



PASADENA ECONOMIC DEVELOPMENT CORPORATION

Pre-Board Meeting

September 28, 2023, 3:00 p.m.

Minutes

Members present:

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

Members Absent:

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
Nikki Hill, McCall Parkhurst & Horton, LLP
John Martin, Hilltop Securities, Inc.

Call to order:

The Pre-Board meeting for the September 28, 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 and proceeded to start the meeting.

Pre- board meeting adjourned at 3:02.

PASADENA ECONOMIC DEVELOPMENT CORPORATION

Board Meeting

September 28, 2023, 3:02 p.m.

Minutes

Agenda Item One: Call to order

The Board meeting on September 28, 2023, for Pasadena Economic Development Corporation was called to order at 3:02 pm by Board President, Rick Lord.

Agenda Item Two: Invocation

Invocation given by: Efren Arjona, Board Member.

Agenda Item Three: Pledges

Pledges led by: Elaine Domec, Board Member.

Agenda Item Four: Discussion Regarding Release of Sales Tax Revenue Bonds

At this time Rick Lord gave the word to Nikki Hill, Bond Counsel from McCall, Parkhurst & Horton.

Ms. Hill was present at the meeting to answer questions the Board members had regarding the issuance of the bonds, to this John Martin from Hilltop Securities added that they didn't bring a formal presentation, they were only present to answer questions. *M. Wilkins took the lead explaining her understanding of the proposed schedule of events, asking if the Bond debt issuance is a financial obligation of the EDC.* N. Hill answered "correct", *and the only funding comes from sales tax from the population of the city, so therefore no other income from this project will be allocated toward this debt relief.* *M. Wilkins asked N. Hill to confirm that the project is owned by the city,* N. Hill responded: "That's correct, the Convention Center is owned by the city", *and M. Wilkins asked to confirm that no income from that facility in any way, shape, or form is used to retire any of this indebtedness.* N. Hill agreed and responded that it will be only the pledged revenues: sales tax received by the city on behalf of the EDC. N. Hill added that although they could say other revenue, she thinks that the expectation is that it's going to be paid by sales tax revenue. *M. Wilkins asked Jeff Moore, attorney for the EDC, if it's correct that the EDC sole source of funding is sales tax and J. Moore responded to that as being correct for the most part and occasionally somebody might make a charitable contribution or other revenue that comes in, but the vast majority is sales tax.* At this point J. Martin expressed that he would like to make a point about other revenues to pay the bonds, and explained that if the EDC chooses to retire the bonds with a fund balance excess sales tax collection, there is nothing that says that EDC must hold the bonds for 30 years, *M. Wilkins admitted her understanding to that, and explained that this notion was explained to her in private, but she wants to clarify that the only official source of funds to retire the bonds is sales tax and not some stellar performance of the facility itself.* J. Martin responded that the EDC received a AA- rating from S&P based solely on its sales tax collection, and that no other income or assets were used. *M. Wilkins asked what the annual cost for the EDC would be once the bonds get issued, R. Lord responded \$3M, and M. Wilkins asked R. Guerrero for the current annual income to which he responded between \$14M-\$15M, which is based on the calculations made on the questionnaires completed for the underwriters, and he asked J. St. Jean, City Controller to confirm her response which she did, and added that this still gives the EDC an operating budget to keep operations of about \$12M per year.* *M. Wilkins responded that basically 20% of EDC's income would be potentially earmarked for the next 30 years, assuming there isn't an adjustment in sales tax revenue, and R. Guerrero responded that "it will be part of EDC's budget".*

R. Lord asked the Board members if they had any questions, and *M. Wilkins asked if there would be any situation that would cause the price of these bonds at the time of the sale to be at any other price point set prior to their release.* J. Martin responded that at this time the underwriters are premarketing the bonds with the rating in place and gave a brief description on how the bonds will go into an order period by the three underwriting firms offering the bonds, followed by a pre-pricing and premarketing to have a better understanding of where they are, and once the offering period closes on Friday, the underwriters will return with a formal bid and between Hilltop, EDC and Ms. St. Jean on Monday afternoon they will confirm the price and they can be given a verbal approval from the EDC and City Council. At that point in time the price is locked, will not change, and is a fixed rate bond with 9 years call feature, with a fixed interest for 30 years period. If the EDC chooses to pay them off in 9 years, or a portion then the EDC will have that option. *M. Wilkins asked if worst case scenario nobody buys one, what happens,* J. Martin responded that they would have failed and gave the sample of possible government shut down; rates move up and the federal government says the rates are going to be higher until the second half of 2024, so for the bond market the rates would be higher. *M. Wilkins asked if all \$30M of the bonds get release at 5pm,* J. Martin responded that by Monday afternoon the EDC will be locked in, regardless of the rates going up next week. *M. Wilkins questioned if only \$10M gets sold,* J. Martin responded that the underwriters have put their capital into the sale and they have agreed upon a price they believe is fair between Hilltop and the three underwriting firms, and on Monday they will go into the order period in the Market and they might say the sale needs to be pushed a week or a month because they don't have any orders, they might offer to underwrite \$10M or \$30M, but won't know until they get to the end of that order period and by Monday they should know where the rate stands and he confirmed his presence on Tuesday morning to give the EDC a report. *M. Wilkins continued stating that the EDC isn't sure if it's going to spend 1/5 of EDC's budget for the next 30 years., on this project with no control whatsoever of the end result because the Convention Center isn't owned by EDC, so she considers it out of EDC's control, to what R. Lord responds neither are the roads and M. Wilkins responded that roads are something different to this. M. Martin responded that it will be considered just like another project. M. Wilkins added that she wants to understand what they're voting for and all the members of the Board take their fiduciary responsibility to the citizens of this community very seriously and it's a lot of money for a long time and she wants to be clear in the meaning of the vote, and that if she would spend a lot of her own money she would like to have some outcome that she could control with respect to the use of it, and in this instance the Board does not. She concluded by stating that she wants to be clear about that and understanding.*

Agenda Item Five: Executive Session

****NOTE** 3:16 PM** – At this time Board President Rick Lord announced that the Board will be “going behind closed doors” for an Executive Session.

- a. Convene in executive session pursuant to Section 551.071 of the Texas Government Code to receive legal advice Development Corporation Act Issues.
- b. Convene in executive session pursuant to Section 551.072 and 551.87, Texas Government Code to deliberate the purchase, exchange, lease or value of real property and to deliberate regarding economic development incentives – Project #2302.

Agenda Item Six: 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. Consultation with attorney to receive legal advice.

b. Deliberation regarding Real Property – Project #2023.

- There was no action on either item.

Agenda Item Seven: Public Comments

No comments made by any attendees.

Agenda Item Eight: Approval of Minutes from August 24, 2023

Rick Lord called for a motion to approve the minutes from the meeting held on August 24, 2023.

Ernesto Paredes moved to approve the minutes, seconded by Elaine Domec. MOTION CARRIED UNANIMOUS.

Agenda Item Nine: Board Actions - Resolutions

- a. **PEDC RESOLUTION 23-030** - Consideration to amend PEDC Resolution 21-034, contract with AECOM for Bid Support and Construction Management for the Richey Street Phase II Project (CIP# S110) by approving an appropriation of \$115,000.00 in additional funds for Task Order 3/Change Order 1 - Redesign & Additional Construction and Bidding Services from the North Pasadena Redevelopment (M008) account.

Robin Green Director of Public Works was given the word and briefly explained that project has been designed for a while and the original concept had a number of mid-block crossings which are dangerous, the money is to redesign the project and in the long term the EDC will get the money back since the construction cost will go down.

Marilyn Wilkins made a motion, seconded by Ernesto Paredes that PEDC Resolution 23-030 be passed, approved and adopted. MOTION CARRIED UNANIMOUS.

- b. **PEDC RESOLUTION 23-031** - Consideration to amend PEDC Resolution 21-015, 21-036, agreement with Johnson Fence & Masonry, LLC (CIP# S144) for construction of a gateway monument sign by approving an appropriation of \$3,036.75 in additional funds from the North Pasadena Redevelopment (M008) account.

Karina Tomlinson, PEDC Manager was given the word and briefly explained that prior to the Gateway being finished, there was landscaping work to remove some trees, which wasn't part of the scope of work, there was an extra expense of \$4,000.00 and this appropriation is to close out the project.

Ernesto Paredes made a motion, seconded by Marilyn Wilkins that PEDC Resolution 23-031 be passed, approved and adopted. MOTION CARRIED UNANIMOUS.

Agenda Item Ten: Report by Rick Guerrero, Executive Director

R. Guerrero started his report updating the Board with the Convention Center facility and explained that part of the work it's looking at how these facilities operate, and he mentioned the Smart Financial and Fort Bend County Epicenter which recently opened. He is still gathering information regarding agreements and how they get structured with the county and the cities, and explained that he has been in talks with both facilities because they each have different operators, and asked them what works or doesn't, what did they miss or what they wish now that they had; all this to make sure that when we move forward with this project it looks attractive to a tenant. He continued describing some things an entertainer and an operator

will be looking for and wants to make sure the facility will look attractive in the market. He explained to the board that Julie St. Jean and him along with their staff had been working on the documents for the underwriters and the bond process, and the EDC just received an excellent rating from S&P Global of AA-. He has been doing a lot of work behind the scenes, putting everything in place so when the project is approved the EDC is ready, he will continue to visit other facilities, and will work with the consultants that built them to make sure we have everything we need and explained that something he would never think of, is a laundry room with washer and dryer for entertainers since they are on the road all the time on RVs. Some other details would be the configuration of the seating floor area, the stage, that it's going to be movable since some artists like to be more intimate and will block off some of the areas. He made reference to all the other areas required like concessions, kitchen, storage, lockers, dressing rooms, private boxes and primary entrances for entertainers that they require. R. Guerrero concluded his report stating that his goal is to put all this into one building, it takes a lot of work behind the scenes and will share more information with the Board as he goes through the process.

Agenda Item Eleven: Comments by Board Members:

Marilyn Wilkins - No comment.

Elaine Domec – No comment.

Efren Arjona – No comment.

Ernesto Paredes - No comment.

Angela West - No comment.

Rick Lord – Thanked Brian Freedman President of BAHEP, for the monthly reports regarding their projects with the City of Pasadena.

Agenda Item Twelve: Adjournment

Board President, Rick Lord called for a motion to adjourn the September 28, 2023, meeting at 4:12 pm.

Ernesto Paredes moved, seconded by Efren Arjona. MOTION CARRIED UNANIMOUS.