



THE HONDO ECONOMIC DEVELOPMENT CORPORATION, (HEDC) Meeting Minutes

Type of Meeting: Regular Meeting
Date and Time: Thursday, February 20th, 2025 7:00 a.m.
Location: South Texas Regional Airport Board Room
700 Vandenberg Road, Hondo, TX 78861

1. **Determination of Quorum**

1.1 Call to Order

Chair J. Gruber, Vice-Chair Ronnie Miller, Secretary Ashley Lowe, Treasurer Brett Riff, Rachel Ramirez, Roger Hernandez & Rose Mary Mares.

“President J. Gruber called the meeting to order at 7:06 a.m.”

2. **Public Forum:** *Upon recognition by the Chair, persons desiring to address the Board may speak on any topic not to exceed three (3) minutes in length. Board Members are prohibited from deliberation on any item presented but may recommend placement on a future agenda for discussion.*

No comments were made by a visitor.

3. **Consent Agenda:** *All consent items are considered to be routine and will be enacted by one motion. If requested by a Board Member, any item may be taken off the Consent Agenda by the Chair for individual consideration.*

4.1 Approval of January 16th, 2025 regular meeting minutes.

“Ronnie Miller made a motion to approve consent agenda. Rose Mary Mares promptly seconded.”

4. **Consider Items: Consider and take any action necessary**

4.1 Presentation/Approval of Q1 Financials (Chris Hill – CFO City of Hondo)

Income Statement: Chris Hill presented the Q1 financials for the Hondo Economic Development Corporation (HEDC), covering the first three months of the fiscal year through December. He noted that sales tax revenue is slightly above budget, coming in at approximately 27% compared to the expected 25% at this point in the year. While the current trend is slightly declining, projections indicate total annual sales tax revenue of approximately \$696,000, which is in line with the budgeted \$695,000.

Investment income from the Corporation’s CD is also performing well. The budget assumed a 4% return, but the actual yield is 4.25%, resulting in \$26,000 in income versus the budgeted \$25,000.

Overall, the income side of the financials is strong and trending slightly above budget expectations.



Expense Statement: Expenses are also trending positively. The personnel budget is under-expended due to only one employee currently on payroll instead of the budgeted two. Office supplies and other operating expenses are also under budget. In total, operating expenses are running approximately 24% below budget.

As a result of higher-than-expected income and lower-than-expected expenses, the Corporation has a surplus of \$37,000 for the first quarter. While the budget included a planned \$99,000 drawdown from the fund balance to balance the year, current financial trends suggest that even without that fund balance usage, the Corporation is in a strong financial position.

Chris Hill also discussed ongoing refinements to the Chart of Accounts to improve transparency and efficiency. He is working with Sean Patty to consolidate certain budget lines, such as travel expenses, into more manageable categories. This aligns with accounting practices used in other city funds while still maintaining transparency.

Balance Sheet Overview: Chris provided a summary of the balance sheet, highlighting key financial standings:

- **Operating Cash:** \$242,794
- **Investment CD (7-month at TXN):** \$2,417,076
- **Sales Tax Receivable:** Represents two months of revenue in arrears and is generally adjusted annually during audits.
- **Airport Loan:** The Corporation provided a loan to the airport last year, with a payment due on June 13. The loan has a 15-year term at 5% interest. There was discussion about potential early repayment if the airport generates sufficient revenue through property sales.
- **Debt Liabilities:** The HEDC has two existing debt obligations:
 - 2016 refunding bonds, which will be paid off by 2027.
 - Another bond series maturing in 2030, after which the Corporation will be largely debt-free, apart from a 10-year agreement to pay \$100,000 annually related to the 2024 bonds.

Discussion on Outstanding \$10,000 Microsoft Scholarship Funds: Chris Hill brought up an old liability of \$10,000 from a Microsoft donation earmarked for scholarships. The funds have been sitting unused for over five years, with no clear documentation of the original criteria for awarding them. After discussion, the Board agreed to transfer the funds to the school district to be used at the discretion of the Hondo ISD.

A motion was made to distribute the funds accordingly. The motion was seconded and approved, with one abstention due to the item not being previously listed on the agenda. It was agreed that a formal action item would be placed on the next meeting's agenda to finalize the transfer.

Conclusion: The financial outlook for the HEDC remains positive, with income slightly above projections and expenses running below budget. The Corporation is currently operating with a surplus, and long-term debt obligations are on track for steady reduction. The Board also took steps to resolve an outstanding liability by directing scholarship funds to the local school district.

“Rose Mary Mares made a motion to approve Q1 Financials. Rachel Ramirez promptly seconded.”

4.2 Presentation of City Shared Services Agreement (Chris Hill – CFO City of Hondo)

Chris Hill, CFO of the City of Hondo, presented the City Shared Services Agreement, which formalizes the long-standing \$30,000 annual fee paid by HEDC for various administrative and operational services provided by the city. These services include finance and accounting, IT, administrative support, HR, benefits, and insurance coverage for errors, omissions, and general liability. Additionally, the agreement covers the city's role in facilitating the financial audit for HEDC.

The agreement, which has historically been an informal arrangement, is now being formalized by the city's attorney. It is structured as a one-year contract that automatically renews unless terminated with notice.

A discussion followed regarding the omission of office space provisions in the agreement. Board members questioned whether the agreement should explicitly address office space, given that the HEDC Director currently operates from a city facility. Chris Hill clarified that since the airport, where the office is located, functions as a separate financial entity, any office rental agreement would need to be arranged between the HEDC and the airport rather than the city.

Additionally, Chris explained that shared services agreements exist for other major city funds, including the airport, electric, water, and sanitation funds.

The board generally supported the agreement as presented but acknowledged the need for further discussion regarding office space.

“Ashley Lowe made a motion to approve City Shared Services Agreement. Roger Hernandez promptly seconded.”

4.3 Discuss/Action of lease and/or purchase of real property for EDC (§551.072 – Executive Session)

5. Discussion Items: Discuss with no formal action to be taken

5.1 Discuss possible date for 2025-2026 Budget Meeting

“The Board proposed a tentative date of April 10th from 11 a.m. to 1 p.m. with site TBD.”

6. Standing Reports

6.1 Executive Director Report

Sean Patty, Executive Director of the Hondo Economic Development Corporation opted not to present a full report due to time constraints but provided key updates:

- **Annual Report Distribution:** The annual report has been printed and distributed throughout the community, receiving positive feedback. The report highlights the six key priorities for economic development, which will be discussed in more detail at a future budget meeting.
- **Boise Cascade Recruitment Meeting:** Representatives from Boise Cascade, arriving from multiple states, were scheduled to meet that morning to discuss workforce recruitment needs. Workforce Solutions Alamo and other partners would also attend to explore potential training pipelines, including collaboration with schools and junior colleges.
- **Pinsley Railroad Meeting:** An upcoming meeting with Pinsley Railroad was planned to discuss new recruitment efforts for companies at the rail yard. Non-Disclosure Agreements (NDAs) would be signed to facilitate these discussions, and the company is expected to take a more aggressive approach in securing additional tenants.
- **Mission and Vision Discussion:** At the upcoming budget meeting, Sean Patty plans to present an in-depth discussion on the HEDC's mission, vision, and key priorities to ensure alignment with board expectations.
- **Podcast Initiative:** Sean reported that six podcast episodes were recorded with Justin McKenzie at Château Claire, focusing on economic development topics. These will be released gradually, accompanied by a press release.
- **Connect Platform Update:** The board had previously approved the Connect platform, and while a live demonstration was hoped for during the meeting, updates will be provided soon as development progresses.

Sean emphasized that a comprehensive board book containing key documents and reports is already prepared and will be shared at a later date.

7. Topics for Future Meetings: *Board/Staff discussion*

"No topics were suggested for future meetings"

8. **Executive Session:** *As authorized by the Texas Open Meetings Act, Texas Government Code Section 551.001, the Board may enter into a closed Executive Session at any time concerning any and all subjects and for any and all purposes permitted by the Act, including, but not limited to, the following:*

- 8.1 Section 551.071 - Consultation with the Board's attorney
- 8.2 Section 551.072 - Deliberation regarding the purchase, exchange, lease or value of real property
- 8.3 Section 551.074 - Deliberation on personnel matters
- 8.4 Section 551.087 - Deliberation regarding economic development negotiations

The Board convened to Executive Session at 7:27 a.m.

The Board exited Executive Session at 7:44 a.m.

9. Actions Resulting from Executive Session

"No action was taken in Executive session regarding lease/purchase of real property."

10. Adjournment

"A motion was made by Rose Mary Mares to adjourn the meeting. Rachel Ramirez promptly seconded and the meeting was adjourned at 7:56 a.m."

ATTEST:



Ashley Lowe, Board Secretary

On 4/17/25