

**MINUTES OF THE BOARD OF REGENTS
FINANCE COMMITTEE MEETING
GALVESTON COMMUNITY COLLEGE DISTRICT
4015 Avenue Q
Galveston, Texas 77550
Room R-253 – Regents Hall
August 10, 2015
5:15 p.m.**

At the Board of Regents Finance Committee Meeting of the Galveston Community College District, duly held on Monday, August 10, 2015, in Room R-253 of Regents Hall, commencing at 5:15 p.m., the following Finance Committee members were present: Mr. Fred D. Raschke, Chairperson, Mr. Michael B. Hughes, Mr. Carl E. Kelly, and Mr. Raymond Lewis, Jr. Other Regents attending the meeting were Mr. Armin Cantini and Mr. Florentino “Tino” F. Gonzalez.

Staff present included Dr. W. Myles Shelton, President, Ms. Carla Biggers, Dr. Gaynelle Hayes, and Ms. Pamela Lee. Port of Galveston representatives attending the meeting were: Ms. Diane Falcioni, Mr. Roger Quiroga, and Mr. Peter Simons. Mr. Jeffrey Sjostrom with the Galveston Economic Development Partnership also attended.

- I. CALL TO ORDER:** Chairperson Raschke opened the meeting at 5:15 p.m. in Room R-253 of Regents Hall and determined a quorum was present.
- II. CERTIFICATION OF POSTING NOTICE OF FINANCE COMMITTEE MEETING:** Dr. Shelton confirmed that the notice of the Finance Committee Meeting had been properly posted on August 6, 2015.
- III. CONSIDER APPROVAL OF MINUTES FROM NOVEMBER 12, 2014 MEETING:** A reading of the minutes from the November 12, 2014 meeting was waived. Mr. Lewis moved to approve the minutes as presented; Mr. Kelly seconded. The motion passed unanimously.
- IV. PRESENTATION ON BMW OF NORTH AMERICA, LLC REQUEST TO EXPAND GALVESTON FOREIGN-TRADE ZONE NO. 36:** Mr. Roger Quiroga, Director of Economic Development and External Affairs, began the presentation supporting the BMW request to expand Galveston Foreign-Trade Zone (FTZ) No. 36. He introduced Ms. Diane Falcioni, Director of Governmental Affairs, and Mr. Peter Simons, Deputy Port Director. Mr. Quiroga provided the history of the new Vehicle Distribution Center at the Port of Galveston (Pier 10) that began in 2013. It is owned and operated by Wallenius Wilhelmsen Logistics (WWL) Vehicle Services Americas and managed on-site by BMW Group. He displayed the areas of the Port that the facility occupies and the requested land for expansion. Data of the economic impact to the community were shared.

Ms. Falcioni spoke to the success of this project through the use of an FTZ, an economic development tool used by businesses to bring goods into ports temporarily to perform a service. There is an application process to complete for BMW to operate in an FTZ. As part of this process, Port of Galveston would have to sponsor BMW. She showed the areas in Galveston FTZ No. 36 and those areas outside of the zone in which BMW would like to operate. Texas is one of three states that the federal FTZ Board requires a letter of support from all taxing entities involved as part of the application. A copy of letters from the other taxing entities were

IV. PRESENTATION ON BMW OF NORTH AMERICA, LLC REQUEST TO EXPAND GALVESTON FOREIGN-TRADE ZONE NO. 36: *(Continued)*

included in the packet of information provided. The Port asked that the College submit a letter of support and noted the closing paragraph of the draft supplied states that “we understand that imported inventory and inventory held for export in the foreign-trade zone will be exempt from ad valorem tax” and that “we have no objection to this application.” Ms. Falcioni clarified the tax is not property tax but an inventory tax.

Dr. Shelton said that Texas state law prohibits school districts from granting a tax abatement and questioned how the school district could submit a letter of support with this wording. Mr. Sjostrom explained that the property owned by the Port is already tax exempt. Leasehold improvements made by BMW would be taxable and tax revenue for the entities. The school district suggested a one-time or ongoing contribution to the Galveston Independent School District Educational Foundation in lieu of receiving the inventory tax revenue. Mr. Quiroga confirmed that in discussions with Port representatives, BMW has committed to being good community supporters. He said that he would personally discuss the subject of a contribution to the College and to the school district with BMW personnel. Dr. Shelton referred to Board Policy CAI Local that states the Board shall not participate in any Tax Increment Reinvestment Zone or grant any tax abatement unless it provides a direct financial benefit to the College. He gave several examples that would be considered a benefit including financial support for workforce programs or scholarships. Mr. Sjostrom anticipates other opportunities in the future that would also benefit the College with BMW’s presence on the Island.

V. DETERMINE COMMITTEE RECOMMENDATION TO BOARD OF REGENTS REGARDING BMW OF NORTH AMERICA, LLC REQUEST TO EXPAND GALVESTON FOREIGN-TRADE ZONE NO. 36: Mr. Raschke moved to recommend to the Board of Regents that the request be approved as stated in the letter with the expectation that BMW would provide financial support in some form; Mr. Lewis seconded. The motion passed unanimously.

VI. ADJOURNMENT: There being no further business to come before the Finance Committee, the meeting adjourned at 5:48 p.m.

Carla D. Biggers, Clerk

APPROVED AS CORRECT:

Fred D. Raschke, Chairperson