

CITY OF HONDO
ECONOMIC DEVELOPMENT CORPORATION
BOARD OF DIRECTORS MEEETING
MINUTES
APRIL 25, 2006
6:00 P.M.

The City of Hondo Economic Development Corporation Board of Directors met on the 25th day of April, 2006, at 6:00 p.m. in the City Council Chambers, City Hall, 1600 Avenue M, Hondo, Texas.

Present: Board Members Arturo Dominguez, Jr., President, Ann-Michelle Long, Secretary, Vance Tomey, Aniceto Colunga, James Garcia, Keith Lutz, and Eric Torres

City Staff: Robert T. Herrera, City Manager, Carol Buttler, Assistant City Manager, Debbie Sills, City Treasurer, and Beatrice Cervantez, City Secretary

President Dominguez called the meeting to order at 6:04 p.m.

3. APPROVAL OF MINUTES: February 28, 2006

Motion was made by Ann-Michelle Long, seconded by Aniceto Colunga, to approve the minutes of the February 28, 2006, as written. Motion carried: 6 Ayes; 0 Nays.

President Dominguez announced the executive session item. He said that before the Board commits to assisting the hospital with funding they should be provided with a report regarding the hospital's financial position. Mr. Dominguez said if anyone is interested in reviewing the information, they can contact the hospital.

At 6:05 p.m., the Board went into the following executive session.

4. HOLD AN EXECUTIVE SESSION PURSUANT TO SECTION 551.087 OF THE TEXAS GOVERNMENT CODE TO DISCUSS FINANCIAL INFORMATION THAT THE CITY OF HONDO ECONOMIC DEVELOPMENT CORPORATION BOARD OF DIRECTORS (4B BOARD) HAS RECEIVED FROM MEDINA COMMUNITY HOSPITAL, THAT THE 4B BOARD SEEKS TO HAVE LOCATE, STAY, OR EXPAND IN OR NEAR THE TERRITORY OF THE 4B BOARD AND WITH WHICH THE 4B BOARD IS CONDUCTING ECONOMIC DEVELOPMENT NEGOTIATIONS.

At 6:35 p.m., the Board reconvened in regular session.

5, RECEIVE REPORT FROM CITY MANAGER REGARDING APPLICATION FROM MEDINA COMMUNITY HOSPITAL REQUESTING ECONOMIC DEVELOPMENT ASSISTANCE.

Mr. Herrera presented the first application before the 4B Board requesting economic assistance for a worthy project. He said this project will help the hospital raise its portion of funding needed for a low interest loan from the USDA. Mr. Herrera said he had visited with Ms. Gruber to review financial information and to discuss a business plan and forecasting. He said that based on the information he had and his visit with legal bond counsel, his opinion is that this is a legitimate use of 4B funds.

Mr. Herrera referred to Clay Binford's legal opinion dated March 13, 2006 which indicated that while the hospital has the authority to impose its own tax, 4B can also assist with funding although the expenditure must be tied to infrastructure improvements. He said that according to information supplied to him by the hospital, a big portion of the project will be tied to such improvements. He discussed a list of projects that totaled \$276,000, all of which are infrastructure related. Mr. Herrera recommended approval of the hospital's application for economic assistance with 4B funds. He discussed details of the application and asked the Board to be mindful that when the hospital gets a new look and expansion there will be new opportunities for economic development with additional doctors and facilities that normally follow. Beverly Gruber, Hospital Administrator, was present to answer questions.

James Garcia said he would like to make sure that in the event that there is an obstruction and the project ceases, the 4B funds would be returned to the Corporation. President Dominguez suggested placing the funds in an escrow account. Ms. Gruber assured the Board that the USDA guarantees funding after they receive the resolution and contribution, and they close on the loan. In response to Mr. Tomey's questions, Ms. Gruber said the total from hospital fundraisers is at \$569,511, not counting funds from the last gala. They are also anticipating more donations. She said they had applied for two major grants and were notified last Friday that they made the cut for a \$100,000 grant. Ms. Gruber said it will be helpful if the City approves 4B funding so that she can report back to these foundations.

Keith Lutz asked if the hospital was depleting all its funds to arrive at their goal. Ms. Gruber said they had set aside \$600,000 as seed money; however, they had to pay an architect and deplete the funds as they go along. She said once they reach their goal for the down payment, they cannot get reimbursed. Therefore, the Capital Plan will have to change in order to purchase equipment. Ms. Gruber said

they have a long way to go but does not want people to think they will never get there. Mr. Herrera asked what their target date is. Ms. Gruber said the architect should be finished in June and bids let in July, so they should be ready to close in July or August, 2006.

Motion was made by James Garcia, seconded by Keith Lutz, to take the steps necessary to authorize a contribution of \$100,000 of corporate funds, stipulating that in the event the hospital does not proceed with the project, said funds will be returned to the 4B Corporation. Motion carried: 6 Ayes; 0 Nays.

6. **DISCUSS AND CONSIDER ADOPTION OF A RESOLUTION AUTHORIZING THE PUBLICATION AND NOTICE OF PUBLIC HEARING REGARDING EXPENDITURE OF 4B CORPORATE FUNDS.**

President Dominguez presented the proposed resolution and referenced Exhibit A, the Notice of Public Hearing. Motion was made by Keith Lutz, seconded by Vance Tomey, to adopt the Resolution authorizing the publication and notice of public hearing regarding expenditure of 4B corporate funds. Motion carried: 6 Ayes; 0 Nays.

RESOLUTION AUTHORIZING PUBLICATION OF NOTICE OF PUBLIC HEARING

WHEREAS, the Board of Directors (the "Board") of City of Hondo 4B Economic Development Corporation (the "Corporation"), finds that the expenditure of Corporation funds (the "Funds") toward payment of a portion of certain necessary infrastructure improvements in and around the Medina Community Hospital, located at 3100 Avenue E, under the Development Corporation Act of 1979 (Texas Revised Civil Statutes Article 5190.6) (the "Act") would be in furtherance of economic development and business expansion within the City of Hondo (the "City");

WHEREAS, prior to the expenditure of the Funds, the Corporation is required under the Act to publish notice of a public hearing to solicit input prior to expending the Funds in a newspaper of general circulation in the City, the notice stating (i) the time and place the Corporation tentatively proposes to hold the public hearing, (ii) the maximum amount of the Funds proposed to be expended, and (iii) the purposes for which the Funds are to be used;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CITY OF HONDO 4B ECONOMIC DEVELOPMENT CORPORATION, THAT:

Section 1. The form and substance of the form of NOTICE OF PUBLIC HEARING, which is attached hereto as Exhibit "A," is hereby adopted and approved.

Section 2. The President and the Secretary of the Board shall cause the notice to be published, in substantially the form attached hereto, in a newspaper, as defined in Section 2051.044, Texas Government Code, as amended, of general circulation in the City.

Section 3. Both the President and the Secretary of the Board are hereby authorized and directed to execute the certificate to which this Resolution is attached on behalf of the Corporation and to do all things proper and necessary to carry out the intent thereof.

PASSED AND APPROVED ON THE 25TH DAY OF APRIL, 2006.

/s/ Arturo Dominguez, Jr.
ARTURO DOMINGUEZ, JR., PRESIDENT

ATTEST:

/s/ Ann-Michelle Long
ANN-MICHELLE LONG, SECRETARY

EXHIBIT A

PUBLIC NOTICE

HONDO ECONOMIC DEVELOPMENT CORPORATION

PUBLIC HEARING

MAY 16, 2006
6:00 P.M.

The Hondo Economic Development Corporation will hold a Public Hearing on May 16, 2006 at 6:00 p.m., at the Hondo City Council Chambers, 1600 Avenue M, Hondo, Texas. The purpose of this Hearing is to solicit input prior to expending funds in support of the projects listed below. This Hearing is being held for the purpose of complying with the provisions of the Development Corporation Act of 1979 (Texas Revised Civil Statutes Article 5190.6).

AGENDA

CALL TO ORDER
PRESENTATION OF PROJECT(S):

EXPENDITURE OF CORPORATION FUNDS, IN AN AMOUNT NOT TO EXCEED \$100,000, TOWARD PAYMENT OF ALL OR PART OF CERTAIN NECESSARY INFRASTRUCTURE IMPROVEMENTS IN AND AROUND THE MEDINA COMMUNITY HOSPITAL, LOCATED AT 3100 AVENUE E, IN CONJUNCTION WITH THE EXPANSION THEREOF, SUCH INFRASTRUCTURE TO POTENTIALLY INCLUDE STREET AND ROAD IMPROVEMENT; EXTENSION AND/OR EXPANSION OF WATER, GAS, AND ELECTRIC UTILITIES; DRAINAGE IMPROVEMENTS; TELECOMMUNICATIONS AND INTERNET IMPROVEMENTS; AND EXPENSES RELATED TO THE FOREGOING.

CITIZEN COMMENTS/QUESTIONS/CONCERNS
ADJOURNMENT

Following a brief discussion regarding the timeline, it was consensus of the Board to schedule the public hearing for May 16, 2006 at 6:00 p.m. and to schedule passage of the resolution authorizing the proposed expenditure of corporate funds for July 5, 2006 at 6:00 p.m. Ms. Gruber was not certain about the closing date but said she did not foresee a problem with the proposed timeline. She thanked the Board and the City for their efforts.

7. DISCUSS AND CONSIDER A REQUEST FOR A LETTER OF SUPPORT FROM THE DOWNTOWN ADVISORY BOARD FOR A DOWNTOWN REVITALIZATION PROJECT.

President Dominguez reported that as of this morning, this project had changed. The Downtown Advisory Board held a meeting this morning. The plan originally called for a downtown plaza. The Board received a petition from individuals who were opposed to the proposed closure of 16th Street and met with many of those individuals in a long, drawn out session.

President Dominguez said basically, in order to keep the project going, the Board had to give up the proposed closure of 16th Street. He said they worked out a compromise and will work with what is available in order to allow the project to move forward without negative support. The individuals who had opposed the project said they would support the project with the change. The City can now pursue funding for a grant. President Dominguez said since the scope has changed, the plaza will need to be redesigned and located on the south side of 16th Street. Staff will need to submit the application in a couple days. President Dominguez presented a draft resolution (letter of support) and requested approval by this Board.

Motion was made by Vance Tomey, seconded by James Garcia, to approve the Letter of Support from the Downtown Advisory Board for a Downtown Revitalization Project. Motion carried: 6 Ayes; 0 Nays.

8. REVIEW THE COHEDC FINANCIAL REPORT.

Debbie Sills, City Treasurer, presented the Corporation's financial report. She said the Corporation currently has \$383,000 in the bank, and they are at 62.24% of sales tax collections.

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There being no further business to come before this board, Mr. Dominguez adjourned the meeting at 7:06 p.m..

PASSED AND APPROVED ON THE 16TH DAY OF MAY, 2006.

ARTURO DOMINGUEZ, PRESIDENT

ATTEST:

Ann-Michelle Long, Secretary

Minutes Prepared by:

Beatrice Cervantez, City Secretary