



**SAN BENITO ECONOMIC DEVELOPMENT CORPORATION  
SPECIAL MEETING  
July 30, 2018**

On July 30, 2018, the San Benito Economic Development Corporation of the City of San Benito held a Special Meeting at the San Benito Municipal Building (Cesar Gonzales Meeting Hall), 401 N. Sam Houston at 5:30 p.m. A quorum was present including the following:

**JOSE L. MORALES WAS THE PRESIDING OFFICER.**

**EDC BOARD MEMBERS**

Jose L. Morales	President
Priscilla Guajardo	Secretary/Treasurer
Mary Bolado	Board Member
Encarnacion Lopez	Board Member
Ramiro Guerra	Board Member
Jeremy Maya	Board Member
Benjamin Gomez	Ex-Officio Member (left Item #3)

**ADMINISTRATIVE STAFF**

Fred Bell	Assistant to the City Manager
Rachel Siller	Coordinator
Ricardo Morado	City/EDC Attorney

**ABSENT**

Julian Rios	Vice President
Manuel De La Rosa	City Manager
Belen Pena	Finance Director

**CITY COMMISSION**

Benjamin Gomez	Mayor
Antonio Gonzales	Commissioner, Place 1
Ricardo Guerra	Commissioner, Place 3

**ITEM 1. WELCOME TO VISITORS.**

**Jose L. Morales, President**, welcomed everyone and called the meeting to order at 5:35 p.m. at the Cesar Gonzalez Meeting Hall located at the Municipal Building.

**Mayor Ben Gomez** opened a Special Meeting for the City Commission at 5:36 pm at the Cesar Gonzalez Meeting Hall located at the Municipal Building.

**ITEM 2. UPDATE ON SALARY AND OPERATIONAL EXPENSES ASSOCIATED WITH THE MUSEUM.**

**Fred Bell, Assistant to the City Manager**, presented a brief timeline associated with the inclusion of the Museum Coordinator and museum operational expenses in the EDC budget. **Jose L. Morales, President**, requested identification of personnel on EDC payroll. **Fred Bell** indicated EDC personnel include Luis Contreras - Museum Coordinator, Rachel Siller - Economic Development Coordinator, and an unfilled position of Museum Administrative Assistant. **Jose L. Morales** inquired as to Luis Contreras' duties, as he has heard he has not been on-site at the museum more than one time in



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two years. The museum is not open for the public, and wants to know the benefits of the EDC paying his salaries. Fred Bell indicated Luis Contreras is on-site at the museum often and works with the museums, Cultural District, and the inclusion of the music and community events as they are tied in with the Cultural District and tourism aspect of economic development. Encarnacion Lopez, Board Member, asked if Luis Contreras is in compliance with the activities on his job description. Fred Bell indicated he is compliant with his job description as all of his activities are supporting the City while focusing on the Cultural District, and reports to the City Manager. Luis Contreras was instrumental in the \$45,000 AEP grant for museum exhibit fixtures. Jose L. Morales asked what is remaining to get the museum opened and indicated he believed the museum construction was to be a turn-key building. Fred Bell indicated agreement negotiations should be concluding with the museum groups which will allow the exhibits to be placed in the new facility. In the interim, Luis Contreras is working on obtaining traveling exhibits to get the museum opening. Jose L. Morales asked if there is a dollar amount needed to finish the museum. Fred Bell indicated several avenues for obtaining the exhibit fixtures are being evaluated, including partnering with the school district to build exhibit fixtures. Jose L. Morales indicated the project should have been turn-key and perhaps the City Commission should consider amending the old contract and hold Megamorphosis accountable for the project not being turn-key. EDC should not be funding something that is not open. The Museum Director needs to start fundraising, is there a target amount? Fred Bell indicated the museum groups previously committed to funding the exhibit fixtures, but have failed to. Substantially completed contracts with the museum groups were started in November, but the museum groups lacked providing a response until March or April and are finally moving forward again. Encarnacion Lopez shared his concern about funding the Museum Coordinator position without museum group assistance. Mary Bolado, Board Member, walked the Board through the agenda packet contents, specifically Fiscal Year 2017-2018 EDC budget approval minutes, highlighting Luis Contreras' responsibilities of managing the museums, Freddy Fender exhibit, and Narciso Martinez Cultural Arts Center. Jose L. Morales stated that perhaps the museums should be given a portion of the proceeds from the music events to contribute toward the salaries and operational expenses of the museum. Who authorized the expenditures supporting the museum operations? Fred Bell indicating the budget included operational expenses, including file cabinets, chairs, and office supplies. Purchases were completed in accordance with purchase policies, including the fact that purchases less than \$10,000 do not require approval prior to purchase. Jose L. Morales stated the \$10,000 purchase rule only applies for City purchases, not EDC purchases, and believes all EDC purchases must go before the Board for approval, then the City Commission for approval, and believes staff is using EDC funds as a personal bank account. Fred Bell asked for a purchasing threshold for expenditures. Jose L. Morales indicated previously there was a limit of \$75.00 for miscellaneous purchases, and purchases over \$75.00 came before the Board and required two signatures. By reverting the Bylaws and removing the City Manager from managing EDC finances, the EDC will have control over its purchases. Encarnacion Lopez pointed out that signing checks does not approve a purchase, approving a purchase happens before the purchase is made. Jose L. Morales indicated the Board needs to start presenting all purchases to the City Commission for authorization and by applying the electronic signatures, he believes the unapproved purchases are considered illegal. Encarnacion Lopez stated that he believes the Coordinator has a reason to purchase the items to benefit the EDC. Priscilla Guajardo, Secretary/Treasurer, asked if the EDC currently has a minimum purchase that requires EDC Board approval. Jose L. Morales indicated there is not a minimum. Fred Bell indicated the City's purchasing process is being followed, which is the reason for the clarification of financial threshold the Board will require for purchases. Jose L. Morales indicated the Board will need to establish the purchasing threshold which will allow the Director to make certain expenditures per the budget without Board approval so long as it is in the budget. Fred Bell reviewed the mid-year and end-of-year budget amendment process with the Board indicating that the amendments are performed between line items to balance the budget when line item expenditures exceed budgets. Jose L. Morales stated we need to keep track of the budget and manage it correctly, as it is federal money. Electronic signatures must be discontinued, using manual signatures for all checks. Ricardo



(CONT.) ITEM 2. UPDATE ON SALARY AND OPERATIONAL EXPENSES ASSOCIATED WITH THE MUSEUM.

Morado, Attorney, indicated the directive of discontinuing electronic signatures would need to be added to the next agenda as an action item. Mary Bolado asked for clarification of purchase authorizations for consumable items, such as paper clips, versus tangible items, such as chairs. Jose L. Morales indicated budgeted line items wouldn't need approval, so long as the purchase doesn't exceed the line item amount and is purchased for EDC. When the policy is established, the items to purchase must be presented on the agenda for the Board to approve. Priscilla Guajardo asked for clarification of what was decided for purchasing threshold. Jose L. Morales indicated the threshold will need to be established in the future, as this is just a discussion.

ITEM 3. CONSIDERATION AND POSSIBLE ACTION TO AMEND THE BYLAWS OF THE SAN BENITO ECONOMIC DEVELOPMENT CORPORATION.

Fred Bell, Assistant to the City Manager, provided the Notice of Proposed Amendments of the Bylaws, the Draft version of the Bylaws based on the Notice, Bylaws approved September 2016, Bylaws approved January 2013, and correspondence from the Attorney regarding proposed revision to the Bylaws. Legal Counsel is available for questions. Jose L. Morales, President, indicated the Board does not have questions for legal counsel. Items to be updated from the Draft version was provided. Encarnacion Lopez, Board Member, asked for advice from legal counsel regarding the proposed update of the Board appointment paragraph. Ricardo Morado, Attorney, indicated Board appointment is entirely at the hands of the City Commission, in accordance with the City Ordinance regarding Board appointments. Encarnacion Lopez inquired as to the reason why the Bylaws were revised in September 2016. Ricardo Morado indicated that several years ago the City Commission provided additional latitude to the EDC. The City Commission recognized they were knowing less and less about EDC happenings, including project approvals. In 2016 the City Commission made a decision to amend the EDC Bylaws to require all activities, actions, and programs be brought before the City Commission for approval before steps are taken by the EDC. The City Commission also made a policy decision because it felt it was important for the City and EDC to share an Attorney, as the City and EDC interests should always be aligned. The revised Bylaws provide greater control of the EDC by the City Commission. Further clarification was provided that explained EDC staff did not regularly consult with legal counsel about activities and project that were occurring, and not all activities were presented to the City Commission for approval. Encarnacion Lopez stated the Board needs to focus on economic development and what is best for the City, and the Executive Director must be held accountable to the Board. Priscilla Guajardo requested legal counsel to provide specific examples of prior EDC deficiencies and the activities that were not performed in accordance with the Bylaws. Ricardo Morado explained the EDC was operating without keeping the City Commission informed of their activities. Mayor Ben Gomez stated he believes the same inconsistencies are occurring again, as all purchases are not being presented to the Board or City Commission for approval. EDC needs to promote the City and become a united City. Ricardo Morado provided an example for Priscilla Guajardo of a construction contract that was executed by the EDC without EDC Board approval and without City Commission approval. The construction company sued the EDC because the project was halted. Many of the revisions included in the September 2016 Bylaws reiterated the Board's responsibility to the City Commission. Jose L. Morales stated we could actually just use the September 2016 Bylaws and remove the City Manager involvement. Encarnacion Lopez asked legal counsel if, in his opinion, the EDC has become stagnant in the past few years by spending money and not received a return. Ricardo Morado cited what could be considered the biggest project the City has seen in decades - the \$23 million AEP project. Both the City and EDC were involved with the realization of the project. Another major project that is on the verge of finalizing, is the development of the Resaca Walk project, which has been under negotiation for over a year. Adding these two projects together, the value greatly exceeds any activities that were accomplished between 2011 and 2016, in his opinion. Jose L. Morales pointed out the City did lose the hotel deal. We need someone going to expos. Encarnacion Lopez questioned expos. Jose L. Morales replied that the Executive Director should attend contractor and vendor expos to try to sell San Benito, check for grants, and have connections with



(CONT.) ITEM 3. CONSIDERATION AND POSSIBLE ACTION TO AMEND THE BYLAWS OF THE SAN BENITO ECONOMIC DEVELOPMENT CORPORATION.

agencies such as the EDA. Encarnacion Lopez commented that the incoming Executive Director must be held accountable to the Board and the City Commission for their actions and their results of their actions. Jose L. Morales indicated the difference in holding the Executive Director accountable, as compared to the old Bylaws, is the Board Members and conditions in the Executive Director contract. Priscilla Guajardo indicated we could keep the current Bylaws and remove the City Manager from EDC activities. Encarnacion Lopez requested a provision be added to the Bylaws to have the Executive Director report to the City Manager regarding EDC activities as other cities do. Jose L. Morales indicated he did not agree with having the Executive Director report to this particular City Manager. Ricardo Morado informed the Board that they may structure the hierarchy however they see fit. The friction that was present between the prior City Manager and prior EDC Executive Director can be harmful. Encarnacion Lopez indicated that he believes that a certain chain of command should exist, and that the City Manager should be included in that structure. Ramiro Guerra, Board Member, agrees that the City Manager has a lot on his plate, and by bringing on an Executive Director would free up his time to tend to City business. We can always change the Bylaws if the revisions to the Bylaws don't work as anticipated. Mary Bolado, Board Member, stated the EDC and the City have to have a partnership, especially seeing as the EDC contracts with the City to provide services to the EDC. Should the City Manager be removed from EDC activities, we need to keep the door open for communication. Jose L. Morales motioned to make the following changes to the September 2016 Bylaws: remove the City Manager from EDC activities, add an Executive Director who is accountable only to the Board and the City Commission, and have the EDC work under the umbrella of the City through City Commission. No City Manager involvement. Prior to obtaining a second on the motion, Priscilla Guajardo questioned if there is no City Manager involvement, does that mean he is just not involved, or does it mean the EDC does not report or need approval from the City Manager? The collaboration with the City needs to stay in force. Jose L. Morales indicated that collaboration with the City will occur with the contracts between the EDC and the City. Priscilla Guajardo suggested a statement for the Bylaws for collaboration with the City Manager. Jose L. Morales indicated that is human nature, and everyone needs to work together. A committee will be formed for evaluating the applicants and the committee will bring the top three applicants to the Board for consideration. Mary Bolado questioned if the changes to the Bylaws would affect the Service Agreements with the City that are about to expire. Ricardo Morado indicated they could potentially be affected based on the services the Board will have the Executive Director provide. Jose L. Morales indicated that new contracts can be generated. Mary Bolado pointed out that the Agreements automatically renew in a month. Ricardo Morado reiterated that the contracts would be affected should the services in the contracts be affected. Encarnacion Lopez requested a statement for the Bylaws that the Executive Director will keep the City Manager abreast of activities as a courtesy for collaboration with the City Administration and City Commission, including briefing the City Manager of activities, or projects, prior to presenting them to the City Commission to ensure an additional review is conducted to avoid potential litigation. Commissioner Antonio Gonzales commented that the prior Executive Director was not properly communicating with City Administration and City Commission. Jose L. Morales motioned to remove the City Manager from EDC involvement, and add collaboration between the Executive Director and the City Manager to the current Bylaws. Ramiro Guerra, Board Member, seconded the motion. Voting Aye: Jose L. Morales, President, Priscilla Guajardo, Secretary/Treasurer, and Board Members Mary Bolado, Encarnacion Lopez, Ramiro Guerra, and Jeremy Maya. **MOTION CARRIED TO PREPARE REVISIONS TO THE BYLAWS**

Encarnacion Lopez clarified his statement of presenting proposed actions of the EDC, specifically when it involves money and buildings, to the City Manager before presentation to the City Commission. Ricardo Morado indicated that the changes included in the motion will be completed and presented to the Board prior to presentation to the City Commission to ensure the language is exactly as the Board desires.

ITEM 4. ADJOURNMENT

Jose L. Morales, President, moved to adjourn. Priscilla Guajardo, Secretary/Treasurer, seconded the motion. Jose L. Morales, President, announced the meeting adjourned at 7:18 pm.

Mayor Ben Gomez adjourned the Special City Commission at 6:45 pm when Mayor Ben Gomez excused himself from the meeting.

SAN BENITO ECONOMIC DEVELOPMENT CORPORATION

  
JULIAN RIOS, PRESIDENT

ATTEST:

  
ENCARNACION LOPEZ, SECRETARY / TREASURER

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