



PASADENA ECONOMIC DEVELOPMENT CORPORATION

Pre-Board Meeting

April 27, 2023, 3:00 p.m.

Minutes

Members present:

Rick Lord, President
Ernesto Paredes, Secretary
Marilyn Wilkins, Treasurer
Efren Arjona
Angela West

Members Absent:

Salvador Serrano, Jr., Vice President

Others Present:

Jeff Moore, Brown & Hofmeister, LLP (via Zoom)
Rick Guerrero, Executive Director
Julianne Echavarria, PEDC Marketing Manager
Karina Tomlinson, PEDC Manager
Yolanda Vegas de Eaves, Sr. Office Assistant

Call to order:

The Pre-Board meeting for the April 27, 2023, Pasadena Economic Development Corporation was called to order at 3:00 p.m. by Board President, Rick Lord.

He read through the items on the agenda stopping at the below for some details from Rick Guerrero

Agenda Item Six: Board Actions- Resolutions

- a. Karina states this item is the Quarterly Investment Report and that only requires a vote from the Board as it is an administrative item.
- b. Rick Lord explained this is adding the language back in that had been taken out. Rick Guerrero explained that in the previous meeting in March, there was a second amendment to the bylaws that went to Council, and they deferred back to us to revise section 3.4 to add language back in. He then provided a copy of the redline copy for them to look at. Jeff Moore added that is in the second sentence "that none of the directors shall be employees, officers, or members of City Council of the City" his understanding is that the City Council wanted that added back in, also there was some typos in section 9.1 that needed to be corrected. Other than those changes it is the Bylaws that were approved previously.
- c. Cristina Womack, Pasadena Chamber CEO was asked to come forward to give the Board a brief presentation. She started by giving her compliments to Julianne and Erin who have been the leads on the Pasadena Loves Local and the Business Retention and Expansion program. She stated they have had a lot of success between those and the workshops. They have 6 workshops over the course of the year, she mentioned they have had 2 already. One of those is the Generations Collide and just yesterday the Chamber wrapped up a Job Fair which was a great success, with nearly 70 employers out at the Convention Center. She went onto explain that the Chamber continues to help support small businesses and has created an entire Workforce Center on their website to help job seekers to find information, as well as

employers, and expanding their partnership with SBA and SBDC. The “Loves Local” workshops have seen great response. She explained to the new Board Members that this started during the pandemic, connecting with non-chamber members that are typically small businesses, Hispanic business owners that aren’t connected to the chamber, and now they can come to these events at no cost regardless of connection. She went on to explain the next slide, for business retention and expansion. The visits continue and they solidify the work that the EDC Board has done for the strategic plan as well as the refresh of the plan. The visits confirm things that they know, and they are appreciative of the meetings and hearing from city and chamber leadership. They have needs and they appreciate the opportunity to talk about them. There have been successes and some challenges that some of these organizations continue to face and those are mainly workforce and permitting issues. By continuing to get this information it can help drive some of the strategic plans to make changes that have a greater impact. The feedback has been consistent and the most recent meetings were with two industry partners, Afton and Next Wave, and then Texas Oil Patch all in development. Afton, formerly known as Ethyl is experiencing several issues so they appreciated the opportunity to talk about it. She thanked Rick G., Julianne, and the team at the city because now we can follow up to help solve some these issues, instead of just hear it. She went onto explain that continuing to work with permitting and parking ordinances for small businesses is a bigger issue they hear about continually. She added that Erin is going to be scheduling with Commercial Fence and Access Electric which are different types of companies. She added that the EDC provides a list of the top largest employers and the fastest growing companies based on the sales tax and based on that they set up those meetings. She then offered to answer questions. *Rick Lord added that permitting is a big deal right now, and that it takes a shorter time to build something than to get a permit.* Mrs. Womack explained that it’s not just the City dealing with permitting issues, it’s from Federal down. The US Chamber is reporting a federal initiative to make changes to permitting process, but locally we have some real challenges surrounding specific ordinances like parking, drainage and setbacks and paving that have a real impact. There are also some County dynamics and some specific issues they are dealing with are things like who owns the road. She went on to explain that you cannot simply Google if your road belongs to the City, the County, ETJ, and who can they call. The Chamber’s goal is to know about these issues before someone gets so frustrated that they choose to leave. She mentioned there are at least two businesses that need more space and they can’t expand where they are under the current ordinances, so we could lose those companies. So, by doing these visits its helping expose some of the issues, she also acknowledged Rick G. and his support with permitting issues and helping navigate and educating people when they have ideas of what they want to do and the realize that they can actually do business here. She finalized by saying there are good strategies in the strategic plan update that will help address those issues.

Agenda Item Seven: Report by Rick Guerrero, Executive Director

Rick introduced Yolanda as the new Executive Assistant for the EDC, she is stepping into Karina’s former position.

He then moved to talk about some of the items on the screen. Budget 2024: He stated that right now we are working on the FY 2024 budget, and hopefully by next month we will have more numbers to share with the Board. Drivers for 2024 are the Strategic Plan Update which has been finalized, they are doing some final grammar corrections and as soon as that’s complete, they will send us the report. Livable Centers: They continue to meet every two weeks and are getting to the end of that also. There is one more public meeting to schedule and then after that they will begin to put their recommendations together from information gathered from the public meetings and meetings internally with staff. Once they go through all of that it will be shared with the Board. He added there is still the catalyst project which is the Convention Center, and we also will hear a little bit more about the Mall in executive session. The Convention Center continues to move forward making improvements. Pasadena Loves Local: Rick explained the renewed focus on supporting local business and that, that’s the item he feels very strongly about and he feels we need to do more to support local business here in Pasadena, we have the Shop Local Program, but we want to try to do even more to make sure that people that come to Pasadena, for any reason, that we promote that

they need to shop here in Pasadena to support our local businesses. Quality of Life Projects: We continue to work on the design of the hike and bike trails that will continue for the rest of the year, the Board will be hearing a lot more as we move through this year and possibly in FY 2024. KAO Corporation: We had a Japanese company relocate to Pasadena in the Bay Port industrial district and they broke ground on April 18th at what was previously a Sunoco site of 300 acres total, but they took about 120 acres only. They expect to be up and running by FY 25. It's a \$250M plant located at 5101 Underwood which is on the border between Pasadena and LaPorte, they are expected to create 300 construction jobs as they build the plant and once the plant is operational, they will be creating about 60 new jobs. He also stated that they are happy to be here and we are happy to have them and will do everything possible to make sure they succeed. Crawfish Festival: Rick reminded everyone that the Crawfish Festival kicks off Friday at 3:30pm. The Mayor is going to pardon a crawfish which will be released into the pond and then he and Rick L. will have an opportunity to say some things as well. He added that one of his plans is to make sure that he asks them to support local businesses because that's important to all of us in the EDC. Strawberry Festival: Rick reminded them that it starts May 18th, and that a flyer is in their books regarding a Sponsorship Banquet. He reported that EDC is sponsoring the Strawberry Festival with radio announcements and asked Karina to play the 3 recorded commercials. On the next slide he showed a banner that was designed by Julianne that read "Thank You For Supporting Pasadena Local Businesses", that will go out to the Strawberry Festival. He then went over some upcoming events that the EDC has tickets for and reminded everyone that if they are interested in attending to please reach out to Julianne.

Pre-board meeting adjourned at 3:20 pm.

PASADENA ECONOMIC DEVELOPMENT CORPORATION
Board Meeting
April 27, 2023, 3:20 p.m.
Minutes

Agenda Item One: Call to order

The Board meeting on April 27, 2023 for Pasadena Economic Development Corporation was called to order at 3:20 pm by Board President, Rick Lord.

Agenda Item Two: Invocation

Invocation given by: Ernesto Paredes, Board Secretary.

Agenda Item Three: Pledges

Pledges led by: Rick Lord, Board President.

Agenda Item Four: Public Comments

Julie St. Jean, the City Comptroller stood up to speak to the Board, concerning item 6b, the Second Amendment to the Bylaws. Ms. St. Jean wanted to express her concern on section 7.6. Mr. Lord then invited Ms. St. Jean to approach the Board Members. She went on to read the previous bylaws for this particular section: "The Corporation shall be bound by the same purchasing and contract provisions of State Law including the provision of competitive bidding that are applicable to the City" then she read the new statement: "All purchases made and contracts executed by the Corporation shall be made in accordance with the requirements of law". Ms. St. Jean states that she understands the meaning of "required by law" and that the EDC does not have anything in its guidelines about procurement, so it's not giving the corporation direct guidelines to follow. She added that when they first set up the Corporation, they said we want it to follow certain procurements and we (The City) said let's follow the same procurements that we have right now. As the City Controller she has to sign every single payment that goes out of EDC and the City and when she signs them the City Charter says that "she is saying that this was done under the accordance of law and that they have the funds to do it." She stated that she has reached out to ask what laws they are going to follow now because since the guidance from the state legislature does not say what procurement they are going to have, what rules is she going to follow to make sure EDC is following what they are supposed to. This is the concern she has and as the Controller she wants the board to be aware of this information and she added that that this could have consequences for how money is spent and how contracts are issued. She was just hoping to have more guidance on what laws the City is going to follow since it says EDC doesn't have to have a procurement. *Rick Lord added that he thought the checks and balances was that it gets reviewed by City Council and he asked Jeff Moore if that all EDC procurement goes to City Council to be implemented.* Ms. St. Jean answered that it doesn't get voted on, just presented, *Rick Lord then added that it does not get voted on but they review it,* Ms. St. Jean answer that "reviewing it and seeing it doesn't have anything to do with them approving it, and letting it go", and that all other information that she does and all other financial resolutions, everything goes into Council vote and that EDC's information is just presented, she then asked that if the Board looks at the City's charter it states " the Controller must certify that all funds are spent correctly" and she added that she feels a little leery that she doesn't know what rules will be followed for that to happen. Jeff Moore jumped in to explain to Rick that this time is for Public Comments and that the Board cannot get into a back-and-forth discussion because her comments are specific to an item. He asked to save those comments for when we get to that agenda item and that right now, we should be listening to a public comment only and not interact. *The Board then said thank you and continued with the meeting.*

Agenda Item Five: Approval of Minutes from March 23, 2023

Rick Lord, called for a motion to approve the minutes from the meeting held on March 23, 2023. Ernesto Paredes moved to approve the minutes, seconded by Marilyn Wilkins. MOTION CARRIED UNANIMOUS.

Agenda Item Six: Board Actions- Resolutions

- a. **PEDC RESOLUTION 23-014-** Consideration to accept the Financial Report of Investment Activities for the Fiscal Quarter ended March 31, 2023.

Ernesto Paredes made a motion, seconded by Efrén Arjona that PEDC Resolution 23-014 be passed, approved and adopted. MOTION CARRIED ANONIMOUS.

- b. **PEDC RESOLUTION 23-015 -** Consideration to amend Resolution 23-007, Second Amendment to the Corporate Bylaws of the Pasadena Economic Development Corporation.

Jeff Moore commented that, these are amendments that have been approved by the City Council and any bylaws have to be approved by the City Council, and that as it was discussed in the Pre-Board Meeting corrections were done to 3.4, and 9.1 specifically will clean up some misspelled words. He went onto explain that regarding the procurement issue raised in the public comments section, in particular 7.6, EDCs are a non-profit corporation so competitive bidding which is Chapter 252, of the local Government Code, that applies to Municipalities, so it doesn't necessarily apply to a non-profit corporation. He stated that the EDC has other procurement statues, like Chapter 272 of local government code that deals with notice of bidding for real property, when Cities want to sell real property there are some exceptions, but generally they have to go through notice of bidding. He went on to explain that a years ago there was an AG, in the JC 109, from 1999 that addressed that issue whether or not if a type "B" EDC have to use the same notice for bidding when they are selling real property, specifically a real property unrelated to a project if the owner wants just to get it of his hands, and get it back on the tax rolls and it's really not part of a project, then would they have to give some particular notice like the city does? The answer to that is no. The state statute 272 talks about political subdivisions which include the cities but it does not applies to non-profit corporations. The EDC is a non-profit corporation and in some instances he's seen where EDCs may expedite a purchase or sale or a procurement of a good or service and they need to do it quickly and there is nothing in state law that requires that of a nonprofit and he's guessing that is the concern raised, yet he adds that complying with the bids statue that would give the best service at the lowest price, which is the theory behind competitive bidding. He went on to explain that it's probably a good practice to do that, but in some instances the EDC does not want to be handcuffed by those requirements that they've imposed upon themselves. Here the Council has approved the Bylaws with the revision on 7.6 and they are fine with that as well. Ms. St Jean added that Council have not approved that. *Rick Lord invited Jeff to continue with his argument. Jeff stated that the short answer is that it gives the EDC a little more latitude in procurement and yet that's not to say don't use the procurement method, it just gives the EDC more latitude with how the Bylaws are presented tonight.*

Rick Lord then gave word to Ms. St. Jean to speak. She went on to say that City Council did not approve this already that it was deferred for some changes in there, so it has not been approved by them. Marilyn Wilkins asked Jeff if with other EDC's he is working with or has worked previously, if there is a variety of aspects to how this issue is handled. She added that she appreciates the Controller's concern that she does not have guidelines to follow, and she is not comfortable with that because we are spending tax payer's dollars and there should be some guidelines somewhere.

Jeff went on to explain that a lot of EDCs don't have any sort of procurement methods in their Bylaws. Which is not to say all EDCs, but the majority do not impose any sort of procurement method because we have that latitude and discretion on how to acquire business services. It could be a good practice that we will try to use competitive bidding. He stated he has had City Attorneys call him and say that they wish they didn't have that in their Bylaws because they were presented with a procurement that they needed to get done quickly and they had imposed those requirements upon themselves. It's just an attempt to give you more latitude about how you procure business. *Marilyn then asked if they vote to approve Resolution b; is the EDC saying that they are ratifying this current situation and it's not to be revisited again, or if the Board decides they want to revisit how will that happen.* Jeff stated that the Board can change the Bylaws in every meeting, but they would be subject to City Council approval as well. If you vote for an amendment today it will not preclude you from revisiting amended bylaws next month or the month after. *Rick Lord then asked if a motion was in order to table this item for clarification.* Jeff explained that it could be their motion to table until the next meeting. If they want to revise it to say that "EDC" will comply with the City procurement methods" and have that inserted in 7.6 that could be the motion as well; or a motion to approve or deny. *Marilyn asked if the Board tables the motion, how could they pursue discussion on the matter before they choose to vote.* Jeff responded that given the Open Meetings Act, as a quorum they could not discuss the issue, because it would be outside the meeting context and all discussions of the quorum of the Board have to occur at a meeting. If 1 or 2 of the members wanted to engage staff or the City to discuss the provision or what revisions have to be made, he believes one or two could undertake that in the interim. If that's the desire for the Motion to be postponed to the next meeting they could do that and discuss what is appropriate for that section. Rick G. added that the Board could also take a vote and Jeff answered yes. *Ms. Wilkins then moved to table the item. Mr. Paredes asked if there is a press for time to approve this.* Jeff responded "no" as far as he knows. Mr. Guerrero added that the current Bylaws would stay in place and that EDC is trying to get some contracts done at the Convention Center, so this just slows down the process. Robin Green added that EDC needs to consider engineering, architecture, and survey they are on state boards that describe specific behaviors and have obligations. As an engineer he has to select a qualified engineering firm and provide those qualifications to you. Typically, that includes their history and their background and you actually have that backstop regardless of what happens here. Jeff answered that Robin is correct that the professional services procurement act with engineers, architects, landscape architects and various professionals, would not be affected by this as proposed. Robin added that the Board could still discuss what the recommendation is and they could just say no, Robin we don't want to do it and then he could come back with a presentation on a project to decide which way the Board wants to do it. *Mrs. Wilkins then added that the Board still hasn't decided how to solve the Controller's problem. Rick Lord asked if there was a motion and Ms. Wilkins stated she motioned to table the item. Rick Lord stated he is not speaking for or against it, he just has an issue with and does not understand why this question is barely coming to the Board today. He added that one change was one a Council Member asked for which is a very simple change that went through Council. He stated that he would imagine that the City's legal department would have looked it over already, so he wonders why it's an issue now.* Ms. St. Jean responded that she had questions from the beginning and reached out to Mr. Guerrero and asked to speak with the EDC attorney. She was given several items of information to read through and she did. Her conclusion was that she did not see what laws EDC would have to follow if the provision was not put in there. Her concern was how can she certify EDC payments to make sure they are paid properly and all rules are followed if she doesn't understand what the rules are. She added that she understand the statement "will follow all laws" but under the State legislature what it says about EDC's is there is no procurement rules. And she believes that is why that paragraph was there, to keep unity with what the City and EDC do., she went onto explain a little about the auditing process and that the EDC and City

Financial Statements are audited together. She stated she is not sure what is going to be done by the auditors if the procurement is not followed within the City rules.

Mr. Guerrero responded that the Board is following the procurement through the EDC, to which she answered that there is no statement in the EDC rules. Mr. Guerrero stated that if there is none the EDC is not violating any rules. Mr. Guerrero added that this would help to move projects along and he gave an example of a job order contract that's costing the City and the EDC more money to do the same project. Ms. St. Jean explained that the transparency has to be brought forth and that is what the Cities do and that's what takes a long time to do things. The EDC is spending taxpayers Dollars and she wants to make sure it is doing the right thing. *Mr. Lord then stated he'd like to bring the meeting back to order, his opinion is if whatever EDC spends has to be certified where does that leave things.* Jeff answered the expenditures under State Law have to go to City Council for approval, the Council gets to approve the expenditures and they allow the EDC to operate in the confines of an approved budget, so if the EDC is operating within the budget, then they have the Council's blessing. *Ms. Wilkins asked if that is what is happening.* Ms. St. Jean responded that they are going as a memo, but Council does not approve individual expenses. Mr. Guerrero added that EDC goes through the budget process and within that process there is a CIP budget where we have projects, we work with other City departments that are presented as part of the EDC budget and are voted on by the City Council. Ms. St. Jean reiterated that monthly expenditures do not go in front of the City Council for approval. Mr. Guerrero clarified that the expenditures are approved because the budget has been approved and that all projects are within the Budget, in turn the expenditures are approved. Ms. St. Jean again stated that the City Charter says that she has to Certify every fund and every payment that goes out, and that the laws have been followed within the City, and so if she doesn't have any rules that she has to follow for procurement, then she asks if she is just going to sign off on payments without knowing. Mr. Guerrero expressed to her that EDC is following the rules. She answered that right now EDC is under the old charter that states EDC is following the procurement of City and Mr. Guerrero stated that EDC has its own authority and is following that. Jeff added that the legislature had a couple of opportunities to add EDCS to statutes and does not know if it wasn't done by design or by neglect. He again gave examples when the EDC needs to do a procurement very quickly, and state law does not require that procurement so, again the bylaw amendment in that section, was his suggestion based on what he has seen around the state. Mr. Guerrero added that when EDC votes Yes here it still has to go to City Council for a vote. *Rick Lord added that there is a Motion to table and asked for a Second. There was not a Second so the Motion died. He then went back and asked for a motion on the changes that were presented to which Ernesto Paredes made a motion that was seconded by Efren Arjona. Marilyn Wilkins voted No on the item.*

Ernesto Paredes made a motion, seconded by Efren Arjona that PEDC Resolution 23-015 be passed, approved and adopted. Marilyn Wilkins Voted no on this item.

- c. **PEDC RESOLUTION 23-016** - Consideration to authorize Staff to negotiate and execute an agreement with the Pasadena Chamber of Commerce to promote, engage and support the Pasadena Loves Local initiative in the amount of \$30,000.00.

Ernesto Paredes made a motion, seconded by Marilyn Wilkins that PEDC Resolution 23-016 be Passed, approved and adopted. MOTION CARRIED UNANIMOUS

Agenda Item Seven: Report by Rick Guerrero, Executive Director

The report was given during the Pre-Board meeting.

Agenda Item Eight: Comments by Board Members.

Marilyn Wilkins- Stated that she went to the Crawfish Festival site and saw how they were putting an enormous sound stage up, it's going to be a great event and invited everyone to come and have fun.

Ernesto Paredes- Commented about the job fair and the things the Chamber is doing and thanked them for the support given to the City and the work done by them. Also, he said goodbye to Emilio Carmona and joked about him being now the oldest person as Board Member.

Efren Arjona- No comment.

Angela West- Ms. West welcomed Yolanda to the team, also she is excited about the Crawfish Festival and she is excited about the partnership with the Chamber and the City.

Rick Lord- No comment

Agenda Item Nine: Executive Session.

****NOTE** 3:51 PM** – At this time Board President Rick Lord announced that the Board would be “going behind doors” for an Executive Session.

- a. Convene in executive session pursuant to Section 551.072 and 551.087, Texas Government Code to deliberate the purchase, exchange, lease or value of real property and to deliberate regarding economic development incentives – Project #2002.

Agenda Item Ten: Reconvene into Regular Session

****NOTE** 4:03 PM** – At this time, President Rick Lord reconvened the Regular Board Meeting.

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

- a. Deliberation regarding real property – Project #2002.
 - There was not deliberation on this item

Agenda Item Six (Continued discussion)

Discussion regarding item 6b. continued in open session.

Ms. Wilkins stated that item 1 - from the Controller's standpoint obviously, she feels subject to liability if she approves something outside of the guidelines she works under. Item 2 - with respect to actions that the Board has taken over recent months that she has watched, she is sensitive to the fact that sometimes things need to be done in a hurry, and that it costs more if delayed. But also sees situations where some Companies get the job because they did last one, the one before that and they become the obvious choice, and she feels that, the logic can potentially expose the EDC, to criticism from the general public, and she asked if there is something that EDC can place in the Bylaws that can cover these issues, closes the loopholes and gets the Controller and EDC out of potential hot water. Jeff responded that the quick answer for the City approval is that if there are no hurdles then it's easy to say that the EDC has complied with the procurement method. For engineering services there is still a professional services procurement act, for other items the question becomes did you pay too much. EDC will have the latitude to go through competitive bidding if it chooses. Ms. Wilkins then added that what the Controller was saying is she felt compelled not to sign expenditures approved by EDC for a problem she has, then this becomes a problem for EDC. Jeff added that he would have to review the Charter because that's usually specific to the City, not EDC. Ms. Wilkins stated that EDC financials fall within the City's for audit purposes so if an auditor has questions regarding why she signed off on EDC expenditures that are not following the City's rules she has no answer for that. There was some additional back and forth regarding the hesitation by the City Controller to which Mr. Lord pointed out that she is referring to the City Charter and the EDC is not a City. He added that the City Council does a checks and balances when they review and approve our budget annually. Ms. Wilkins stated she feels it's something that is important to the Controller and that's what is giving her reservations. Jeff answered that

he feels the Charter she is referring to may say Boards and Commissions, but that is not applicable to non-profit corporations which is what the EDC is. Ms. Wilkins then asked if the City Controller should be asking for clarification from the City Attorney regarding her question to which Jeff stated it was a valid point. *Rick Lord asked if the Board could have a clarification for the next meeting. Mr. Paredes added that she perceived that EDC is going to get into trouble and she does not want to be part of it, and the reality is that EDC needs to make a decision, if not EDC will be delaying, and we need to continue with the momentum. And that EDC can put the issue through and if it does not go through, we will have to give it another shot, but at least the Board made the decision to move forward. Mrs. Wilkins answered that the Controller needs clarification about what she is asked to do, regarding a law that EDC does not have. Jeff agreed that the Controller cannot make legal conclusions and will need to consult the City Attorney and see if this is done in accordance with the state legislature. Mr. Guerrero responded that he has spoken to Jay Dale regarding this matter, and at this point it is in the hands of the Council. Members asked if the Board would vote on this Item again and everyone responded that the vote has been decided, Mr. Paredes added that the Board has voted, and that in the next meeting they can work on the clarification. Karina asked Jeff if she will have to put this Item in the next agenda, he answered that the City Council is going to do it, and Mr. Paredes confirmed that, and stated to let it follow its course. Jeff went onto explain that PEDC is probably among the majority EDCs that don't impose procurement upon themselves, so PEDC is in the majority to not have procurement required. Mr. Paredes asked if this is a good point, and that having Jeff in the meetings is a good thing for legal support and that in the past it wasn't like that.*

Agenda Item Eleven: Adjournment

Board President called for a motion to adjourn the April 27, 2023 meeting at 4:20pm.
Ernesto Paredes moved seconded by Efren Arjona. MOTION CARRIED ANONOMOUS.