

**MINUTES  
NASSAU BAY ECONOMIC DEVELOPMENT CORPORATION  
OCTOBER 26, 2020  
7:00 PM**

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

**MEMBERS ABSENT:** None

**OTHERS PRESENT:** City Manager Jason Reynolds, Assistant City Manager Mary Chambers, City Secretary Sandra Ham, Finance Director Csilla Ludanyi 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 all Board Members in attendance.

**APPROVAL OF MINUTES**

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

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

Motion passed 7 – 0.

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

**Public Hearing was opened at 7:02 p.m.**

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

**NEW BUSINESS**

**Update on EDC funded projects**

City Manager Jason Reynolds prepared a brief presentation updating Board Members on the Corporation's approved projects. Mr. Reynolds highlighted the storm pump project, with the original project plan completed, and the potential for additional panels along Upper Bay Road to be included in the project. In the recent storms, the pumps were reported to have performed very well. There was a power outage, but the failure was attributed to a CenterPoint Energy power outage. Remaining funds for the project will be utilized for backup pumps and panels.

The Corporation also contributed to the restoration of the sand filter at the wastewater treatment plant. This project is related to Hurricane Harvey, and includes new equipment and floodproofing of the unit, and all labor, equipment, materials, and incidentals required for the project. The engineering for the sand filter project is in the process of being finalized and the City is expected to solicit bidders in January. Additionally, the chlorine tank project will go out to bid in January, with construction expected in February.

The Fire & EMS Station generator was ordered and will be delivered to the station in November. The full platform should be constructed and completed by December, or January at the latest.

The Corporation also provided funds for the illuminated lights on NASA 1, as a means to further brand NASA 1. Mr. Reynolds indicated his enthusiasm for the project. Intersections at Nassau Bay Drive to Space Center Boulevard will have these illuminated lights. The next step will be the installation of illuminated lights on the NASA 1 signage. At the end of the project there will be some funds remaining, but due to COVID, there will be a delay in expending the project funds.

Fred Griffin was in attendance at the meeting and reported on new economic development from the TIRZ. His firm has developed an apartment project that will be forwarded to the Planning Commission for initial review. This project should add retail space, providing and increasing the City's retail sales tax.

Mr. Reynolds indicated the Transitional Learning Center acquired their permit for the building's garage construction. TLC will begin with the garage, proceed with the slab, and finally the vertical construction of the building. The original permit was planned for \$6 million, but the project has grown to approximately \$20 million as the building size has grown.

In other development news, City Manager Reynolds indicated the new McDonald's building is still moving forward but has been delayed due to COVID. Java Owl has signed a lease in the Akimi leasing center and will be moving to the backside of the building. Java Owl may request funding assistance from the Corporation in the near future. Mr. Reynolds noted Mediterraneo Market & Café is also moving from the Upper Bay building, but has not made firm commitments to any new lease. Currently, they are pursuing options in the Bon Appétit leasing center and may also request additional funding assistance for outdoor seating. Lastly, there is no further news on Luby's, as it is believed the restaurant will not return.

Mayor Mark Denman inquired on the value of the TLC building in regards to property taxes for the City, in which Mr. Reynolds believes the project will provide approximately \$140,000 to the City.

Board Member John Mahon inquired on the status of Bon Appétit. City Manager Reynolds responded with information he had been previously given, stating they will not be renewing their lease. Assistant City Manager Mary Chambers indicated Bon Appétit is currently looking for a new business to assume responsibility of the lease.

**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.

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

- a. Promotions & Consulting (Bluehost) – \$-13.61
- b. Legal – \$4,012.50
- c. Economic Dev. Projects Undesignated (BACPA Coastal Spine Alternative Study) – \$5,000.00
- d. Fire Department (ARKK Engineers – FD Generator) – \$2,736.40
- e. Tax Incentive (CFA) – \$2,281.62

**TOTAL FY20 – \$14,016.91**

**Reimbursements to the City of Nassau Bay for FY21:**

- a. Clear Lake Area Chamber – FY21 Membership G \$10,000
- b. Training – University of Oklahoma – Economic Development Institute – \$1,425.00
- c. BAHEP – FY21 Membership – \$20,000

**TOTAL FY20 – \$31,425**

Mayor Denman highlighted the Bay Area Coastal Protection Alliance (BACPA) Coastal Spine expenditures, as the organization is moving forward with a proof of concept study. The Corporation's grant to the project is part of the overall \$100,000 needed in funds to complete the project.

It was moved by Board Member Bill Quinn, seconded by Board Member John Mahon, to approve the FY20 and FY21 items for reimbursement.

Motion passed 7 – 0.

**Consider and take action on development of EDC's Annual Report to be furnished to City Council by November 1, 2020**

Finance Director Csilla Ludanyi stated the Annual Report is designed to keep the City Council and citizens informed of the activities and contributions of the EDC. Ms. Ludanyi provided an overview of the unaudited financial statements for fiscal year ending September 30, 2020. She highlighted the expense register for FY20, providing a comparison of the budgeted amount versus year to date expenses.

Approximately \$168,000 has been expended by the Corporation year to date. With the recently approved orders for payment, the projected expenditure total for the Corporation will be \$182,404. There are currently savings shown within the budget based on projects or line items unexpended. Typically, a budget amendment is not required, unless an auditor requests for one to be completed. Overall, the Corporation is under budget for the year.

As of September 30, 2020, the Corporation's cash balance was \$739,474. With projected revenue through November 2020 and projected expenditures through September 30,

2020, the anticipated year end cash position of the Corporation is \$765,305. The budgeted anticipated year end cash position was \$521,180.

Ms. Ludanyi provided a brief overview of the Corporation's investment portfolio, with EDC investments totaling \$739,47.96. She continued with a sales tax revenue comparison of year to date versus projected revenue. Ms. Ludanyi indicated her confidence of the sales tax projections, as Fiscal Year 2020 is performing similarly as previous years.

Finance Director Ludanyi presented a visual depiction of the Fiscal Year 2020 sales tax trends. She noted there is a downward trend post COVID, but it is not a significant downturn in revenue. In August, Finance Director Ludanyi reported additional collections, but overall revenue has slowed. Ms. Ludanyi overviewed the September and October sales tax reports, noting the sales tax from October is not part of report, but included for presentation purposes

Finance Director Ludanyi presented the Corporation's revenue and expense report, which revealed sales tax revenue to be \$15,000 under budget as of September. Ms. Ludanyi projects the Corporation will reach \$340,000 in sales tax revenue for the fiscal year. She continued with the expenditures year to date of \$168,000. This number does not include the approved orders for payment and additional items related to Chick-Fil-A.

Finance Director Ludanyi indicated the original projected budget for the Corporation to be \$344,000, but the Corporation is anticipating expenses of \$189,000 for the year, for a savings of \$155,000. These savings will rollover to the Fiscal Year 2021 budget. Additionally, these savings are a large catalyst for the Corporation's ability to provide financial assistance for the sand filter project and the fire station generator project. Both of these projects will be paid with the EDC reserves. Overall, the EDC currently maintains \$222,000 in reserves.

Ms. Ludanyi ended the presentation by notating the City Secretary's portion of the report can also be found within the EDC packet. The City Secretary's report summarizes the major EDC activities and decisions for the recent fiscal year, including the EDC's current officer slate.

It was moved by Board Member Bill Quinn, seconded by Board Member Bob Warters, for the Annual Report as drafted by staff be approved and furnished to Council.

Motion passed 7 – 0.

### **Discussion on EDC funding for business initiatives within the City**

City Manager Jason Reynolds presented options and requested further discussion on potential business initiatives within the City. He inquired upon Board Members for their thoughts on working with underserved businesses in the City, specifically those that have been negatively impacted by COVID. To begin the discussion, Mr. Reynolds indicated one idea of promoting a "buy one get one free" discount for a local eatery, with the Corporation refunding the restaurant for the free item given.

Mayor Denman expressed uneasiness on the notion of financial incentives, believing these initiatives may create a precedent for future economic downturns. He requested if the Corporation were to move forward, he would require businesses to show proof of a

COVID related downturn. He inquired on the potential amount set aside for this type of project, with Mr. Reynolds indicating approximately \$10,000. Mr. Reynolds stated these initiatives would only be for businesses with no traffic. Mayor Denman expressed his belief that City staff could determine how to provide this incentive, as the amount of \$10,000 was not a considerably large number for the project.

Board Member Cindy Herald-DeWease inquired if other EDCs or other cities are encouraging similar incentive programs. Although there is strong sentiment to assist these local businesses, she was unsure of the financial implications. Mr. Reynolds expressed similar views, in that the Corporation would be unsure of the actual financial impact of the incentive program. Overall, the program may only serve to delay the inevitable closure of a local business.

Mayor Denman indicated that although the amount of \$10,000 is not a large expenditure for the project, the program would show good support of local businesses from the City. He would be open to exploring the incentive program further.

Board Member Bob Warters inquired on one local business and asked for further details on the restaurant's sales prior to COVID. Mr. Reynolds indicated his belief that the particular restaurant in question was performing well prior to the pandemic. He noted that retail can be unpredictable, and often these businesses require constant revenue to stay afloat.

Board Member Bryce Klug requested further exploration of the idea and the possibility of using a task force to consider project funds for playground equipment rather than business incentives. He believes these funds could be made available for playground upgrades. Mayor Denman expressed a lack of support for playground equipment and emphasized a need for the Corporation to continue projects relevant to economic development. Board Member Klug was in disagreement, and stated that playground equipment amplifies infrastructure, and children are a key part of future economic development.

Board Member Warters indicated his support for a business incentive if that business was viable prior to COVID. Finance Director Ludanyi stated proof of the COVID economic impact was easily verifiable, as the Corporation can review pre-COVID sales tax revenue compared to current revenue. Board Member Tony Quezada also expressed his support for further investigation into the program.

Board Member John Mahon stated he would like to support a local eatery or business needing assistance. He believed the program should incentivize individuals to go to the restaurants. City Manager Reynolds overall concluded the program could be good public relations for the City, while helping the businesses and bringing awareness of those struggling restaurants. Board Member Quezada suggested that a donation mechanism for the parks system could be incorporated into the program, thus combining both projects discussed.

Board Member Bill Quinn emphasized the need to review the top Nassau Bay businesses with income loss. He indicated the Corporation should work to develop a non-discriminatory plan to financially assist these businesses. He believed \$10,000 to be a good starting figure for the business initiative program.

## **ADJOURNMENT**

There being no further business, the meeting adjourned at 7:26 p.m.

Minutes approved as submitted and/or corrected this 1st day of February 2021.

CITY OF NASSAU BAY, TEXAS  
ECONOMIC DEVELOPMENT CORP.



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Robert L. Warters  
Mayor

ATTEST:



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