



Type A - Economic Development for Brownsville, Texas

Minutes of a **REGULAR** called meeting of the Board of Directors of the Greater Brownsville Incentives Corporation (GBIC), held on **Thursday September 17, 2020 at 5:30 pm** at The Young House 500 E. Saint Charles St Brownsville, Texas and Zoom Video Conferencing.

**Board Members in Attendance at the GBIC Office:**

Graham Sevier-Schultz (*Chairman of the Board*)  
Esteban Guerra (*Vice Chairman*)  
Sandra Duran (*Treasurer*) Arrived at 5:35pm  
Pedro Cardenas (*Board Member*)  
Dennis Sanchez (*Board Member*)

**Board Members in Attendance via Zoom:**

Nico Schaefer (*Board Member*)  
Jason Wolfe (*Secretary*)

**Board Members Absent – Excused: No Absences**

**GBIC Staff in Attendance at the GBIC Office:**

Mario Lozoya, *Executive Director*  
Ramiro Aleman, *Director of Business Recruitment & Development*  
Karla De La Riva, *Associate Director of Industry Retention*  
Elsa M. Galvan, *Executive Assistant*

**Others in Attendance via Zoom:**

Michael Pruneda, *GBIC Attorney*  
Salvador Villalpando, *COB Finance Accountant*  
Stefano Poisl, *Goree Architects*  
Priscilla Alvarez, *VIDA Executive Director*  
Rev. Kevin Collins, *Representing VIDA*  
Ana Chavez, *Tequila Group*  
Jeffrey Millar, *Tequila Group*  
Miguel Cardenas

**1. Roll Call- Excuse Members**

With a quorum present, Graham Sevier-Schultz, called the meeting to order at 5:30 pm to consider the following matters, as posted at the Brownsville City Hall.

- 2. Public Comment Period** – Rev. Kevin Collins representing VIDA addressed the board stating he is part of the board of VIDA. He commented about the program VIDA and the renewal of the contract. Rev. Collins commented that VIDA provides importance to the economy. He continued to say that VIDA is eligible for a matching grant from the state known as the ACE fund. Rev. Collins stated that the grant has parameters that need to be met and GBIC asking to move into other areas can stray them away from meeting those parameters and make them ineligible for those grants. He reminded the board that we are in a poor county and ask that GBIC not ask for broad employment. Rev. Kevin Collins stated that they look for funding sources and learn how the ACE program will help VIDA.

3. **CONSENT AGENDA ITEMS** – All consent Agenda Items listed are considered to be routine by the Greater Brownsville Incentives Corporation and will be approved by one motion. There will be no separate discussion of these items unless a GBIC Board Member so requests, in which event the item will be removed from the Consent Agenda and considered in its normal sequence on the Agenda.

**Consideration and action, if any on the following items:**

- A. Approval of the Minutes of Special, Workshop & Regular Board Meetings:

- Regular: August 20, 2020

- B. Approval and acknowledgement of invoices and miscellaneous claims.

*Esteban Guerra Motioned to Approve the Minutes.*

*Pedro Cardenas Second the Motion.*

*Motion Carries.*

4. **FINANCIALS & STAFF REPORTS**

- A. Discussion and Acknowledgment of GBIC Financials and Investment Reports. – (*Lupe Granado, COB Finance Director*)

Salvador Villalpando presented to the board the financial overview as of August 31, 2020. Mr. Villalpando presented the total assets are at \$13.1 million, liabilities \$16,000 thousand and total net assets are at \$13.1 million. The breakdown of assets is \$4.1 million in investments, \$680,000 in accounts receivable and \$8.3 million in cash. He commented on the income statement with total revenues are \$5.3 million and total expenses are at \$7.5 million through August. He continued to say that the total revenues under the expenditures are \$2.2 million. The fund balance has \$9 million in the undesignated fund balance and \$4.1 million in the designated fund balance. The sales tax collections are up by \$35,000 through August compared to last fiscal year. Mr. Villalpando wanted to highlight that the operational expenditures are at 50% and the projected savings for the fiscal year are around \$700,000 thousand for this fiscal year.

Graham Sevier-Schultz commented to Mr. Villalpando Photon 8 loan has carried on our books for about 2 years and I was asked previously to rendered as losses or unrecovered funds from previous years so it wont be kept recording it if it can be done.

Dennis Sanchez asked from the expenses are \$7,505,000 million but wasn't a large portion of that capital expenses an expense of acquisition of property.

Salvador Villalpando commented that 2.8 million is related to capital expenditures.

Dennis Sanchez asked that it be listed on a separate category since it is misleading on the financial reports. He commented that he does not see the total assets of properties on the report.

Salvador Villalpando continued with his presentation and commented on the sales tax collections for the month of August are down by 9% percent but are still up by \$35,000 thousand.

*Dennis Sanchez Motioned to Acknowledge the report and thank him for the information.*

*Pedro Cardenas Seconded the Motion.*

*Motion Carries.*

- B. Discussion, consideration, and acknowledgement of GBIC Executive Director & Staff reports regarding recent activities and progress related to current ongoing projects. *(Executive Director & Staff)*

Mario Lozoya presented to the board the Brownsville Chamber of Commerce update and the results from the calls/webinars they have been hosting. Mr. Lozoya commented on the results of the applicants for PPE reimbursement and the BRE efforts via phone calls, emails, etc. Mr. Lozoya presented to the board a result of the BRE efforts done by Ms. Karla De La Riva she received a lead from Transcar Express. During his presentation, a video was shown about Transcar Express and their interest in expanding in Brownsville. Mario Lozoya update the board about the Brownsville Virtual tour event and commented on the confirmations for the participants.

Jeffrey Millar from Tequila Group presented to the board the flyer and Save the Date for the BVT event. He continued to say that everyone who is participating is excited and we are on target for the timeline which all the projects that we are working on can be used in the future.

Mario Lozoya commented that every time we have a client, we can share this information with them and use it for other events.

Stefano Poisl from Goree Architects presented to the board an update on the 511-master plan. Mr. Poisl commented about how the park will tie in the park with the COB active plan. He continued to say that there are a few companies that are interested in the park. Mr. Poisl commented that the park will have retail locations and areas that will attract people to stay in the area. He commented that they would like to have a city center will help grow Brownsville.

*Pedro Cardenas Motioned to Acknowledge the Staff reports.*

*Esteban Guerra Seconded the Motion.*

*Motion Carries.*

## 5. OTHER ITEMS

- A. Discussion and possible action on service agreement between the City of Brownsville and GBIC. – *(Executive Director & Staff)*

Mario Lozoya presented to the board about the redraft of the service agreement between the city and GBIC. He commented about changing the costs from 2% percent of collected sales tax to \$2,400 a month. Mr. Lozoya commented that

Graham Sevier-Schultz asked for the web, email, and phone service to be covered by COB so that we can save money.

Esteban Guerra asked about the payment and if it is being deducted monthly from the one-million-dollar loan that was given 10 years ago. He asked if the \$2,400 dollars will be deducted from that as well or will that be paid separately and address the pending balance?

Salvador Villalpando commented that as of October of this fiscal year there have been no payments applied for the administrative services for COB finance department.

Graham Sevier-Schultz asked Mr. Villalpando if he has status on the one-million-dollar loan where this money was being deducted from.

Salvador Villalpando did not have an updated regarding the loan.

Graham Sevier-Schultz ask Mr. Villalpando to present an updated on the next meeting or via email to know where we stand.

Salvador Villalpando asked on behalf of his director Lupe Granado what the status was for the agreement for the current fiscal year 2019-2020 since no payments have been applied and this agreement on the agenda is for fiscal year 2020-2021.

Graham Sevier-Schultz commented that he thinks he would be effective immediately and any balances can be moved. He stated that the amount is in the budget and we never solidified the agreement. He continued to say that it would be retroactively billed for the services rendered from the last year.

Mario Lozoya commented that he would like to clarify you are considering to make a motion as is with an addition to what services?

Graham Sevier-Schultz commented email assistance.

*Graham Sevier-Schultz Motioned to move as presented with the addition of email hosting provided by the city to GBIC.*

*Pedro Cardenas Seconded the Motion.*

*Motion Carries.*

**B. Discussion and possible action on contractual funding obligations with VIDA. – (Executive Director & Staff)**

Mario Lozoya presented to the board the information provided to him from legal counsel regarding the previous motion which was made by Mr. Pedro Cardenas of \$100,000 and matching funds and is reflected in this particular contract.

Priscilla Alvarez the executive director presented to the board added some comments that her board has brought some concerns regarding the community which she would like to address. She stated that maybe GBIC feels that VIDA has not had enough funding streams and stated that 47% percent of funds are from local funding. She stated that the rest of the funding streams comes from other sources which will need to be spread out across the valley and not only used in Brownsville. Ms. Alvarez continued to comment on all the funders they have that support the program. Ms. Alvarez stated that they have tried asking for funds from local hospitals, but the hospitals ask that the graduate go work for that organization which VIDA cannot force their graduates to work with particular employer. She is asking for GBIC board to reconsider funding the full amount. Ms. Alvarez stated that allied health is important to Brownsville and it is a dire need.

Dennis Sanchez commented that Father Kevin had previously visited with him and his concern was the timing of the grants received by VIDA. Mr. Sanchez commented that Father Kevin has mentioned to him that the grants come in at the end of the fiscal year and asked Ms. Alvarez if that statement is correct.

Priscilla Alvarez answered that she never knows with the state which this last funding stream they were about a semester and a half behind which has put VIDA in a predicament. She stated that they spent about \$45,000 in Brownsville and typically its about \$70,000 to \$75,000.

Dennis Sanchez commented that if GBIC will grant \$100,000 and plus the dollar for dollar match it is my understating that you will not get that funding from the state because they also have dollar for dollar matching. Mr. Sanchez provided an example of giving \$170,000 and VIDA matching \$70,000.

Graham Sevier-Schultz asked Mr. Sanchez to clarify.

Dennis Sanchez stated that he would like to trust VIDA would get matching dollar amounts for the next fiscal year if we meet them with \$70,000 now.

Priscilla Alvarez stated that most of the training dollars go to the students of TSC.

Graham Sevier-Schultz commented that if we decided to fund, he is asking for direct audit access and authority for TSC and UTRGV directly or do we rely on you for that information.

Priscilla Alvarez stated that the monthly report is sent to Mr. Lozoya and has the program of study and other information.

Graham Sevier-Schultz asked if we do fund can we confirm enrollment for those students.

Priscilla Alvarez stated that they would need to ask the student to sign a release so GBIC can access that information.

Jason Wolfe asked what the concern for us to go directly to the school.

Graham Sevier-Schultz answered that he would like accuracy of information and to make sure that all the bases are covered since we are using public dollars and we are liable for this money.

Sandra Duran asked Ms. Alvarez on the economic study and what it shows. She stated that Father Collins spoke to her about the market demand and the people who want to get an education. Ms. Duran suggested to Father Collins to align to the GBIC strategic plan.

Mario Lozoya commented that it is in the contract. He clarified that it is an updated contract that is in the board packet.

Graham Sevier-Schultz commented that there are two ideas on the table. One is from Mr. Cardenas which was presented in the previous meeting which is \$100,000 upfront and \$100,000 available for dollar for dollar match. He continued to say that Mr. Sanchez recommend is \$100,000 and then \$70,000.

Pedro Cardenas commented that his recommendation was different then what was written out. He commented that his recommendation was grant \$100,000 and still match those \$100,000 and from there build up to \$200,000.

Graham Sevier-Schultz clarified so what Mr. Cardenas is saying is to give \$100,000 and they match those \$100,000 in order for us to give them another \$100,000.

Pedro Cardenas answered yes.

Graham Sevier-Schultz commented his importance of a match which can help to access other monies.

Priscilla Alvarez commented that it would be hard for them to match \$100,000 dollars and they try to spend much of the funding in Brownsville and McAllen.

Pedro Cardenas asked how much was spent in Brownsville.

Priscilla Alvarez commented that 89 students were served and that they spent the \$302,000 and brought in another \$80,000 from other funders.

Dennis Sanchez commented that his idea was to give them \$100,000 and offer a dollar for dollar match but in anticipation that they would get \$70,000 this year total \$170,000. If they only come up with \$70,000 this year and they only come up with \$44,000 then GBIC will readjust it downward for the following year.

Graham Sevier-Schultz commented that it would probably be difficult to claw back but the concept is understood and stated it would be difficult to commit future money.

Dennis Sanchez would like to make that motioned to without having to reiterate it with the condition that going forward VIDA we would look at how much they were able to come up with this year.

Michael Pruneda asked Mr. Sanchez if not obtaining the \$70,000 would result in a consideration for next year's contract with VIDA or is it \$170,000 without any matching provisions.

Dennis Sanchez answered that this year we take a leap of faith to provide the funding and if next year they do not come up with the matching funds we would adjust it moving forward.

Michael Pruneda commented that in the agreement all books and records should be made available. He asked Mr. Sanchez to clarify his motion. Mr. Pruneda ask Mr. Sanchez about his motion to approve funding in the amount of \$170,000 for the upcoming fiscal year without any matching is that correct?

Dennis Sanchez commented that VIDA should have matching funds the following year if not reduce it down to \$100,000. He stated that he understands that we cannot commit for the following year.

Jason Wolfe commented that every time there is a discussion about VIDA there is the idea of matching funds. He continued to say that if the funding is not in jeopardy, he has asked for the agenda item be tabled for further discussion on what GBIC is expecting from VIDA. He commented that the argument is around matching funding and is it necessary expectation.

Graham Sevier-Schultz commented that last time we agreed to see through all the students that were enrolled up to that point and not fund any future students so when it comes back we wouldn't have to come up to the same discussion.

Dennis Sanchez withdrew his motion so board members can discuss ideas.

Jason Wolfe commented if the matching funds is the value there and penalizing VIDA is the right angle to be taking here.

Nico Schaefer asked if it is possible to extend the current contract so that the funding is not interrupted so GBIC can make a decision on this.

Graham Sevier-Schultz commented it is best to get closure if not we will be discussing in every meeting. He commented that the last time GBIC approved funding they agreed to reduce the amount in last year's meeting they had agreed to move the funding downward which they received the full request last time and the past 11 years so this year they would be eligible for \$202,000 and next year \$102,000.

Sandra Duran commented that if they complied with the agreement we should move forward.

Graham Sevier-Schultz asked what if allot \$150,000 and another \$50,000 to match dollar for dollar and require to a release needed to talk directly to TSC and UTRGV.

*Graham Sevier-Schultz Moved to Award \$150,000 grant with an additional \$50,000 for dollar for dollar match not to exceed \$200,000 with the stipulation that we have the release to access information directly from UTRGV, TSC and other Brownsville Educational partners in alignment with the agreement outlined by legal counsel.*

*Sandra Duran Seconded the Motion.*

*Motion Carries.*

**C. Discussion and possible action on new GBIC logo. - (Executive Director & Staff)**

Mario Lozoya presented to the board the GBIC logos that were sent from the initial batch which then was sent to the board for a second vote. In his presentation he listed the most voted logos for the board to see the different variations and comment on.

Jason Wolfe commented on that logos in his opinion should be clean and lineal which to outside companies will look more professional.

*Esteban Guerra Motioned to approve Option # 1 as the GBIC logo and to develop it further.*

*Dennis Sanchez Seconded the Motion.*

*Motion Carries.*

**D. Discussion and possible action Resolution Adopting Procedures for Closed Session Deliberations. -- (Graham Sevier-Schultz, Chairman of the Board)**

Graham Sevier-Schultz addressed the board about keeping record for executive session minutes. He commented that for past meetings there was no records to be found and his recommendation is to audio record the executive session similar to other entities in Brownsville who follow that protocol.

Esteban Guerra ask the attorney what his liabilities that are attached with those recordings and what they are.

Michael Pruneda commented the recording will be a verbatim discussion on every single thing on the agenda and the discussion sometimes veers from the actual agenda items which is a concern. He commented that if the discussion were to every be disclosed there could be issues with TOMA being violated. He addressed the difference of the certified agendas and the audio recordings to the board members. Mr. Pruneda commented that the certified agenda allows him as the minutes taker to summarize the authorized items for discussion and deliberation. He stated that if the court orders for a disclosure of the recording and if there is an issue on what was discussed and deliberated over. The court order would probably request the entire recording regarding any open meeting issue, personnel issues, funding issues and the whole recording will probably be disclosed. Mr. Pruneda commented that they lean towards no audio recording, but he will leave it up to the discretion of the board.

Graham Sevier-Schultz commented that he still feels the same about his recommendation. He believes that it would be helpful if we are transparent and there are no questions about our actions.

Jason Wolfe commented that he agrees with our chairman and that in executive sessions that they have had up to this point the conversation will stray from time to time which was no intentional but it will be up to legal to be diligent with the board members.

*Graham Sevier-Schultz motioned to move with recording audio minutes for the executive session.*

*Jason Wolfe Second the motion.*

Sandra Duran asked for further understand the implications of the discussion. She commented that in a court of law all discussion will be exposed and not only the subject of discussion.

Michael Pruneda commented that he has litigated on TOMA issues. He commented that depending on the discussion and issue the entire recording would be disclosed. Mr. Pruneda commented that he will make sure to have everyone stay on point if the board decides to use audio recordings for executive sessions.

Sandra Duran asked Mr. Pruneda what his recommendation.

Jason Wolfe answer that Mr. Pruneda recommended to not audio record. He commented that there might be a risk to the board members if there was an issue.

Michael Pruneda commented that the TOMA risk carries with a criminal violation and not just a civil claim that could arise which could be a reversal of an action that violated TOMA. He commented that a recording could certainly enhance and clarify what the discussion was. He commented that it is still the right of the board to go behind closed doors to discuss issues. Mr. Pruneda asked that he board elect if it will be a recording or certified agenda so there are no questions about the process for executive session and that this board has adopted. He commented that going forward would be to have a resolution reversing that action.

Esteban Guerra asked Mr. Pruneda if the certified agenda has been used since he has been employed.

Michael Pruneda answered we have not had a resolution in place and need to elect either way so there is no question on what the policy is with this current board.

Graham Sevier-Schultz commented that he would clarity to the tax dollars he still feels its best to do an audio recording.

Esteban Guerra commented that he agrees with the chairman as far as transparency and stated that having a certified agenda minimizes the liability.

Graham Sevier-Schultz asked for a last call for "I" votes for audio recording. There was no response from the board members. The chairman asked for all those whose oppose, and board members voted. Motion for audio recording dies.

*Esteban Guerra Motioned to adopt this resolution and to have a certified agenda prepared by Mr. Pruneda in closed session.*

*Michael Pruneda commented to Mr. Guerra to withdraw the motion and say to elect the certified agenda.*

*Esteban Guerra motion to adopt for the certified agenda.*

*Dennis Sanchez Seconded the Motion.*

*Motion Carries.*

#### **EXECUTIVE SESSION:**

6. **CLOSED SESSION:** In accordance with Chapter 551 of the Texas Government Code, the Board of Directors hereby gives notice that it may meet in a closed, non-public session to discuss the items listed on the public portion of the meeting agenda in accordance with the following below:
  - A. Pursuant to Section 551.074, the Board of Directors may convene in a closed, non-public meeting to discuss nay matters related to **appointment, employment, evaluation, reassignment, duties and discipline or dismissal of a public officer or employee and to hear any complaints or**



**charges against an officer or employee.** The Board of Directors and its attorney may also discuss such issues with the appropriate staff including members so as to obtain necessary and relevant information so that such discussion is informative and developed.

- **Evaluation of C.E.O. Mario Lozoya** - (*Graham Sevier-Schultz, Chairman of the Board*)

**B.** Pursuant to Section 551.87, the Board of Directors may convene in a closed, non-public meeting to discuss any matters regarding **economic development issues**. The Board of Directors and its attorney may also discuss such issues with the appropriate staff so as to obtain necessary and relevant information so that such discussion is informative and developed.

- **Project Express** - (*Executive Director & Staff*)

### RECONVENE

7. Discussion and possible action on any item(s) as discussed in Executive Session and those that are listed on the public portion of the agenda including the following:

**A. Project Express**

*Graham Sevier-Schultz recommended that we proceed with staff recommendation.  
Esteban Guerra Seconded the motion.*

**B. Employment action as to C.E.O. Mario Lozoya**

*Graham Sevier-Schultz motioned to move as discussed in executive session.  
Pedro Cardenas Seconded the Motion.*

**8. ADJOURNMENT**

*Esteban Guerra motioned to adjourn the meeting at 8:22 pm.  
Pedro Cardenas seconded the motion.  
Motion Carried.*

\* \* \*

Approved this 21<sup>st</sup> day of October, 2020.



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Graham Sevier-Schultz, *GBIC Board Chairman*

Respectfully Submitted By: Elsa M. Galvan, *Executive Assistant*