourism Director

#### OPEN PUBLIC COMMENT

Mrs. Huss read a letter from Efrain Lucas. Mr. Lucas wrote citizens should be helped with their utility bills, and Montgomery officials need to continue to shop locally. He also elaborated on elements of a parking lot lease between the city and Cozy Grape restaurant.

Mrs. Huss also read a letter sent from Marisa Philipello. Ms. Philipello wrote she is against city grants for businesses because businesses can apply for loans if they need money. She continued, saying she is against spending money in Montgomery's downtown and wants MEDC to transfer funds to the police department and outside entities such as MISD, EMS, and the fire department.

## **APPROVAL OF MINUTES**

### **Minutes of February 17, 2020 Regular Meeting and September 03, 2019 Budget Workshop –**

President Huss asked for comments on the minutes as presented. There were no comments.

Mrs. Huss made a motion to accept the minutes as presented, seconded by Mrs. Hutchinson. All in favor. (7-0)

## **MONTHLY FINANCIAL REPORT**

### **Report for February, 2020 and March, 2020**

Mrs. Hutchinson said only two transactions were booked in February, the February sales tax and the February interest income. Mrs. Hutchinson said both the February sales and interest income were above what was budgeted for that month. She said there were no expenses booked for the month of February.

Mrs. Hutchinson said the financial report for March contains more activity. The current checking account balance for March is a little over \$97,583. Mrs. Hutchinson said the total of the two Tex Pool accounts is \$1,082,258.11. She noted the Tex Pool rate is 0.51% down from 1.68% in February. Mrs. Hutchinson said the sales tax revenue from March was over budget. She noted on the interest income, three quarterly accruals were posted in March. These quarterly accruals account for the quarter are the Debt to Service transfer, the estimated sales tax refund to Kroger transfer to the Tex Pool account, and the General and Administrative transfer.

Mr. Tramm reminded the Board of the overpayment of sales tax received by the City which was put into a separate reserve account to be refunded when the State processed the mistake. The Comptroller's office has billed the City for the overpayment. The money which was due to the City in March was reduced in the amount owed to the State to cover the previous overpayment. The City has now transferred the money in the reserve account to MEDC.

Motion by Mr. Arnett, seconded by Mr. Cronin to approve the January 2020 and February 2020 Financial Reports as presented. All in favor. (7-0)

## **CONSIDERATION AND POSSIBLE ACTION**

5. **Report from Mayor Sara Countryman to MEDC Board of Directors on the current state of business in the City as a result of the COVID-19 pandemic public health disaster.**

Mayor Sara Countryman said she has been in contact with two dozen businesses as well as people who needed PPE. The Mayor received feedback stating understanding of the pandemic situation, positive attitudes combined with stress, but overall hopeful for the future.

The Mayor said she is aware the City has a “big hit in front of us”, but the businesses she has spoken with said they are “ready to tackle that hill when able.” She said with so many mom-and-pop businesses, it is concerning, but feels reassured by business owners they will reopen.

The Mayor said McCoy’s and Jim’s Hardware have both been very busy during this time. She said the churches have been doing a great job working with non-profits to provide for those who need food.

The Mayor said she has been encouraged seeing the community come together. She said the economic impact to the City’s balance sheet is “yet to be determined”, but is hopeful the businesses which stayed open will be able to fill the gap on tax revenue.

The Mayor said she was on the Governor’s phone call last Friday and reported the State is looking into state funds as well as federal funds for small businesses. She said the Governor is hoping to reopen, but it is a very fluid situation at the present. The Mayor said the Governor is looking into May and is creating specific dates for a staggered reopening.

Mrs. Huss said the Montgomery Methodist Food Bank normally has three to five new clients per week, and the week she spoke to them, they had thirty-six new clients.

The Mayor said Fellowship of Montgomery had a food distribution the past Saturday, and 350 families came through during a three-hour span.

The Mayor said she is working with the Chamber of Commerce to help construct new ideas on ways to help businesses.

Mrs. Hutchinson said non-members of the Chamber may not know to contact the Chamber for resources, and suggested the City provide a list of the resources.

Mrs. Brown said she is in the process of updating the EDC’s webpage with resources for businesses from the Governor’s office, the Comptroller’s office and others. She said businesses will be able to follow links from the page to access information on different types of funding and new regulations.

No action was taken.

6. Discussion, consideration and possible action to consider grant program to support local businesses in City of Montgomery.

Mr. Tramm said the economic effect of Covid-19 has been a disaster. In looking at options the EDC may have to offer in helping local businesses, Mr. Tramm said in many ways “our hands are tied because of the nature of what economic development money is meant to serve.” Mr. Tramm explained economic development monies are meant to recruit new businesses and expand current businesses. He said he has been looking for a way to utilize EDC funds and still assist local businesses.

Mr. Tramm said one way would be for the EDC to use funds to create a grant program for local businesses to be used for utility bills. He explained this maximum \$250 grant would be limited

to businesses that generated at least \$250 in sales tax revenue for the City over the last year. Some additional parameters would include proof of economic impact more than 25% below the 2019 level for the same time period, business must be within the city limits, a utility account not in arrears as of March 1, 2020. Mr. Tramm said businesses must show all sales taxes due have been paid to the State of Texas. He also stated the payment of the grant would be given as a credit on the applicant's utility account, with only one recipient per utility account. Mr. Tramm said he, as City Administrator, would review grant applications and determine eligibility.

Mr. Tramm said this would not help all businesses, but would cover many to most businesses.

Mrs. Huss said businesses such as The Montgomery Emporium only have water and sewer, so their minimum utility bill should be around \$40. She a \$250 credit would cover over utilities for six months.

Mrs. Huss said the way the grant proposal is written, it would include small and homebased businesses as long as they have generated the \$12,500 in sales tax generating receipts paid to the City of Montgomery taxing jurisdiction. Mrs. Huss said there is no way to know the maximum payout amount.

Mr. Tramm said, based on data, he expects a maximum between 100-125 accounts this could affect. He also noted no business is required to apply.

Mrs. Huss said if 125 businesses do apply, that would be around \$31,000 in grant money.

Mr. Tramm said the \$250 would not be immediately deposited into the business's account. It would be rolled over each month until the full amount had been used. He said this would avoid the money being deposited into the account then the account immediately closed with a refund due.

Mrs. Huss asked if that would put a large burden on staff.

Mr. Tramm said he did not believe that to be the case. He said it is not much different than manually entering a check or money order to an account.

Mrs. Huss noted Mr. Cronin and Mr. Kerr both had businesses in town. She asked them, if they had any intention of applying for the grant, to please recuse themselves from the discussion and vote.

Mr. Cronin and Mr. Kerr both stated they do not plan on applying for the grant.

Mr. Cronin stated the City should conserve funds and not pander to local businesses. He said businesses should reassure their customers and clients, and communicate a message that is relevant to the feelings of the customers.

Mrs. Hutchinson acknowledged the grant will not keep a business from closing, but the grant does express a desire by MEDC to look for ways to help local businesses.

Mrs. Brown said there are many very small businesses in the City that would appreciate not having to worry that their water would be disconnected. It would be one less concern during this time.

Mr. Easley said if a business doesn't want the grant, they wouldn't have to take the grant, but the opportunity would be there. He agreed it would be a nice gesture from the EDC.

Mrs. Hutchinson asked Mr. Tramm if there was a reason this grant would only apply to businesses open more than twelve months.

Mr. Tramm stated his intent when writing the proposal, was these would be businesses who have paid at least \$250 in sales tax to the City.

Mrs. Huss said the downtown improvements would have a bigger long-term benefit for businesses, but this would be a way "to help bridge the gap from here to there."

Mrs. Brown said it was important for the City, and the EDC, to show the small businesses in town that the City does care and the City is here trying to help.

Mrs. Brown asked Mr. Tramm if the twelve-month business operation restriction could be removed, if a business could show it made \$12,500 in taxable sales within the last twelve months.

Mr. Tramm said the proposal could be modified as the Board sees fit.

Mr. Cronin said he feels businesses should turn to the Chamber of Commerce, and the EDC should promote the work of the Chamber. He said if businesses want help and information, they should pay the \$250 membership fee and join the Chamber of Commerce.

Mr. Cronin said if the EDC starts handing out money, such as the proposed grant, the EDC will not have enough money to start the downtown project.

Mrs. Huss said that was a gross exaggeration. She said Mr. Tramm believes the maximum output is around \$38,000 and the EDC has been saving money in the bank for these types of grants. She also said the City should be able to get matching grants for the downtown project.

Mrs. Hutchinson stated the EDC has not used any of the \$20,000 budgeted for Economic Development Grants.

Mrs. Brown said there is money in the Events category, which could be reassigned for the Economic Development Grants line item, since festivals have been postponed until after September when the new budget begins.

Mrs. Huss said, even though the EDC's income will likely be decreased, the expenses will also be adjusted in order to compensate.

Mrs. Huss said she likes the idea. She said it is better to show the EDC is doing something now, rather than telling people to learn about opportunities and hope they can get some money from a loan. She said it is not a lot of money, but if someone needs it they will apply for it. If they don't need the money, they won't apply for it.

Mrs. Hutchinson said if this is passed, she would like to see a modification that the business has had \$12,500 in taxable sales without the twelve-month requirement. She said a newer business should not be excluded as long as the \$250 in sales tax payments have been made to the City.

Mrs. Huss said the \$12,500 figure equates to \$250 in a 2% sales tax revenue to the City and the EDC.

Motion by Mrs. Brown, seconded by Mrs. Hutchinson to approve the COVID19 \$250 Utility Grant, with the parameters generally set out as suggested by the City Administrator, with the applicant showing they have been harmed by the Corona Virus, a rolling twelve-months with a minimum of \$12,500 in taxable sales with taxes to be paid within the Montgomery City taxing jurisdiction, with a maximum grant of \$250 per applicant, payment to be made from the MEDC to the utility account of the approved applicant, with only one recipient per utility account, paid on a monthly basis, determination of eligibility and compliance to be implemented by the Montgomery City Administrator, applicant authorizes the MEDC to have access to the history including payment history of the utility account, applicant does not have a development reimbursement account with the city and/or the MEDC. Brown, Easley, Huss, Hutchinson, Kerr and Walker voted in favor; Cronin voted against. Motion passed. (6-1)

7. Update on Montgomery Mudbugs & Music Festival scheduled for May 16, 2020.

Mr. Tramm said the promoter of the event is anxiously awaiting restrictions on group gatherings to be lifted. Mr. Diggs has set a date of May 16<sup>th</sup> as a placeholder, but is planning on holding the event two weeks after restrictions are lifted.

Mr. Tramm said Mr. Diggs has not approached the EDC with fund requests.

No action was taken.

8. Discussion, consideration and possible action regarding Southern Rum Runners festival event.

Mr. Tramm included the proposed logo. He said SRR is looking at an October weekend. Mr. Tramm said SRR has previously produced a craft beer festival and is planning to bring a similar event into the October timeline.

Mrs. Brown asked if the Wine Festival is being rescheduled to October also.

Mr. Tramm said he does not have those dates with him, but a number of events have been rebooked and there was not a conflicting event with the weekend SRR requested.

Mrs. Huss said she does not think the Wine Festival has booked the Community Center in October.

No action was taken.

9. Discussion, consideration and possible action of Future Marketing and Tourism Advertising Options.

Mr. Tramm said during the previous meeting, the Board had a discussion on advertising and bringing tourism to Montgomery. He said, obviously, the environment has changed so he has asked Frieda Joyce to begin developing options to present to the Board.

Ms. Joyce provided the Board with printed advertising options including radio, magazines, newspapers, Tour Texas website, and social media.

Ms. Joyce said she realized the EDC has not advertised other than on the City's website or Facebook, and she suggested getting marketing started on other avenues. She said there needs to be a strategy.

Ms. Joyce suggested using KSTAR radio to send messages on COVID-19 and what the City is doing. She asked how the Board would like to proceed.

Mrs. Brown asked, since people can't travel at the moment to visit Montgomery, what sort of advertising would Ms. Joyce suggest.

Ms. Joyce said people want to know which businesses are open and what services are available.

Mrs. Brown said she did not believe the EDC should buy 30 second advertising slots to do advertising that businesses could do for themselves.

Mrs. Hutchinson asked if advertising couldn't be accomplished better on social media since people are not in their cars listening to the radio.

Ms. Joyce said not everyone is on social media. She said the Board needs to have a broad range of advertising.

Mrs. Huss said 8,000 people looked at a single picture on the Facebook page.

Mr. Walker said he has advertised on radio in the past. He said KSTAR's rates are high, and has a limited audience. He said Community Impact newsletter, a monthly publication, reaches everyone in the area.

Mrs. Huss said there needs to be a clearer picture of the short to mid to long range expectations of where Montgomery fits as far as spending and traveling in the future. She suggested not "scattering shots" and spending money on KSTAR and the Houston Chronical before the EDC has an idea of who we are targeting and why we are targeting them.

Ms. Joyce agreed that there needs to be a strategy but she did not have one prepared to offer the Board.

Mrs. Brown asked if the Board still had access to the billboard it helped fund with HMBA.

Mrs. Huss said she did not believe that HMBA still had the billboard.

Ms. Joyce said she could price billboards and available locations.

Ms. Hutchinson said she understood the idea of a broad advertising strategy, but she would suggest using the avenues currently available, specifically social media.

Mr. Walker said he agrees with focusing on social media.

Mrs. Hutchinson said different social media platforms target different age groups, so being active on multiple platforms would reach a broad demographics.

Mr. Kerr said, for his business, live videos on social media have proven to be most beneficial.

Mrs. Brown said this would be a perfect time to draw social media audiences to the city website.

Mrs. Huss asked Ms. Joyce if she has made any progress on the tourism webpage with the information Mrs. Huss gave her six weeks ago.

Ms. Joyce said most of the work has been completed.

Mrs. Huss asked if there was date that page would go live.

Ms. Joyce said she will do a few more edits in the next couple of days, then have it reviewed before it is published. Ms. Joyce asked who Mrs. Huss would like to review the page.

Mrs. Huss said Mrs. Brown, since she was involved in getting the MEDC portion of the website completed. She also suggested any of the Board members who are interested.

Mrs. Brown asked if Ms. Joyce could make the webpage interactive.

Ms. Joyce said yes. She has provided links to the websites of businesses.

Mrs. Brown said making the tourism page interactive would keep people on the Montgomery website longer.

Mrs. Huss told Ms. Joyce to develop a marketing plan which includes a specific message for people who are local, as well as those further away. Mrs. Huss said knowing why people are traveling now, and where their interests are, will determine the marketing parameters. Mrs. Huss said that is Ms. Joyce's job, not the job of the Board.

No action was taken on this item.

10. Economic Development Report – Richard Tramm

a. City Development Report

Report Provided

b. City Engineer's Report

Report Provided

**BOARD INQUIRY**

No Board inquiry

**ACTION ITEMS FROM FEBRUARY MEETING**

<i>ACTION ITEM</i>	<i>ASSIGNEE</i>	<i>RESULT</i>
Follow up on Amazon sales tax	Tramm	Will update information in May

**ACTION ITEMS FOR FUTURE MEETINGS**

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

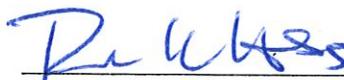
**ADJOURNMENT**

Motion by Mr. Easley, seconded by Mr. Cronin to adjourn the meeting at 7:58 p.m. All in favor. (7-0)

Submitted by:  Date Approved: 05/18/2020

Amy Brown, MEDC Secretary





Rebecca Huss, MEDC President