

MINUTES OF
THE HONDO ECONOMIC DEVELOPMENT CORPORATION, (HEDC)
CITY OF HONDO
TYPE B ECONOMIC DEVELOPMENT CORPORATION

HEDC REGULAR BOARD MEETING
700 Vandenberg
Airport Board Room
Hondo, Texas 78861

FEBRUARY 15, 2024 at 4:00 P.M.

BOARD MEMBERS' BUSINESS

1. Quorum check.

Chair J. Gruber, Vice Chair Ronnie Miller, Treasurer Brett Riff, Rachel Ramirez, Roger Henderson, Rose Mary Mares

Absent: Secretary Ashley Lowe

Staff Present: City Manager John Naron, City CFO Chris Hill, EDC Director Doug Dowler, EDC Business Retention & Expansion Sean Patty

2. Called the meeting to order

“President J. Gruber called the meeting to order at 4:04 p.m.”

3. Public Forum

No comments were made by a visitor

4. Consent Agenda

J. Gruber initiated the discussion by proposing the approval of items A & B of the consent agenda while moving item C to review financials to Item 5 of the agenda.

Action item: Motion to accept consent agenda as amended.

Ronnie Miller motioned to accept consent agenda as amended and Rosemary Mares promptly seconded the motion. Motion carried 6-0.

5. Review of Quarterly Financials by Chris Hill, CFO of City of Hondo.

During the board meeting, Chris Hill, CFO for the City of Hondo, presented the financial updates. He outlined the investment strategy, which initially involved US Treasuries before transitioning to CDs with TXN Bank for higher rates in June last year. Currently, the city holds a 3-month CD with TXN at a 5% yield, generating approximately \$27,000 quarterly. Hill recommended a strategy review at the April meeting.

Additionally, he discussed the \$600,000 loan provided to the airport, earning 5% interest, with anticipated revenue of \$30,000 in June and a total of \$130,000 for the year. The commitment to contribute \$100,000 annually towards debt repayment, once issued, is on the certificate of obligation by the City of Hondo and the EDC's participation of \$1M. Hill also highlighted the sales tax receivable, noting a two-month lag in receivables with adjustments made annually.

Chris provided a summary of outstanding debts, including a 2016 series bond with \$225,000 remaining and a 2021 bond with \$650,000 outstanding. The recommendation was to maintain payments due to low interest rates. Hill concluded by outlining the quarterly reporting process, with P&L reports presented quarterly and detailed expenses provided by the finance department. He mentioned that sales tax data is accessible online for board review, with the potential for detailed analysis. Hill offered ongoing support for financial inquiries and invited communication for further clarification or assistance.

Action item: Motion to accept financials as reported.

Motion was made by Brett Riff to accept financials presented by Chris Hill. Motion was promptly seconded by Rachel Ramirez. Motion carried 6-0.

6. Review, discuss, and possible action on Capital Farm Credit Application for Economic Development Assistance.

During the meeting, Doug Dowler, Director of Economic Development, presented an application from Capital Farm Credit for economic development support. The application requested \$100,000 to be paid back over 10 years, equating to \$10,000 annually, to support their investment in a new building in our community.

The building, spanning 8500 square feet and valued at over \$7 million, is anticipated to be completed by February 2025. Dowler reviewed Capital Farm Credit's quarterly and annual reports, affirming their strong financial standing and commitment to community support, particularly in agriculture-related programs and local initiatives. Hondo is noted as one of their largest profit centers, with

significant investment in the area's agricultural sector. The new facility is expected to consolidate operations and create approximately 6-10 new jobs, with an annual payroll of around \$2 million.

Dowler recommended the board approve the \$100,000 investment and establish a performance agreement with Capital Farm Credit. Under this agreement, once the project is completed and certified, the city will provide \$10,000 annually until the full amount is paid.

Action item: Motion to approve application for funding by Capital Farm Credit.

Motion was made by Rose Mary Mares to approve funding request presented by Doug Dowler. Motion was promptly seconded by Rachel Ramirez. Motion carried 5-0. Brett Riff recused himself from the vote.

7. Review, discuss, and possible action on Project Rise HySky

Action item: Motion to approve Project HySky as an EDC project.

No action was taken.

8. Review and discussion of Project Rise Broadband.

During the meeting, Doug Dowler provided an update on Project Rise Broadband. He reminded the board of the previously approved project and the resolution requesting a budget amendment of \$7,000 for construction costs. However, it was discovered that by bringing broadband fiber to the airport building, the entire facility, including city operations, could benefit. As a result, the airport offered to cover the \$7,000 cost using their grant funds, eliminating the need for the city's contribution. Dowler withdrew the request to council accordingly. Currently, the EDC is responsible for a \$260 monthly internet bill for the airport building. Dowler reported that the contract for installation was signed that day, moving the project forward.

9. Business Retention and Expansion Report

During the meeting, Sean Patty provided the Business Retention & Expansion monthly report, outlining the active project pipeline. He highlighted four active projects: MRO, Boise Cascade, High Sky, and Rise Broadband. The total investment for these projects is \$38,000,304 with four

jobs currently active. Patty then provided details on the actions taken for each project. For Aeros MRO, the EDC facilitated the finalization of a press release, negotiated a lease agreement between Aeros and the airport, and assisted in connecting Aeros with relevant contacts in the community. There was no financial commitment from the EDC in this regard.

Similarly, for Boise Cascade, the EDC intervened when the project was falling apart due to personnel turnover. They reengaged Boise Cascade, facilitated meetings with Community Development Services to expedite permitting, and provided support throughout the process, resulting in progress on the project. Patty emphasized that while there was no financial commitment, the EDC's expertise and time were instrumental in revitalizing these projects.

During the meeting, Sean Patty introduced the use of the Blue Dot software, which tracks all interactions with businesses including emails, site visits, and phone calls. Patty explained that this tool provides a comprehensive overview of his activities in Q1, including business calls, emails, and notes from site visits. He emphasized the importance of recording interactions to maintain a transparent record of engagement with businesses. Patty noted that this system allows for easy access to historical data, ensuring continuity in case of unforeseen circumstances. In Q1, Patty reported having engaged with 200 businesses through various means such as surveys, site visits, emails, and phone calls.

During the meeting, Sean Patty presented findings from the online business survey conducted from December thru January. Out of 189 email addresses, 69% of recipients read the survey, with a 15% response rate, totaling 29 businesses. Notable responses were shared, including insights on sales and profit trends, suggestions for enhancing downtown Hondo's attractiveness for businesses, factors affecting operations, and satisfaction levels with local entities like the Chamber, South Texas Regional Training Center, and EDC.

Specific responses highlighted desires for beautification projects, signage, upscale dining options, and addressing neighborhood safety concerns. Labor quality and availability, capital accessibility, and operational challenges were identified as key concerns. Moreover, respondents expressed satisfaction with local organizations like the Chamber, with suggestions for improvement such as promoting member businesses and enhancing communication.

Regarding the South Texas Regional Training Center, Patty discussed the lease arrangement with Southwest Texas Junior College and plans to

address room usage concerns by the city. Additionally, he emphasized the interest in social media marketing and leadership training among local businesses, proposing free training sessions to accommodate various schedules and needs.

In terms of growing small businesses in Hondo, respondents shared diverse opinions ranging from infrastructure updates to encouraging local shopping and attracting the younger generation to the area. Patty acknowledged the importance of addressing these concerns and leveraging opportunities to foster economic growth and community development.

10. Executive Director Report

During the meeting, Doug Dowler, Executive Director of the Hondo EDC, provided an update on the budget and work plan for the fiscal year 2024-2025. He mentioned that the work plan for the year is still in progress and will be presented at the next board meeting, requesting that the current discussion be tabled for now.

Dowler explained the process for budgeting, indicating that requests for funding from entities such as the Chamber of Commerce and the South Texas Regional Training Center will be presented at upcoming board meetings. Each entity will have the opportunity to make a brief presentation outlining their request and its significance. Board members will then have the opportunity to ask questions and decide whether to allocate funding.

Dowler emphasized the importance of transparency in this process, suggesting that entities requesting funds should be present for the discussion and vote, though ultimately leaving it up to the board's discretion. He outlined the timeline for budget approval, stating that the draft budget will be reviewed with the board treasurer and Audit Committee in June, followed by board action in July and presentation to the city council in September, with the budget becoming effective on October 1.

Action item: Motion to approve 2024-2025 Work plan.

No action was taken.

11. Adjourn.

Chair of the Hondo EDC Board, J. Gruber, made a motion to adjourn the meeting at 5:15 p.m. The motion approved 5-0.

Attest:



Ashley Lowe
Board Secretary

On 3/21/2024, 2024