



PASADENA ECONOMIC DEVELOPMENT CORPORATION

Pre-Board Meeting

July 27, 2023, 3:02 p.m.

Minutes

Members present:

Rick Lord, President
Marilyn Wilkins, Vice President
Ken Unfried, Treasurer
Ernesto Paredes, Secretary
Efren Arjona
Angela West
Elaine Domec

Members Absent:**Others Present:**

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 July 27, 2023, Pasadena Economic Development Corporation was called to order at 3:02 p.m. by Board President, Rick Lord.

He read through the items on the agenda stopping at the below for some details.

Agenda Item Six: Consideration and action to elect Vice-President and any other officer vacancies

He stated that there will be a sworn statement for the new Board Members and they would be administered the oath, there is also a Consideration and Action to elect a new Vice-President, and any other officer vacancies.

Agenda Item Eight: Approval of minutes from June 22, 2023

Mr. Lord pointed out a minor correction to a misspelled word noted on page 2 for the June 22nd minutes under the update by Robin Green regarding the contract with Way-Tech.

Agenda Item Nine: Board Actions- Resolutions

- b. Contract with Clark Condon – *Mr. Lord asked if that will be R. Green to explain this Item, regarding the retention and what the status of the project is.* R. Green stated that he doesn't know for sure but believes it's about the Trail, *Mr. Lord asked if there is an issue with retention.* Karina then took word and explained that this is regarding the pond and the need to redesign and update drawings for the portion on Scott St., *Mr. Lord said that he understands that, but he asked if there was an issue with the property and the purchase or where the pond is going to be, or it's not needed.* R. Green explained that probably after the design they came up with, they found out that they need a retention they didn't anticipate, in these projects there is a combination of just two drains discharging and this Trail goes quite a way. Karina then reiterated that they have to redesign it and that's what the additional funding is for.

- c. Issuance of Bonds –R. Guerrero introduced Hilltop Securities and explained that they will go over the “Schedule of Events”. John Martin started his presentation explaining that they provided a proposed schedule of events for potential issue of Sales Tax Revenue Bonds by the Pasadena EDC, he then introduced his son and partner Michael Martin, and Nikki Hill from McCall, Parkhurst & Horton as Bond Counsel, and briefly described their work. He proceeded to explain that they were there to start the process for potential debt issuance, and this is a go forward and Resolution for a Notice of Public Hearing. He then went through the provided schedule, explaining that work starts when they prepare the documentation for the Bond Counsel in preparation for the ultimate sale of the securities, then it goes to Council on October 3rd. He stated they are asking the Board for a Special Meeting the morning of Tuesday October 3rd because when there is debt issuance, City Council also must approve and consent to the debt issuance, and that will also be the day of the morning City Council meeting at 9:30. He went over some details regarding the process of pricing, selling and issuing of the bonds the day of and the day prior to the potential issuance. Once the issuance is approved by Council there will be a closing and delivery of money in the bank on October 25th. He then reviewed a sample balance sheet of what a bond issue would look like, and he pointed out that the Resolution has a not to exceed amount of \$50M and that’s the cap EDC can decide between now and the next five weeks if less money needs to be borrowed, but not more than the cap. This is based on a \$50M project, par amount of Bonds is based on market conditions on July 14th, they were issued \$46.7M and there is a premium, because they’re sold at a higher rate for lower yield that’s typically the way Bonds are sold on the marketplace. They’re bringing about \$3.9M premium and that sets the cost of issuance and so forth to get EDC to \$50M. He continued describing the second page on the Underwriter’s Discount line, and stated they will work with Rick Guerrero and the City if they have someone they use or are comfortable with, there are about dozen firms that can do a great job for EDC that can be recommended. He continued with the third page showing the general market Fiscal Year Ending it shows a “Principal Interest Pattern” this assumes that we go out with a 30yr financing this averages out to rates and yields shown. He stated the payments for PEDC over that period of time will be a little over \$3M a year. Mr. Martin went on explaining that they are working with the Bond Counsel Nikki and her group, Mr. Guerrero, and the City Controller’s Office to make sure that everyone who is involved is comfortable with the terms and conditions with the way all is written up. EDC will have to work with the credit rating agency Standard & Poor’s and have a conversation with them the 3rd week of September to talk about the project, economic demographics, information and look through the financials. Mr. Martin offered to answer any questions the Board had, and the word was given to Nikki Hill; she commented that Mr. Martin covered all and reiterated that today is the first step with PEDC approving the plan of finance and approving the Resolution that publishes Notice, because they must give 60 days’ notice of this project in the newspaper. When we come back in October is when PEDC will approve the Bonds, so this is the first step. Mr. Guerrero then asked if this would affect the city in any way in terms of capacity; Mr. Martin responded that this is a separate EDC sales tax and none of the debt service will go as part of the city at all, this will be separate part, as the component unit of the city as the EDC and so purely pay back through the sales tax revenue generated by the EDC sales tax. He added that the documentation will say that there is no pledge, the City of Pasadena is not responsible for the repayment of this debt. R. Guerrero then asked if in comparison to something most people do every day, is this something similar to a mortgage loan. Mr. Martin responded yes, this type of financing is very much like that, and he should point out that EDC could pay the Bond debt early and they will put what’s called a “call feature” which is typically 9 to 10 years. So if EDC can call these Bonds in whole or in part, EDC can pay some of them off, investors/ Bond holders they have that period of time that they know they are going to get yields which is in that period of 9 to 10yr., so at the end of that “non call period” you have the ability to use surplus funds to be able to pay the Bonds just the way you would be able to pay a mortgage early. So even if it’s a 30yr debt you have the flexibility after 9yr., to restructure, pay them off or whatever it may be. He went on to explain that with

interests rates the way they are right now, there is not a shorter term. In terms of interest rate there is very little difference between a 20yr. and a 30yr. right now, so you are going to be between 4.25% and 4.5% whether you do 20yrs. or 30yrs. Mr. Guerrero asked to confirm that EDC can pay it off after 9yr. and Mr. Martin responded, that's correct. *Mrs. West asked if this is one payment per year and Mr. Martin responded that EDC has interest payments every 6 months, and the principal is due annually.*

Agenda Item Ten: Report by Executive Director

R. Guerrero stated that he wanted to use his time for any questions or explanations about the project so once EDC gets into the meeting, he is going to unveil what the project is and at that point they will be open for questions and will use his time for that.

Pre-board meeting adjourned at 3:17 pm.

PASADENA ECONOMIC DEVELOPMENT CORPORATION
Board Meeting
July 27, 2023, 3:17 p.m.
Minutes

Agenda Item One: Call to order

The Board meeting on July 27, 2023, for Pasadena Economic Development Corporation was called to order at 3:17 pm by Board President, Rick Lord.

Agenda Item Two: Invocation

Invocation given by: Efren Arjona, Board Member.

Agenda Item Three: Pledges

Pledges led by: Angela West, Board Member.

Agenda Item Four: Acceptance of the sworn statement

Read by Notary Public of Texas/EDC Manager Karina Tomlinson and accepted by Elaine Domec and Ken Unfried.

Agenda Item Five: Administration of Oath of Offices to newly appointed members

Administered by Notary Public of Texas/EDC Manager Karina Tomlinson to Elaine Domec and Ken Unfried.

Agenda Item Six: Election of Vice-President and other officer vacancies

Efren Arjona made a motion to approve and appoint the slate of officer's vacancies, seconded by Elaine Domec.

Angela West nominated Marilyn Wilkins as Vice-President, Mr. Lord then asked Marilyn Wilkins if she resigns her position as Treasurer, and she said Yes; Mr. Lord then asked for a nomination for Treasurer and Angela West nominated Ken Unfried as Treasurer. MOTION CARRIED UNANIMOUS.

Agenda Item Seven: Public Comments

Cristina Womack, Pasadena Chamber of Commerce CEO- She started her speech welcoming the new Board Members. She continued, expressing her support of EDC efforts in pursuing the expansion of the Convention Center, she stated that she had the privilege of Chairing the Steering Committee that lead the Strategic Plan for the refresh 5yr. ago, and in the last 15 years she served in multiple studies in focus groups representing the voice of business with the Chamber about the need to develop the Pasadena Convention Center. The Chamber applauds the efforts of taking the step forward for the innovation and wants to be a partner on that and encourages the availability to look at the plans to make the full use of this property and take into consideration education partners, industry partners and the non-profit organizations that use this space, to really make sure that's capitalized and how it can drive revenue to the city. She finalized by adding that the Chamber looks forward to seeing the plans and being a partner for this project with the EDC.

Brian Freedman, President of the Bay Area Houston Economic Partnership- He thanked the Board Members for allowing him to visit, he wanted to introduce himself and explained that he's relatively new as President of BAHEP and described the organization a little for the ones who are not familiar with the organization. He stated that he had the opportunity to work with Rick Guerrero for a number of years in his previous capacity at the Boeing company, on a number of projects. He continued expressing excitement seeing the agenda today and hearing more about the project and couldn't speak as eloquently as Cristina Womack but expressed that this is an exciting opportunity. One of the things BAHEP focuses

on from a Regional Economic Development perspective is the ability to have access and capabilities in different locations and this is surely one that gives BAHEP a unique capability in addition to all things that Pasadena brings to the table, to attract more businesses to the region that will be able to tell this region's story about why this is such a great place to live, work and do business. He concluded by thanking the board for the opportunity and that he looks forward to working with Pasadena EDC.

Agenda Item Eight: Approval of Minutes from July 27, 2023

Rick Lord called for a motion to approve the minutes from the meeting held on July 27, 2023.

Ernesto Paredes moved to approve the minutes as amended, seconded by Marilyn Wilkins. MOTION CARRIED UNANIMOUS.

Agenda Item Nine: Board Actions - Resolutions

- a. **PEDC RESOLUTION 23-025** – Consideration to accept the Financial Report of Investment Activities for the Fiscal Quarter ended on June 30, 2023.

Marilyn Wilkins made a motion to approve, seconded by Ernesto Paredes that PEDC Resolution 23-025 be passed, approved and adopted. MOTION CARRIED UNANIMOUS.

- b. **PEDC RESOLUTION 23-026** – Consideration to amend PEDC Resolution 22-016, contract with Clark Condon for Design of Little Vince Bayou Greenway (CIP #R086) to approve an appropriation of \$28,970.00 in additional funds for additional engineering services from the Vince Bayou Greenway (R066) project account.

Ernesto Paredes made a motion, seconded by Elaine Domec that PEDC Resolution 23-026 be passed, approved and adopted. MOTION CARRIED UNANIMOUS.

- c. **PEDC RESOLUTION 23-027** - Consideration and possible approval of a resolution approving a preliminary plan of finance relating to the issuance of up to \$50,000,000.00 in principal amount of sales tax revenue bonds to finance certain improvement projects relating to the City of Pasadena's Convention Center, as authorized under Chapter 505, Texas Local Government Code; Authorizing the publication of a notice to undertake such projects; and authorizing the Corporation's staff and professional advisors to prepare and distribute all documents and take all actions deemed necessary in connection with preparing for the issuance of such bonds.

Ernesto Paredes made a motion, seconded by Angela West that PEDC Resolution 23-027 be passed, approved and adopted.

Mrs. Wilkins added a comment that she it's not clear with the sequence of events, there hasn't been a discussion on what these \$50M are going to be spent for and she would like to have a report done as part of the discussion for this Motion, and then take a vote after.

At this time R. Guerrero uncovered a large canvas of a photo, stating that this is the "project" and the architect from Way-Tech is present to explain the project in more detail. He also stated that he will get to the explanation of the \$50M and described that this is an EDC driver for our community, and it will be the first development around the facility which brings more investments to our community, more revenue and sales tax. In general, this is a revenue generating project. He then invited Ernie Flohr to speak. He started his presentation explaining that the design in the image is in part what they've been working on for the last couple of weeks, it is schematic plans, which means preliminary so they can do this and then come up with a budget which is how the \$50M was derived. To get to this point they needed some conceptual ideas. He went on explaining that there were five to six conceptual points that were kept in terms of design. He proceeded to explain the top 3: The 1st

concept is for people to see people, looking at the photo he showed the front side of the existing building façade that hides the existing convention center. He stated the next photo he shows will be a nighttime photo. The whole concept is to make the front open and to let people see other people and be conducive to other events. The 2nd concept was community; to build the center of the facility to bring the community in, it will be a multipurpose facility not only for conventions but also for entertainment. In the 3rd concept he wants to reflect the city, community service, industry and its stature in the community, something that Pasadena will benefit from. There are also some elements that will be inside and outside for instance: they would try to use some petrochemical elements such as joint pipes for the outside structure and try to relate to the facility across the street at San Jacinto College. The Arena is approx. 260x280 ft so itself has a footprint of about 60,000sf, but there is also a lobby and there are 4 levels to the Arena, adding all of these up puts it at around 160,000sf. If we add that to the existing CC which is 34,000sf it will be a total of about 200,000sf. He stated that if you take the \$50M divided by the 200,000sf its reasonable its about \$240 per foot, which is a little below average. They look at hundreds of Convention Centers and they found that for this size of Convention Center the price runs for \$40M to \$80M, so the one depicted in the photo is on the lower end of what most Convention Centers are being built for, and he believes its partially due to him using basic materials nothing that's exorbitant. A lot of Convention Centers built in other countries are using materials that come from Europe and it makes them pricier. He continued with the design details: Its 60ft high it has 6,000 seats in the Arena and another 1,500 on the floor so it has a capacity of 7,500 people which is about right for other entertainment besides conventions, such as live performances. They contacted Live Nation and had conversations to find out capabilities and make sure this is built right. 7,500 is not a number they just came up with, they want to be able to hold graduations. He went to PISD and researched what their average graduation capacity would be, and added we should be able to hold not only high school but also college graduations. The floor of the Convention Center itself is flexible depending on the retractable seating, very much like the existing, but the seating is a little bit better, and the space is relatively bigger. The Arena itself in terms of concept is to be very multipurpose. They also want to be able to facilitate an Indoor Arena, Indoor Rodeos, if possible, to generate as much revenue as possible. Mr. Flohr continued his presentation describing the existing facility adding that they will extend the lobby with new finishes, new restrooms, and in concept they want to take the big spaces at the existing Convention Center and make break-out rooms, so we have the big facility, the Arena and then the existing Convention Center that has smaller rooms. They will have to do landscaping and lighting; it's all included in their budget. At this time, he invited the Board to look at the schematic drawings and explained that at the bottom of the handout there is a website that has more information. He added that based on his 45 years in the business the key to his success is to surround himself with a good team. The team he has assembled for AV, the Arena itself, all the MEP, all the engineering consultants, they are the best and they have done Arenas before. He asked if anyone is familiar with the Berry Center in Cy-Fair which he worked on, describing it as a large Education Center. It has an Arena and a large Football Stadium, so he patterned this facility a little bit like the Berry Center because it works very well, and it has a lot of good presence, in terms of their functions. Way-Tech is using the same architect to do the working drawings and described the architect who designed the Berry Center as someone from Kansas City. He added that they hope to use him for the Arena to consult and make sure all the components and elements that are in the building will be the appropriate ones. He concluded his speech reaffirming his belief in the good quality of his team and will make sure this project will work the way it's supposed to. R. Guerrero then added that he had a conversation with Live Nation that same day to ask about some of the requirements that they use to be able to book these facilities, if this is going to be a revenue generating facility one of the reasons we are going with a managing company is to make sure that it's booked all year long, so we can generate the revenue to pay back the Bonds. Live Nation had questions about certain things because they are very specific as to how these arenas are set up. EDC will also be talking with the company that manages and programs Smart Financial Centre and that's Ambassador Theater Group, and several other companies. *Mr. Unfried asked what the expectation*

for completion is? Mr. Flohr responded that if approved quickly the designs will be done in 6 months, and with a good foundation to start from buildout will be about 18 months with a total of two years to completion. Mrs. West then asked if the building will be usable during that time, Mr. Flohr explained that the existing building will be kept open and operational. Mr. Unfried asked if there is any contingency in budget; Mr. Flohr responded that there is a contingency on his end, and for some pieces of the project the EDC are responsible for as far as buyouts for the AV. He added that his contingency is 5% and the total project has about 8%.

R. Lord asked if anyone had any more questions and Mrs. Wilkins asked if the motion on the floor if passed, initiates the timeline between today and October the 3rd. R. Lord confirmed this is for the Bonds only and she agreed that assuming that nothing changes anybody's mind, that the issuance of those Bonds funds this project. She asked if she is missing anything with respect to the Board's vote today that potentially could not be undone if there came some reason to do so. R. Lord responded that the only thing that could happen would be that the City Council wouldn't approve it and at this time. N. Hill (bond counsel) responded explaining that they approve of starting the process and approving a Resolution to publish the Notice in the newspaper. That notice is so that the citizens of Pasadena can see what's going on and it has a short description of the project. At this point the project cannot change, because what's in the paper, although broad, gives the fundamentals of what the project is. When the Board and Hilltop come back in October, assuming the Bond sale goes well, the Board will approve the bonds at that time. R. Guerrero added that EDC will be placing big signs around the Convention Center property with the photo and some wording at the top so people can see it and be aware of the 60-day notice. N. Hill added that the 60 days is a statutory requirement that has been built into the schedule, which is why publication is in August and then Hilltop will come back in October for the sale of the Bonds. She also added that in that period there can be changes in the financial structure if the market is different, but right now the Board is approving the initiation of the process, not the Bonds. Mrs. Wilkins said that she can't imagine a blowback from the community but what if there were a significant number of questions or concerns from a community standpoint. N. Hill responded that there will be a Public Hearing on October 3rd, and anyone who has questions is welcome to attend. There are also statutory restrictions in place, if there is a petition from 10% of the voters that disagree, then this cannot happen, so there are safeguards in place for that. Mrs. Wilkins commented that's all she's asking, if we start a snowball downhill right now and if there is some reason that we say no, not right at this minute, that there is a mechanism in place. N. Hill responded that if for any reason something catastrophic happens between now and October the Board doesn't have to approve the Bonds, the notice is not a requirement to approve the Bonds it's just to announce that there is a project going on, there is a notice of public hearing on a given date and if you have any questions you can come at that time", and if everything moves smoothly, they will be approved at that point. J. Martin added that if by the third week of September it looks like the Board says, "we need to back off," then Hilltop will let everything go, it will have to be a "not approved issuance of Bonds". Around September 21-23 they will need to know the Board is sure or hit pause. Mrs. Wilkins stated that she is not knowledgeable about Bonds and that's why she is asking these questions. R. Guerrero added that he mentioned to J. Martin, that EDC has taken a lot of community feedback through the first Strategic Plan, but also through the update of the Strategic Plan which mentions that we need to reimagine the Convention Center. Everything is in the strategic plan and people have spoken and the EDC is following their request. Beyond the Public Notice EDC will put 5 signs around the property, so there is no misunderstanding of what's going on.

Chairman Lord stated there was already a motion and second on the floor, he asked for ayes to which all board members responded with aye. MOTION CARRIED UNANIMOUS.

PEDC RESOLUTION 23-028 - Consideration and possible approval of a resolution authorizing publication of a Notice of Public Hearing and approving other related matters.

Ernesto Paredes made a motion, seconded by Rick Lord that PEDC Resolution 23-028 be passed, approved and adopted. MOTION CARRIED UNANIMOUS.

Agenda Item Ten: Report by Rick Guerrero, Executive Director

R. Guerrero stated once again that the project is an Economic Development driver, to bring more tax base to the community, because these projects need to be done in the community through either Ad Valorem taxes or sales tax. To grow that base and be able to do more in our community and provide more amenities to our citizens, business owners, partners, we need something that is going to do that, and EDC strongly believes this is the facility that is going to help accomplish that. Not only reimagining the Convention Center but also taking a nudge at tourism as well, we have the base and the other way to increase our sales tax is to bring people from outside Pasadena to spend money here. The opportunity is there for everyone to decide, and he hopes that everyone realizes that this is something that people in Pasadena have been asking for for years. He added that since his time as the Chairman of the Board at the Pasadena Chamber of Commerce in 2014 he can remember that this conversation has been had. He believes that this is a great project and one that businesses and citizens of Pasadena will be proud of. *R. Lord asked the age of the current Convention Center and Mr. Guerrero responded 40 years, Marilyn Wilkins asked if building this project is going to give us leverage with TxDot and Red Bluff, because 146 and Fairmont are out there, but we still need as many ways as possible to get here efficiently and that will be great.* R. Guerrero responded that he's been working with R. Green who explained that the city has spent about \$12M on drainage and the median on Red Bluff and south and north of Fairmont, a lot of money is being put there. The city has been involved with TxDot in a 2023-2025 plan that's going to rebuild 225, 610 and the columns on the Ship Channel bridge. Red Bluff itself has been spoken about for decades and he doesn't know what the plan is. *Marilyn Wilkins added that it's a direct way from 225 and lands you directly where the property is, you can take the Beltway, but you have to still come down Fairmont.* R. Guerrero explained the need for signage came up in a previous meeting and Julianne is working with a consultant, Tangram, who's working on a Wayfinding Master Plan.

Agenda Item Eleven: Comments by Board Members

Marilyn Wilkins – Welcomed the new Board Members.

Ken Unfried – We will see this project as we go.

Efren Arjona– He thinks this project is great, that is going to be like the Woodlands Pavilion of the south to begin with, he's concern if it's going to be completed by the summer of 2026 because of the World Cup is coming to Houston and there is going to be a huge amount of people and they will be going outside of the Houston area from all over the world to come to these events. He said it will be like having our little Woodlands Pavilion and he is not going back there anymore.

Ernesto Paredes – He congratulated R. Guerrero for leading them, and that every time there is a big event people have the same comments, not enough room when is going to get better, it's been going on for 20, 30 years. R. Guerrero responded that at least 7 to 10 studies have been done about the Convention Center in the last 30 years, and E. Paredes commented that they're all on the shelves.

Elaine Domec- She thinks it's great and very needed in Pasadena, anything to draw people here, and this is a great way to do it.

Angela West – She welcomes Mr. Unfried and Mrs. Domec first. And commented that she remembers when the Convention Center was built and that it was a big deal 40 years ago, and she is very excited to be part of this big deal and to see what's going to be for our community. She lives down south of Pasadena and gets to pass by frequently and she will be able to see the construction and progress on it.

Rick Lord – Welcomed the new Board Members.

Agenda Item Twelve: Adjournment

Board President, Rick Lord called for a motion to adjourn the July 27, 2023, meeting at 3:57 pm. Marilyn Wilkins moved, seconded by Ernesto Paredes. MOTION CARRIED UNANIMOUS.