

**MINUTES**  
**NASSAU BAY ECONOMIC DEVELOPMENT CORPORATION**  
**AUGUST 3, 2020**  
**7:00 PM**

**MEMBERS OF THE CORPORATION PRESENT:** President Mark Denman, Bob Warters, Bryce Klug, John Mahon, Cindy Harreld-DeWease, and Bill Quinn

**MEMBERS ABSENT:** Board Member Tony Quezada (arrived 7:01pm)

**OTHERS PRESENT:** Councilmember Ashley Graves, City Manager Jason Reynolds, Assistant City Manager Mary Chambers, City Secretary Sandra Ham, Finance Director Csilla Ludanyi, Fire Chief Tom George, and Planning Commission Chairman Roscoe Lee

**PRESIDING:** President Mark Denman

**CALL TO ORDER AND ROLL CALL OF MEMBERS**

The meeting was called to order at 7:00 p.m.

A quorum of the EDC was present with six Board Members in attendance.

**APPROVAL OF MINUTES**

The minutes of the meeting on February 3, 2020 were presented for approval.

It was moved by Board Member Bob Warters, seconded by Board Member Bill Quinn, that the minutes be approved.

Motion passed 6 – 0.

**CITIZENS' REQUEST FOR HEARING BEFORE THE ECONOMIC DEVELOPMENT CORPORATION**

**Public Hearing was opened at 7:03 p.m.**

There being no one wishing to speak, the Public Hearing was immediately closed.

**NEW BUSINESS**

**Presentation and discussion on the purchase and location of palm trees within the City of Nassau Bay**

City Manager Jason Reynolds began the discussion with a visual presentation of the NASA Parkway median, and highlighted the NASA Area Management District's recent expenditure of \$400,000 amplify the median palm trees with lights. He continued by describing the current issue, as the EDC allocates \$45,000 per year to replace three palm trees, but currently, the cost of the palm trees is becoming unsustainable for continued replacement.

Mr. Reynolds indicated 67 palm trees have been identified for removal, with a total cost of replacement of approximately \$900,000. Additionally, 19 trees have been identified as in danger for potential removal. He briefly provided the number of trees along the NASA Parkway from the Hilton to Lagoon Drive, Upper Bay Road to Lagoon Drive, and Nassau Bay Drive to Upper Bay Road. As many of the trees are marked for removal, he described the median as becoming desolate. He asked EDC members to move the discussion towards possible solutions, but he does not believe there will be a quick solution.

City Manager Reynolds provided an overview of the recent palm tree survey presented to Nassau Bay residents. Results show that 51% of citizens are okay with a prolonged replacement schedule. One possible forward action is for the EDC to pay for a master plan to be completed, with the formation of a committee or task force to help with determining a solution. Mr. Reynolds stated Houston Methodist Hospital did present a landscaping plan to the City, with the lowest proposal at \$750,000. Again, he emphasized he would like more feedback from the Corporation about addressing the trees.

Board Member Bill Quinn inquired on the annual expenditure for the palm trees, specifically if the Corporation typically spends \$45,000 per fiscal year on the palm trees. Rather than purchase new trees, he indicated a desire to utilize those funds to complete a master plan to address different planting schemes.

City Manager Reynolds asked the Corporation if a committee should be formed to move the process forward. He acknowledges that certain types of trees are a personal preference. Board Member Quinn proposed if there were to be ongoing costs there should be a committee of citizens to assist in the decision-making process.

Board Member Cindy Harreld-DeWease requested additional information on Methodist's plans for landscaping. City Manager Reynolds indicated their landscaping plan includes trees that match the trees at their hospital entrance, with a variation of trees for more coloration. Overall, the hospital's plan would be considered low maintenance.

Board Member Harreld-DeWease inquired if issues are due to the palm tree not being indigenous to the area, with Mr. Reynolds confirming that the soil is not conducive to properly growing the date palms. Board Member Bob Warters commented that there continues to be issues with a variety of palm trees across the country and suggested the choice forward should require less maintenance and be immune to the diseases prevalent to the area. President Denman indicated the Florida sabal palm tree seems to be the most resilient. Board Member John Mahon agreed and asked the City to review options for a lower maintenance tree, regardless if it is a palm tree or another type of tree.

There was consensus for the Corporation to forgo the \$45,000 for replacement of palm trees, and rather use the funds for a master plan to be completed. President Denman indicated it could be very likely that a committee be appointed at the upcoming City Council meeting.

### **Approval of orders for payment to reimburse the City for invoices paid on behalf of the EDC**

Finance Director Csilla Ludanyi discussed the expenditures listed below. In general, she indicated there were no abnormal expenses and all were budgeted expenses.

Board Member Quinn inquired on the expenditure related to the closing costs for 24 Leeward Lane. As the cost was \$30,000, he questioned if that was a typical amount for closing. He indicated this amount does put the Corporation over budget in the undesignated line. Finance Director Ludanyi indicated although the expenditure created an overage, she did not feel a budget amendment was necessary, as per the auditor and the City's senior accountant the funds were interdepartmental.

The invoice amounts to be reimbursed were:

**Reimbursements to the City of Nassau Bay for FY20:**

- a. Audit – Belt Harris Pechacek – \$7,730
- b. Promotion/Consulting – Red River Conference & Deal Making – 957.44
- c. Promotion/Consulting – ESRI Demographics Marketing – \$50
- d. Promotion/Consulting – Bluehost Website Hosting – \$259.19
- e. Legal – Gregg & Gregg – \$150
- f. Memberships – IEDC FY2020 – \$455
- g. Undesignated – EDC Lunch – \$54.35
- h. Undesignated – BAYTRAN – \$2,500
- i. Undesignated – Axsom – 24 Leeward Additional Closing Costs – \$30,000
- j. Fire Department – ARKK Engineers Generator Design – \$2,450
- k. Tax Incentive (CFA Feb, March, May, June, July) – \$5,270.83

**TOTAL FY20 – \$49,876.81**

It was moved by Board Member Bob Wartens, seconded by Board Member John Mahon, to approve the FY20 items for reimbursement.

Motion passed 7 – 0.

**Approval of the June 2020 Financial Statements**

Finance Director Csilla Ludanyi provided an overview of the June 2020 Financial Statements and provided projections for the end of the fiscal year. Ms. Ludanyi provided a recap of the sales tax figures, with year-to-date comparisons ahead for the fiscal year. Reviewing the sales tax activity analysis, she noted the City is rather diverse in industry, which has reduced the impact of the economic downturn. Additionally, as fast food restaurants are nimbler in adapting to the social distancing requirements, sales have not seen dramatic decreases. Although the last three months are lower than projected, the City's sales tax figures remain ahead due to strong sales tax revenue at the beginning of the year, which has carried the Corporation through to maintain the budget at 100%.

For the FY21 Budget, sales tax projections will remain conservative, budgeting 17% lower than anticipated, but the projections will still meet the budget set for FY20. Board Member Quinn inquired on the single taxpayer that provides one-third of the Corporation's sales tax revenue, as he was unable to see it reflected in the presentation. Finance Director Ludanyi indicated this payer is listed in the wholesale trade portion. Additionally, she stated there has been a decrease in their tax payments. Overall, she stated payers within niche parts of the market have weathered the economic downturn.

Finance Director Ludanyi continued with the cash flow projections, and as of June 30th, cash and investments were \$710,000. Continuing projections, she indicated additional activity to be approximately \$20,000 for orders for payment, total interest for the year of \$4,800, activity for the year with cash disbursements and cash receipts, ending the year for the Corporation with a reserve at \$734,119.

It was moved by Board Member Bill Quinn, seconded by Board Member Bob Warters, to approve the June 2020 Financial Statements.

Motion passed 7 – 0.

**Presentation, discussion, and action to approve the Fiscal Year 2021 EDC Budget, as amended if required, pursuant to Section 6.02 of the Bylaws**

Finance Director Csilla Ludanyi began her comments by noting approval of the proposed budget during the meeting would facilitate City Council approval of the EDC budget at the upcoming Council meeting. The Fiscal Year 2021 anticipated end of year reserve is \$224,000, which assumes a 17% decrease in sales tax in light of economic uncertainty as a result of COVID-19, tourism, and oil industry instability. Additionally, the budget includes the Clear Lake Area Chamber and BAHEP agreements, four palm trees, funding for the Fire Station permanent generator, a transfer to the Water & Sewer Fund for the Sand Filter project, the ongoing Chick-fil-A incentive, and funding for business retention incentives.

She noted this agenda item was the appropriate time for discussion and amendments to the presented budget detail. At this time, there can be further discussion on the BAYTRAN membership fee and palm tree replacement. Board Member Klug inquired whether the Corporation could remove the \$40,000 for the palm trees and the funding in the undesignated budget line and transfer those funds to the water/sewer fund. Finance Director Ludanyi indicated that yes, technically, this transfer could be made. Board Member Klug further inquired if this EDC transfer was made to the water/sewer, would less funds need to be allocated from the general fund to the water/sewer fund. Ms. Ludanyi indicated if this transfer were made, the current general fund transfer of \$500,000 could be reduced to \$450,000.

Finance Director Ludanyi continued with the budget detail and emphasized the Chick-fil-A tax incentive is non-negotiable. Board Member Mahon asked for more details on the business incentive budget line. Ms. Ludanyi referenced the funds previously utilized for Erma's relocation. Currently, there is not a designated known business for this budget line, but funds have been placed aside for the EDC to support a local business. City Manager Reynolds provided an example for Mediterraneo Market & Café, should they want to relocate within the City.

Board Member Quinn requested further details on the budget line item to bury the Houston Methodist power lines. City Manager Reynolds stated that Methodist is planning to bury power lines from Valero to Houston Methodist Drive. This was originally expected to be a massive expenditure, but the cost estimates provided were much less than the originally anticipated cost of \$1.3 million. Methodist has asked the City to pay approximate \$10,000 to \$15,000. Mr. Reynolds provided Methodist CEO Dan Newman with the option of funding assistance for landscaping or to bury the power lines. Mr. Reynolds emphasized that burying the power lines meets the goals of the EDC to improve the City's aesthetics.

Board Member Klug questioned sending EDC funds to Methodist, as he believes a large organization already has the funds to do so on their own. City Manager Reynolds again emphasized that of all the items paid for by the EDC, the tax incentives and improvement of aesthetics are the main goals of the EDC. Board Member Klug again stated he was questioning this particular project. City Manager Reynolds continued by stating that as Methodist becomes the largest employer in the City, even more than NASA, it remains beneficial for the City to maintain continued investment into the organization.

Board Member Warters asked for the reasoning that the BAYTRAN membership was not included in the budget. City Manager Reynold indicated is not currently in the budget. Board Member Warters indicated his strong support of the organization and motioned that it be placed back into the budget. Board Member Mahon stated that he questioned the membership last year but understands how valuable the organization is. Board Member Harreld-DeWease also agreed the organization is helpful for the community.

Board Member Bob Warters motioned, with a second by Board Member Bill Quinn, to approve the Fiscal Year 2021 EDC Budget with the addition of the \$2,500 membership for BAYTRAN.

Mr. Reynolds continued the discussion on the Methodist incentive, asking if members would like a reduction in the funding amount. President Denman advocated against reducing the funding line.

Board Member Warters indicated he would like to remove the \$45,000 for the palm tree replacement and utilize those funds for a study for the NASA medians. Board Member Klug queried Mr. Warters, asking if he would be amendable to removing the Methodist power lines funding, with Mr. Warters stating he would not approve that.

Board Member Mahon requested more details on the palm tree study, noting that \$45,000 for the study seemed rather excessive. Mayor responded saying simply the funds are allocated towards a study, but the full amount does not need to be spent. City Manager Reynolds added that he expected the cost of the study to be approximately \$10,000. There was a continued brief discussion on the NASA median beautification efforts, including a discussion on the illuminated lights.

Board Member Quinn inquired on any other projects needing review by the EDC, and if funds are allocated for these items, are there additional projects not funded. Mr. Reynolds noted one potential project was the hardening of the wastewater plant, but he believes the City's Emergency Management Coordinator is working towards grant funding to pay for the project.

Board Member Quinn requested more details on the funds transfer for the Southeast Water Purification Plant (SEWPP), as the budget now allocates \$401,000 for the transfer to the water/sewer fund. Finance Director Ludanyi indicated these funds were specific to the sand filter project. FEMA is assisting with a large portion of the project, but will only return the sand filter to the original state, and not upgrade it. The City will pay to upgrade the sand filter. Mr. Reynolds indicated it is a multi-prong solution, to repair the sand filter to pre-Hurricane Harvey condition. Additionally, the filter will be elevated off the ground so that it will not flood again. The pipes that are now above ground will be upgraded. When the project is done, the sand filter should function as an almost brand-new filter.

In summary, the Corporation approved the following additions to the EDC FY21 Budget:

- BAYTRAN Membership
- Utilization of palm tree replacement funding for a NASA Parkway median master plan study
- Funding for Houston Methodist Clear Lake Hospital's power line bury project (this is not an addition, but as it was discussed for elimination, it is stated for clarifying purposes)

It was moved by Board Member Cindy Harreld-DeWease, seconded by Board Member Tony Quezada, to approve the Fiscal Year 2021 EDC Budget.

Motion passed 7 – 0.

### **ADJOURNMENT**

There being no further business, the meeting adjourned at 7:54 p.m.

Minutes approved as submitted and/or corrected this 26th day of October, 2020.

CITY OF NASSAU BAY, TEXAS  
ECONOMIC DEVELOPMENT CORP.



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Mark A. Denman  
President

ATTEST:



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Sandra V. Ham / City Secretary  
for Cindy Herald-Dewease / EDC Secretary