



PASADENA ECONOMIC DEVELOPMENT CORPORATION
Pre-Board Meeting
Conducted in the Pre-Council Conference Room at City Hall
May 24, 2018, 3:00 p.m.
Minutes

Members present:

Steve Cote, President
Randy Drake, Treasurer
Emilio Carmona, Secretary
Steve Phelps
Ernesto Paredes

Members Absent:

Rick Lord, Vice President
Marilyn Wilkins

Others Present:

Robin Green, Public Works Director
Carlos Guzman, Economic Development Executive Director
Jeff Moore, Brown & Hofmeister, LLP (via conference call)
Rick Guerrero, Economic Development Manager
Chad Burke, President, Economic Alliance Houston Port Region
Fred Welch, VP of ED, Economic Alliance Houston Port Region
Karina Tomlinson, ED Sr. Office Assistant

Call to Order

The Pre-Board meeting for the May 24, 2018 Pasadena Second Century Corporation d/b/a Pasadena Economic Development Corporation was called to order at 3:02 p.m. by Chairman Steve Cote.

(10) Board Action – Resolutions

a. Approving an Amendment to the Annual Budget for PSCC for the Fiscal Year 2018:

- Funding \$2,000,000.00 for Acquisition of Real Property;
- Moving \$1,500 from 9949-7921 (Computers) to 9949-7206 (Computer Software) to appropriately capture expenses incurred for Microsoft 365 Licenses;
- Moving \$1,000 from 9949-7921 (Computers) to 9949-7108 (Business Travel) to fund proposed expenses incurred by staff conducting Pasadena EDC business; and

- Moving \$1,000 from 9949-7921 (Computers) to 9949-7207 (Minor Equipment & Tools) to fund miscellaneous equipment needs.
- b. Award contract of Utility Development Project (CIP # M018) to D&W Contractors, Inc., lowest responsible bidder, in the amount of \$4,155,247.50 with a 5% contingency of \$207,762.38.
 - Steve Phelps asked if it was comprehensive for the entire city and Robin responded that it is in fact city wide.
 - c. Authorize amendment of Emerson's Performance Agreement by giving a 3-year time extension.
 - Carlos noted that the updated agreement was received last night; so it will be authorize updated amended agreement as it is different than what is in the board book.
 - d. Authorize Staff to negotiate and execute a contract with Hawes Hill & Associates, LLP for master plan/feasibility of the approximate 200 acre Conference Center Complex in an amount of \$275,000.
 - Steve brought up and elaborated on the San Jacinto College Master Plan and what is being done in the surrounding area from the property where the Conference Center is located. Right now San Jacinto has \$400M in assets on the ground. Van Wiggington from the college stated they have 15,000 credit students and 5,000 non-credit. Over the next 10-20 years their plan is to invest \$200M on the campus, starting with the Petro Chem facility. This will be a world class facility and companies worldwide have already been looking at the facility and will be sending employees there for training. Because of this, San Jacinto has looked to us for support and partnership and asked what we will be doing in the Conference Center. We want to take a step forward on the initial initiative of implementing the strategic plan by building a master plan. A map of the Conference Center was pulled up on the screen to discuss a master plan and what do we do with this 200-300 acres of property? Where do the assets need to go, what assets can be put there, what do we do with this 40 year old, 18,000 sq. ft. convention center? Is it feasible where it's at to expand it or do we need to build something somewhere else to not have any wasted space?
 - Tony Allender from Hawes Hill & Associates and Kirby Smith from Place Strategies went over the work they will be conducting which is the feasibility study designed for implementation of the strategic plan. Kirby Smith briefly reviewed several different developments that they are currently working on or recently worked on in Texas. Steve Cote

added that developers take feasibility studies into much consideration when selecting a site and could be a determining factor to be in the top sites selected.

- Steve Phelps asked what kind of contacts they have to bring to the table and Kirby stated that the contacts are the brands such as the Hilton brand, Marriott brand, but more importantly is selecting the developer with those important contacts. Selecting the right partner is crucial. Steve Phelps also asked if there is a similar project that they have worked on that could be compared to the City of Pasadena and Kirby stated that the Fort Worth Stockyards are a great example and comparable to Pasadena. Steve Cote mentioned a note from one of the previous meetings with TIP Strategies saying “Pasadena is the 2nd largest city to one of the largest cities in the country; and Pasadena’s peers are actually Oakland, Ft. Worth and Long Beach.” It’s important that we carry Pasadena to the next level. Each example shown has not just been a hotel, it shows how they maximize the space and value of the entire acreage. Last question by Steve Phelps is how the planning will look at the Operating Budget numbers. Tony stated that part of the feasibility plan does look at those factors, such as how market competitive is this, what is your market, and what does it need to look like and where should it be located to truly be competitive. The commitments by SJC and First Baptist Church are kernels of opportunity to build off of to build something that’s not just market competitive to the surrounding area, but you have other things you are already known for that you can use to plant your flag that’s different from everybody else. How can this bring more revenue streams, different economic revenues that we need. Randy Drake asked how close they are working with Developers on their projects and are they supplanting the developer in this process? Kirby stated that the Developers would welcome a well-planned “story” and gives the community to craft it how we want it. Randy asked if that’s our place and Tony stated yes. It’s common to see this practice of the City or County government or EDC driving this. It’s a different approach, but there is still some collaboration with the Developers.

Pre-Board Meeting Adjourned at 3:40 PM

PASADENA ECONOMIC DEVELOPMENT CORPORATION
Board Meeting
Conducted in the Council Chambers at City Hall
May 24, 2018, 3:41 p.m.
Minutes

Agenda Item One: Call to order, roll call.

The Board meeting for the May 24, 2018 Pasadena Second Century Corporation d/b/a Pasadena Economic Development Corporation was called to order at 3:41 PM by Chairman Steve Cote.

Agenda Item Two: Invocation.

Invocation given by Ernesto Paredes.

Agenda Item Three: Pledge of Allegiance.

Pledges led by Emilio Carmona, Secretary.

Agenda Item Four: Approval of Minutes.

Chairman Cote called for a motion to approve the minutes from the meeting held on April 26, 2018. Randy Drake moved to approve the minutes, seconded by Steve Phelps, MOTION CARRIED UNANIMOUS.

Agenda Item Five: Public Comments.

No Comments.

Agenda Item Six: Public Hearing

Comments by Councilman Sammy Casados: Thanked everyone for having him out and complimented the board on helping the City out with the work being done. Stated concern with the \$2M for acquisition of Real Property citing many buildings that are out there that we spent a lot of money on where nothing has been done. Item #3 moving \$1,000 to business travel there is \$23,000 in there already, why move another \$1,000, is it necessary? Lastly the D&W contract for the \$4M it states it was the lowest bidder. Where are the bids? The M018 has several projects listed under that and Mr. Robin Green can probably elaborate on that, where is the \$4.5M going? The Emerson agreement is a 3 year extension and he urges the Board bring that down to 1 year. Everyone in the community was affected by Harvey, not just Emerson. Did they buy the property already? They should show proof that they have bought it and that should be a requirement as part of the contract. 1 year is ample time to get the ball rolling. He stated that by this time they should have 12 employees already. Lastly, he commended the Hawes Hill feasibility study, but mentioned millions have already been spent on studies and nothing has ever happened. We want to do something better, but also pointed out the median income in Pasadena is \$45-\$50k and other cities such as Sugar Land have a median income of \$100k. That's the difference between our community and others around the area.

Agenda Item Seven: Presentations

Presentation by Economic Alliance Houston Port Region – Chad Burke, CEO and Fred Welch presented a quick overview of the Annual Report for Pasadena. Pasadena is one of the 12 cities that represents the public side of their house. There are 250 Private Sector members as well. Fred Welch touched on the projects that Economic Alliance is working on in the area. There have been an estimated 59 “wins” over a 10 year period, with \$8.9B Capital Investment; 4,961 jobs created. Representing Pasadena are 16 projects, 498 direct jobs with a little over \$1.7B investment, translating to \$10M worth of annual tax revenue going back to the city. YTD they have participated with 3 local company visits. There are 5 current projects representing \$2.3B investment. One of the projects could be moving into an announcement stage soon. The support being provided to the PEDC for the Strategic Plan is Retention Strategy to key sectors, Attraction – FDI and domestic as well as development/redevelopment areas identified in the strategic plan. Chad Burke then moved on to point out how they are assisting with transportation in the area. \$50B in projects in the petrochemical industry over the last 5 years. Committees have identified 28 projects to improve freight transportation and there are approximately 6 focused in the Pasadena area. Their Workforce development work is to fill the pipeline of potential workers in the petrochemical, maritime and logistics industries. They leverage partnerships with EHCMA and 9 community colleges to recruit and train a qualified workforce; provide career paths and job opportunities. Steve Phelps how many years off it is for 225 to which Chad responded that it was not a priority on the list. There is a needs assessment being conducted after EA pointed out the importance and it has moved to a priority, but it is still estimated to be 5 years out. Steve Phelps then asked about 146 to which Chad responded that the project is underway and the section north of Seabrook (spencer past Fairmont) is also now on the books to be started in 2019. Chad also touched on the Convention Center with his discussion of the Gulf Coast Industry Forum. He mentioned that they have been asked for the past 5 years to move this event out of Pasadena to somewhere in downtown Houston, but they haven’t done so because this is one of the biggest cities in the region. The chemical industry has stated they want this conference in their footprint and they don’t want to lose the sense of what it is. We should do the best that we can to make our region more hospitable to these events. He stated a larger, more nimble event center would make the forum more successful. Randy asked if there was more groups that could benefit from the conference center having more meeting space. Chad mentioned that EHCMA has reached out to them in the past requesting to use their meeting space because of the lack of such space in the area.

FY 2019 Budget Presentation – Carlos went over the draft of the FY19 budget. This is a first look and we fully expect changes. Detailed recommendations will alter the final budget recommendations. Notable changes from FY18: Administrative Service Agreement with City of Pasadena; Staff ramping up; new programs and big ticket items. The Administrative Service Agreement will be an overhaul of the document created in 1998 to reflect the new organization and staff is working closely with Lee Clark. We’re working on bringing it to the board for consideration this summer as well as to City Council. An Organizational Gap Analysis from the Strategic plan was requested. Recommendations are to increase staff by 3 and staff is evaluating recommendations and might only request 2 new positions for FY19. One of the big recommendations is a Marketing Manager who with the rollout of the Strategic Plan and new website would be very busy. The Redevelopment Manager position would assist in recruiting

work and conducts research and analysis. The last position is one that might not be necessary just yet and that's the Research Manager. The relationship we currently have with local and regional research/data partners such as GHP and Houston Galveston Area Council provides us with the information that this position would be in charge of providing. We may be able to hold off on this third position for a while. Some new programs are the Business Beautification Pilot Program where there are some matching grant programs to small businesses to enhance their business and are targeted at specific corridors where EDC already is investing funds; Leadership Pasadena which we have been working on with the chamber that helps foster the pipeline of future Pasadena leaders; Real Estate Acquisition which will still need board approval before any acquisition can take place, but it is funding set aside; Funding for Business Development Activities – historically EDC would receive budget from the City, but the budget did not separate Professional Development Travel and Business Development Travel. With EDC budget for FY19 staff is recommending the items be kept separate. FY19 major ticket items we will still have Land Acquisition Costs line but we will still have to follow the approval steps we currently do, purchases of land will not be made on a whim. The \$2M are for projects not yet identified, but before any expenditure is made the projects will come before the board. For Professional Services (7107) there is a breakdown of all items with some funds already committed as well as proposed from the total of approximately \$5.7M. Land Acquisition and Incentives represents almost 40% of the Operating budget, these two line items will need to come for Board approval before any expenditure is made. Approximately \$650k are for salaries/benefits and city admin fees and the number will change depending on the final staffing recommendations. Staff is currently conducting a salary survey with peer communities. Some pending items are CIP which is not being discussed today, staff will work with the board to align CIP with Strategic Plan later this year. EDC will be selling bonds later this year to avoid issues from early 2018; this process needs to be initiated sometime in July.

There was an additional review of the resolution involving Emerson and the time frame they are requesting to extend their contract. Carlos clarified that they have not received a penny in incentives and will not until they deliver the jobs and they meet the requirements set forth in the contract.

The plan for the FY19 Budget is to show each board member what modifications have been made compared to what has been provided today. There will not be a workshop.

Agenda Item Eight: Project Status Update from Robin Green, Director of Public Works.

Major change for Richey St. construction, \$12.4M. Triple D and Mar-con came in with the lowest bids, there will be further discussion and decision made in the next couple of weeks. A check for \$6M has been received from Harris County. He addressed the concern Mr. Casados had regarding the contracts, but he stated we do not move forward on projects until all signatures are received. He briefed on several other current projects on Red Bluff and modifications at Beltway 8; Preston south of 225. Steve Phelps asked about Pasadena Blvd. and the decision to take it from 225 to Harris vs. taking it to Southmore if it was financial. Robin stated it was partially, but 6 or 7 years ago that was reconstructed all the way to Strawberry and in the next few years that could be addressed.

Agenda Item Nine: Report by Carlos Guzman, Executive Director.

Carlos reviewed the summary of monthly activity and pointed out the Japanese sell sheet to the Board. If anyone is interested in attending the TEDC Summer Conference in Galveston please let us know, but please note it does not include hotel stay.

Agenda Item Ten: Board Action – Resolutions.

- a. **PSCC RESOLUTION 18-012** – Approving an Amendment to the Annual Budget for PSCC for Fiscal Year 2018.

Randy Drake made a motion to approve the amendment to the annual budget for Fiscal Year 2018, seconded by Ernesto Paredes that PSCC Resolution 18-012 be passed, approved and adopted. Steve added comment that we have been working on a lot of things and opportunities came up. EDC had no desire to purchase a piece of property to just sit on without a vision and a plan that it's leading to. There will still be a process of approval, legal review and public comment. MOTION CARRIED UNANIMOUS.

- b. **PSCC RESOLUTION 18-013** - Award contract of Utility Development Project (CIP # M018) to D&W Contractors, Inc., lowest responsible bidder, in the amount of \$4,155,247.50 with a 5% contingency of \$207,762.38.

Ernesto Paredes made a motion to approve contract with D&W Contractors, Inc., subject to legal review and comment seconded by Steve Phelps that PSCC Resolution 18-013 be passed, approved and adopted. MOTION CARRIED UNANIMOUS.

- c. **PSCC RESOLUTION 18-014** - Authorize updated amendment of Emerson's Performance Agreement by giving a 3-year time extension.

Randy Drake made a motion to approve updated amended agreement subject to legal review and comment, seconded by Ernesto Paredes that PSCC Resolution 18-014 be passed, approved and adopted. MOTION CARRIED UNANIMOUS.

- d. **PSCC RESOLUTION 18-015** – Authorize Staff to negotiate and execute a contract with Hawes Hill & Associates, LLP for master plan/feasibility of an approximately 200 acre Conference Center Complex in the amount of \$275,000.

Ernesto Paredes made a motion to approve contract subject to legal review and comment, seconded by Emilio Carmona that PSCC Resolution 18-015 be passed, approved and adopted. Steve Phelps asked why staff has recommended them and Carlos stated that we are currently working with them for the reinvestment zone and we feel comfortable that they will bring our plan to fruition. Randy Drake asked if we are on safe ground as there was no bid process and it was confirmed we are. Steve Cote pointed out that it's not just Hawes Hill, but they are joined by a team. MOTION CARRIED UNANIMOUS.

Agenda Item Eleven: Comments by Board Members.

Randy Drake – Glad everybody came. A lot of things covered, enjoyed the Economic Alliance presentation.

Emilio Carmona – No comment.

Steve Phelps – Just very excited.

Ernesto Paredes – Enjoyed the feasibility plan. It will help us prepare when the opportunity comes.

Steve Cote – Thanked Chad & Fred for coming out and doing the presentation, appreciate what you do and bring to the area. Thanked Tony & Kirby for coming out. Its good encouragement to have Council present and one councilman speak on his thoughts. Good to see councilman Bass and Leamon. The key thing is to get ready as we will be announcing Strategic Plan in the next 30 days. Today was the first step in implementing that.

Agenda Item Twelve: Executive Session.

- a. Convene in executive session pursuant to Section 551.087, Texas Government Code to deliberate regarding economic development negotiations for business attraction/retention projects.

****NOTE**4:45 PM** – At this time, Chairman Cote announced that the Board would be “going behind closed doors” for an Executive Session pursuant to Section 551.087 and return to Chambers following conclusion of that Session.

At this time Randy Drake stepped out of the room during the executive session and was not a participant in the discussion.

- b. Convene in executive session pursuant to Section 551.072, Texas Government Code to deliberate the purchase, exchange, lease or value of real property – Project #1805.

Randy Drake remained outside of the room during the Executive Session and was not a participant in the discussion.

Agenda Item Thirteen: Reconvene into Regular Session

The Board will reconvene into Regular Session, pursuant to the provision of Chapter 551 of the Texas Government Code, to take any action necessary regarding:

****NOTE**5:15 PM** – At this time, Chairman Cote reconvened the Board Meeting and Randy Drake returned to the room.

- a. Deliberation regarding economic development negotiations for Business Attraction/Retention Projects. No action taken.
- b. Deliberation regarding real property – Project #1805. No action taken.

Agenda Item Fourteen: Adjournment.

Chairman Cote called for a motion to adjourn the May 24, 2018 meeting at 5:18PM. Ernesto Paredes moved, seconded by Steve Phelps. MOTION CARRIED UNANIMOUS.