



PASADENA ECONOMIC DEVELOPMENT CORPORATION

Pre-Board Meeting

October 3, 2023, 8:30 a.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 October 3, 2023, Pasadena Economic Development Corporation was called to order at 8:30 a.m. by Board President, Rick Lord.

Rick Lord read through the agenda briefly and immediately gave the word to John Martin of Hilltop Securities. He introduced himself and Nikki Hill, EDC bond counsel from McCall, Parkhurst & Horton. He started his presentation referring to the booklets that contain information about the bonds sale and were given to the Board members. He continued, reminding the Board that as discussed at the previous meeting on September 28th, the bonds were on a premarketing period that ended last Friday, and the market continues to sell. He expressed the wonderful job the underwriters have performed generating interest during the premarketing period, there was nothing else in the market that could compete with these bonds, since we were the only ones with a AA- rating and these were revenue bonds. There are investors searching for a good yield tax exempt and with a higher credit rating, used as sample PISD having a AAA rating and EDC is AA-, which is a few nudges lower maybe a 2% better, it will make the bonds more attractive. He proceeded with his presentation, going through the booklet given to the Board giving some highlights on some of the tabs. The first tab gives information regarding the financial team naming the underwriters, and the bond insurance that was purchased as result of bringing the rating from a AA- to a AA enhancing the number of potential bond holders. Tab #2 contains the rating report stating that the EDC and the City should be proud of, and explains how they analyze the credit and came up with the AA-, which is a fantastic rating primarily because the EDC hasn't had any debt in the last several years and based on the overall cash flow bringing \$14M per year with a \$3M debt service the EDC has money to cover the debt. The next page includes the Bond Buyer's Index that represents how the bond market is trending showing the highest and lowest rates during previous years and what is the interest rate as of now. He continued showing the Board

the names of the 28 accounts issuing bond orders and answering the question of who is going to buy the bonds. The list shows retail and institutional accounts which will purchase in large quantities, he continued naming some of the companies that placed the orders and the amount of some of these purchases. Next, he showed a chart that gives an idea of how the treasury market bond has done from a year to date and explained that the tax-exempt market hasn't had any change from Friday, but because of the presale the EDC ended up very well. Tab #3 shows the most important part of the transaction, describing the sources and the uses of funds and how the money is used for the different stages of the transaction, continued describing the debt service schedule showing when the bonds mature all the way to 2053, giving a description of the payment schedule, interest, and praised the underwriters for doing a good job. Within this tab there is a Bond Production Report that explains how the premium is generated, at what price the Bonds are sold and the percentage the investor is getting in return; he continued showing what happened in the MMD index since they run an analysis in July regarding the interest rate and how much it went up, and concluded with this tab referring to the Cost of Issuance Budget with an estimated amount and explained to the Board that there might be more expenses but there will be excess funds coming back to the EDC. Tab #4 contains the Offering Document, in the Bond Market these are called Preliminary Official Statements and this is what the underwriters and various financial services use, it describes the security of the bond, when it will be paid, describes the economic and demographic information of Pasadena, contains a form of Legal Opinion of Bond Counsel so the potential investor is comfortable that McCall, Parkhurst & Horton gives its opinion that these Bonds are legal and tax exempt. Finally, tab #5 concludes with a Suggested Form of Motion to consider this decision. J. Martin hoped he answered all questions and congratulated the Board on a great bond sale.

Preboard meeting adjourned at 8:46 am.

PASADENA ECONOMIC DEVELOPMENT CORPORATION

Board Meeting

October 3, 2023, 8:46 a.m.

Minutes

Agenda Item One: Call to order

The Board meeting on October 3, 2023, for Pasadena Economic Development Corporation was called to order at 8:46 a.m. by Board President, Rick Lord.

Agenda Item Two: Invocation

Invocation given by: Angela West, Board Member.

Agenda Item Three: Pledges

Pledges led by: Ernesto Paredes, Board Secretary.

Agenda Item Four: Public Hearing

Public Hearing Opened at 8:47 am

- a. Funding not to exceed \$50,000,000 to undertake the following economic development projects: construction, expansion and improvements to the City of Pasadena Convention Center. Such Project will be financed with the proceeds of sales tax revenue obligations to be issued by the PEDC or other funds of the PEDC, and paid from sales tax revenues and other resources of the Corporation. The PEDC may include the funding of a reserve fund for the obligations.

Comments:

Dr. J.R. Ragaisis – Dr. Ragaisis opened his statement with a greeting and introduced himself. Explained to the Board that he has been engaged in the Pasadena community for over five years and expressed his support saying “Yes” to the development of the Pasadena Convention Center.

Chad Burke – Mr. Burke from Economic Alliance Houston Port Region, explained to the Board that for the past fourteen years their signature event Gulf Coast Energy Forum has been hosted at the Pasadena Convention Center and there has been as many as over one thousand people each year, and redeveloping and expanding the Convention Center would definitely enhance the event. He explained that in his previous position at the Texas A&M Engineering Extension Service, he performed studies about the feasibility of this type of facilities throughout the state, and when done properly they always provide positive economic impact and improve quality of life. And lastly as a local citizen, he would like to have that quality of life on this side of town and having this type of venue, there would be no reason to drive downtown.

Jim Griffin – Mr. Griffin told the Board that he worked in the City of Pasadena for twenty-five years, mainly operating Petro-Chemical plants, and while he thinks that he’s not qualified to talk about events, he knows about people and thinks they will be interested and excited to go to a facility like this, and he thinks it will be wonderful for the community.

Carl Fitzgerald - Mr. Fitzgerald introduced himself and started his comments explaining to the Board that the growth of Pasadena in the past few years has been tremendous, a lot of that is because of the Port Authority and the cargo coming in, warehouses and facilities being built, and believes this new facility will enhance that growth.

Cristina Womack – Ms. Womack introduced herself and started her comments on behalf of the Chamber of Commerce Board, which has thirty members that represent more than six hundred organizations that are responsible for governance, strategy and policy making. They understand that the EDC Board has a big decision to make with this investment that requires looking at the scope of work, capitalizing opportunities and relying on experts. C. Womack went onto explain that the Chamber of Commerce believes that these sort of projects that are such a large investment, have an opportunity to engage stakeholders and community partners for transparency and inclusion, to be part of a long-range vision that goes beyond anyone of us serving in our roles. The Chamber values the partnership with the EDC and the City, as being part of the Strategic Plan’s Steering Committee for the last six years and agrees with the Convention Center project being named a Catalyst Project in both of those recommendations. The Chamber recognizes that they have heard a lot about this project and along with all the members they represent they have a lot of questions. Some members are excited about the idea of what the expansion project would look like and believe that contributes to the Pasadena Loves Local initiative, attracting visitors to the area will add to the tax base and will support local small businesses exposing other Pasadena assets not so known. C. Womack expressed that they have questions such as: how this project came into fruition before its announcement, how the specific recommendation came about since it wasn’t part of a specific plan, what the potential revenue and income streams long term are going to look like, and questions from organizations that are currently using the facility and how they might be impacted so when the decision is made to reach out to a third party how that could potentially negatively impact them, and finally what’s the long term vision for the entire property, since its owned by the City. The Chamber asked the EDC Board to continue the inclusion of the stakeholders, consumers, and clients of the project so they can hear about the subject from the experts, that way these organizations aren’t negatively impacted by secondhand information and can hear about the progression of this project from the EDC. The Chamber wants to be able to promote economic development, they have several members with property around the area who want to contribute, add, and enhance this project, so knowing what’s going on they would provide a better contribution. The Chamber believes that this is an opportunity for a project they can support and look forward to working together and helping with the prosperity of Pasadena businesses.

Brian Freedman – Mr. Freedman greeted the Board and started his comments expressing excitement and support for the Board on this project, and reminded the Board what the work he does as well as C. Burke and C. Womack, bringing new businesses to this community and what their next steps are going to be here, and this is another asset to the region that we can talk about and show case to the new prospects and have them considering to move here instead somewhere else in the country. He’s a resident of the region and he looks forward to just travel down the street for a concert rather than going to the other side of town and thinks everyone else who will come to the events and would stay to eat dinner or stay overnight, and he thinks is a great and historic location and looks forward to this investment and the payoff in the future.

Paul Puente – Mr. Puente introduced himself and expressed the support for this project wholeheartedly, and hopes this project brings a lot of economic impact. He serves at the Houston First Board in the City of Houston and understands how important these projects are for the entire community, made a reference to the George R. Brown facility and expressed that Pasadena needs something similar to help support the community and said thank you for the opportunity to speak to the Board.

Public Hearing closed at 8:56 am

Agenda Item Five: Board Actions Resolutions

- a. **PEDC RESOLUTION 23-032** - Consideration and possible approval regarding resolution authorizing the issuance and sale of Pasadena Economic Development Corporation Sales Tax Revenue Bonds, series 2023; providing for the security for and payment of said bonds; and enacting other provisions relating to the subject.

Ernesto Paredes made a motion, seconded by Angela West that PEDC Resolution 23-032 be passed, approved and adopted.

At this time R. Lord asked if anyone had questions for J. Martin and M. Wilkins took the word.

M. Wilkins expressed that this project does not have a feasibility study that should have been done, and she questions not the project, because she's in the same boat with everyone in the room who is excited about the potential impact to this community, but she's distressed by the fact that it was brought out of the woodwork on this Board's agenda two months ago. She stated that there is a tremendous amount of fiduciary responsibility, and there is nothing she has heard anywhere that justifies this vote right now and there is no reason that this should not be deferred, not because is a bad project, she has the feeling it could be a very good project, and she asked: Is \$50M enough? Who knows. Because the Board doesn't know, without a feasibility study, how this building should be configured and how the project should be developed. And from the standpoint of her consideration being a fiduciary irresponsible action to do so quickly without the appropriate homework by this Board is extremely concerning to her.

At this time R. Lord asked for any comments from the Board members and stated that there have been a lot of discussions on the subject and had the discussion at each meeting, he thinks that it has been an open process and they have done studies time and time again with tax payers money, and explained that the project was slowed down by Covid and now things are back on track, he thinks that at this point everyone has heard enough and the Board members can make their decision.

Chairman Lord stated that there was already a motion and second on the floor, he asked for ayes, five board members responded with aye. Marilyn Wilkins responded no on this item. MOTION CARRIED.

Agenda Item Six: Comments by Board Members

Marilyn Wilkins - No comment.

Efren Arjona – He thanked everyone present and in support of this project, he respects M. Wilkins's opinion but also believes that the time to execute the plan has come, even if they are new to this and weren't aware of the process, he thinks this is the time because there might not be another opportunity. He is on board and excited and let's keep Pasadena moving forward.

Ernesto Paredes – He also wants to thank everyone for coming today to support them, stated that this is a decision that had to be made and it has been done and looks forward the outcome in the long run, and promised that the Board will do everything it can to keep everyone informed.

Angela West – No comment.

Elaine Domec – No comment.

Rick Lord – He thanked everyone for coming and for the letters of support from the School District and San Jacinto College.

Agenda Item Eight: Adjournment

Board President, Rick Lord called for a motion to adjourn the October 3, 2023 meeting at 9:00 am. Ernesto Paredes moved, seconded by Elaine Domec. MOTION CARRIED UNANIMOUS.