



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 **Wednesday September 02, 2020 at 12:00 pm** at The Young House 500 E. Saint Charles St Brownsville, Texas and Zoom Video Teleconferencing.

Board Members in Attendance at the GBIC Office:

Sandra Duran (*Treasurer*) Arrived at 12:14pm

Board Members in Attendance via Zoom:

Graham Sevier-Schultz (*Chairman of the Board*)

Esteban Guerra (*Vice Chairman*) Joined the meeting at 12:07pm

Nico Schaefer (*Board Member*) Joined the meeting at 12:15pm

Pedro Cardenas (*Board Member*)

Jason Wolfe (*Secretary*) Left the meeting at 1:08pm

Board Members Absent – Excused:

Dennis Sanchez (*Board Member*)

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*

1. Roll Call- Excuse Members

With a quorum present, Graham Sevier-Schultz, called the meeting to order at 12:08pm to consider the following matters, as posted at the Brownsville City Hall.

2. Public Comment Period – No Public Comment.

3. Review and discussion of budgetary considerations for the 2020-2021 fiscal year. – (Mario Lozoya, GBIC Executive Director)

Mario Lozoya presented to the board the summary for fiscal year 2021 budget and the changes that have been made. Mr. Lozoya's presentation consisted of the fund balance, projected sales tax revenue, projected interest earned, contract commitments, recovered funds, and proposed budget for 2021. The presentation consisted of the recovered funds from the canceled MOUs, canceled contracts for non-performing companies. Mr. Lozoya commented on the operating budget to the proposed budget to make change which will be slightly less than the ask from last year. He continued to say that that the payouts are listed in the presentation which there is a significant amount that was not paid out due to non-performing companies.

Graham Sevier-Schultz suggested that he would like to input a dollar amount on the incentives budget. He stated that he would like to develop the 511 park and consider putting a dollar amount to it.

Mario Lozoya continued with the presentation stated that he changed a few items on the budget line items

Graham Sevier-Schultz commented that he would like to reengage with those companies that did not perform for 2020 to see how we can help them get back to where they were.

Jason Wolfe commented that is commendable that we are saving money and recovering funds. He continued to say that the goal is to have a certain amount of funding to do projects in the 511 park but the objective would be to find programs where we can use this money to incentivize and drive the employment up. Mr. Wolfe continued to say to keep the focus on up spending our money.

Mario Lozoya commented that there were companies that out preformed which we do not need to payout.

Graham Sevier-Schultz commented that he is urging Mr. Lozoya and the GBIC staff to find relevant training to utilize those funds for the line item for staff professional development. He stated that the HR Committee has found a few things that they would like to pinpoint and send direction on that item. Mr. Sevier-Schultz continued to say that they will identify some topics that they would like us to focus on to improve your qualifications.

Mario Lozoya continued to present the materials and supplies. He commented that he reduced the office supplies budget. Mr. Lozoya continued to say that the staff purchased two laptops and speaker that is not reflecting on the current budget.

Graham Sevier-Schultz commented that he urges the GBIC staff to get cameras, better online meeting setup, laptops or anything else that can help to enhance the WIFI services in the office. He continued to say that he would like to use this existing budget to make those improvements.

Graham Sevier-Schultz asked about the large-scale printer and if it is in use since it is part of the equipment and machinery budget.

Mario Lozoya answered yes, we do use that machine. The timelines printed for the projects is where we use to visualize where we are in the projects so yes, the printer is being used.

Graham Sevier-Schultz asked if the GBIC staff is happy with the services of Tech-Net in which Mr. Lozoya commented yes.

Graham Sevier-Schultz asked about the \$435.00 internet which he thought was included in the lease. Mario Lozoya commented that the amount paid is to the service provider.

Mario Lozoya commented that the auto mileage was lowered since we have a company vehicle and there has not been any travel due to the conditions.

Graham Sevier-Schultz asked about the line item for sponsorships. He continued to say that we could be more involved with sponsorships and the strategic alignment. The chairman continued to say that we could be more active in the community and that can be money well spent. He continued by saying there are a lot of requests that we can participate in which does not have to fall into incentives or anything else.

Mario Lozoya commented about the he did not change the personnel services budget. He commented that the and the city administrative services is about \$2, 400 per month and the city has not taken it from the particular line item. He continued the budget line items and a discussion of a TIRZ expert and the line item can be increased if granted.

Graham Sevier-Schultz commented that he would consider that line item as a standalone or put into the due diligence item.

Mario Lozoya commented on the consulting and marketing line items. He stated that the line item has been used since we made one payment to the hired a marketing firm Tequila Group. Mr. Lozoya continued to address the line item for a lobbyist and that he highlighted the amount to comment that it would be more than \$5,000 per month if we did happen to hire a lobbyist. He stated that the city has a lobbyist and a government relations person so that is why we haven't use

Graham Sevier-Schultz commented on reaching out to a lobbyist or anyone who is an economic development specialist which can help us to get some border specific economic development funding.

Mario Lozoya commented that last year the line item was not discussed since it was not a legislative year and the line item might increase since it is a legislative year.

Graham Sevier-Schultz asked if GBIC could ask for general pricing information, what a lobbyist can do for us, and an if there are any economic development specialists to make an informed decision on this particular item.

Mario Lozoya presented the landscaping budget line item. He stated that it is Landscaping is shared by BCIC and we will not exceed the \$8,400 hundred budget. We are comfortable with that amount. He continued to say that all the line items altogether are the purposed budget of \$ 1, 419, which is essentially \$100 thousand dollars less than last year's budget. Mr. Lozoya stated that Mr. Dennis Sanchez wanted to purpose that we add another expenditure to the operating budget related to the industrial park. We can ask the city to approve it that way we do not have to go back to the city for approval.

Graham Sevier-Schultz asked if he was talking about contracting a specialist for investment zones.

Mario Lozoya continued to say that Mr. Sanchez suggestion was that if in the upcoming year there is another land purchase, investment on the rail, or infrastructure into the 511 we set aside a couple of millions outside of the operating budget and anything else we can ask the city to set aside so that we do not have to go back to the city each time.

Pedro Cardenas commented Mr. Sanchez would like to have something in place in which the board would approve and have it readily available to use and not have to go to the city and come back with it.

Graham Sevier-Schultz commented that yes it does make it easier. He continued to say that even if we made a land purchase it will still need to be approved by the commission since it is such a large purchase. The chairman continued to say that the line items are not specific enough to get the commission approval. He agrees with putting into the budget since we should accurately predict what we will be using the money on and he thinks that it is not the way to get commission approval. He commented that an idea of how much for each for the parks like an amount under 2 million and anything else would have to be discussed.

The chairman commented on the discussions of targeting specific activities and which activities to pursue. His recommendation is to put an amount of \$500,000 thousand that was reclaimed from StarGate to put towards space attraction. He continued to say that employee recruiting and work with the marketing firm to market in the areas of Houston or Corpus to obtain qualified employees.

Sandra Duran commented that the 1.7 million of recovered funds that were saved she is proposing to invest those monies into efforts that align with the economic development strategy. She continued to say that she would like to focus on 2-3 items to accomplish in 2021 and still recover what is left of 2020 and target areas that require funding. She is requesting to attract those industries with those recovered funds.

Graham Sevier-Schultz commented to Mr. Lozoya to develop a plan on workforce development and education collaboration. If we can allocate money or a buy in from TSC for specific job descriptions or job roles that employers identify for this upcoming year.

Mario Lozoya commented that yes, we can do that.

Michael Pruneda asked for clarification regarding adding line items to the budget before it goes to city commission for ratification.

Sandra Duran is suggesting to utilizing some of the total recovered funds and redirecting them to address three of the five strategic goals on our economic development strategy that will develop the plans for it to come true.

Mario Lozoya commented that Ms. Duran is not suggesting another line item be added to the operational budget. He continued to say that the saved dollars be used on two or three items of the strategic plan.

Graham Sevier-Schultz commented that it would have to be specific line items. We have been underperforming in the job development and job training segment of our mission and would like to see money go towards that to make progress. The chairman agrees that a specific line item should be for the space segment to incentive, attract, or train workers in that segment. He requested an outline for the job training.

Sandra Duran asked that the staff propose a plan on how they will work towards those five goals so the budget can reflect funding those goals. She continued to say what goals need funding, allocate, and investing so we can determine and measure our ROI once completed.

Jason Wolfe commented that item # 3 target industries and putting funds towards that item. He continued to say that the business development is important. Mr. Wolfe continued to say that what he has seen over the past few years and an area that we can focus on is that the supply chain and allocate funds towards those types of industries including space that would have significant opportunity and growth supplying both the US and Mexico market if they were strategically located in our area.

Sandra Duran commented that she would like to ask the staff to propose a plan to meet those 5 goals since they know the market and their connections and database of what is needed in Mexico and Brownsville. She continued to say to measure the gap and see how we can reduce it and measure the reduction.

Jason Wolfe commented he would leave it up to the GBIC staff to decide what kinds of funds would be necessary to target these industries.

Esteban Guerra agrees with both Mr. Wolfe and Ms. Duran. Mr. Guerra asked Mr. Lozoya, What are your thoughts on having a line item on manufacturing or advanced manufacturing? He continued to say that maybe a study would assist in those areas.

Mario Lozoya commented that the line items that are being requested to be added do not belong on the operating budget but is on a different list of projected expenses. His recommendation is to leave the operating budget the way it is and the line items that the board members are requesting should be presented separately as a list of proposed expenses. He addressed Mr. Guerra's question that GBIC needs to address any Type A activity whether it be energy, manufacturing, IT, space, aeronautical.

Sandra Duran commented that she thinks that aerospace and energy should be another one.

Graham Sevier-Schultz asked Mr. Wolfe and Mr. Schaefer where the bottleneck is since they mentioned logistics.

Nico Schafer stated that there is a lack of warehousing space and there is an opportunity. He continued to say that the trucking industry has shortages.

Jason Wolfe commented that there will always be troubles with logistics side of it. CDL drivers are hard to find since they are being compensation from the government and are not working. He continued to say that his comment is that the challenges refers to finding the materials from the supply chain here since they are in China.

Graham Sevier-Schultz if there is a gap with CDL drivers and operators that is something specifically that Type A can participate in but if we can do a CDL license incentive program if they stay within the Brownsville area.

Mario Lozoya commented that it is a high demand grant we can provide all the gaps to workforce commission to make it a high demand which TWC has a grant for that. He continued to say that there is a funding for high demand jobs and type of job is not in high demand. Mr. Lozoya suggest identifying the gaps, aggregate the companies to show their gaps, and provide that data to move that job description into the high demand which then qualifies for a high demand grants.

Graham Sevier-Schultz asked from which resource?

Mario Lozoya responded that it is from TWC high demand grants.

Graham Sevier-Schultz commented that it might be two different studies or two different groups. He commented that a study would make it observable or presentable to groups TWC and that it would need money in that pool for studies or professional/consultant services. He asked the board if they would like to put line items pertaining to the discussion, they had concerning the topics whether it be a study or resources towards that. The chairman stated that he would like to have \$100,000 addition towards studies or bi-national development and is recommending that we do put money towards it.

Mario Lozoya commented that we can put some money into the bi-national development budget to expand to other industries.

Graham Sevier-Schultz commented that the 1.7 that was saved to be moved to the workforce training and development budget and budget for studies.

Pedro Cardenas commented that all the 1.7 million should not go into anything that we do not have ready. He requested that a number be attached to the specific line items. Mr. Cardenas continue to comment that maybe it should be \$100,000 or \$200,000 and he believes the money should be used to go to jobs.

Mario Lozoya commented to the board to allow him to have \$200,000 to \$250,000 to start creating collaborations with partners, university, community colleges, ISDs, businesses and expenditures to create a larger plan to propose to be more specific.

Esteban Guerra commented that he agrees with Mr. Cardenas that 1.7million if it would all be allocated and agrees with Mr. Cardenas about the amounts. Mr. Guerra commented that if we can project what the monies will be used. He agrees with Mr. Lozoya and the amount of \$200,000 to get him started to let us know how we can help the community.

Graham Sevier-Schultz commented that to provide Mr. Lozoya \$250,000 to create a job training program, recommend \$100,000 to studies, bi-national, logistics and space activity as a line item.

Michael Pruneda addressed to the board that it was published to the public as an as an action item so there can be action taken on this item.

4. Discussion and action on fiscal year 2020-2021 GBIC Budget. – *(Mario Lozoya, GBIC Executive Director)*

Graham Sevier-Schultz motioned to approve the recommended budget with the following changes. \$1 Million dollars for the development and infrastructure as it relates to the footprint within the City of Brownsville, with the addition of \$250,000 dollars categorized for job, workforce development, and training with the addition of \$200,000 dollars towards incentivizing and developing space related activities within Brownsville and an additional \$100,000 dollars under the category of professional studies as it relates to Type A activities within Brownsville.

Pedro Cardenas Second the Motion.

Motion Carries.

5. ADJOURNMENT

Pedro Cardenas motioned to adjourn the meeting at 1:45 pm. Nico Shaefer seconded the motion. Motion Carried.

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Approved this 21 day of OCT., 2020.



Graham Sevier-Schultz, Board Chair

Respectfully Submitted By: Elsa M. Galvan, Executive Assistant