

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

March 21st, 2024 at 4:00 P.M.

BOARD MEMBERS' BUSINESS

1. Roll call to determine presence and Quorum.

Chair J. Gruber, Vice Chair Ronnie Miller, Treasurer Brett Riff (in attendance via Zoom), Secretary Ashley Lowe, Rachel Ramirez, Rose Mary Mares

Absent: Roger Henderson

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

2. Call to Order.

"President J. Gruber called the meeting to order at 4:09 p.m."

3. PUBLIC FORUM

No comments were made by a visitor.

4. Consent Agenda

J. Gruber initiated the discussion by asking if everyone had reviewed the consent agenda in their online packet. Open the floor for any questions.

- a. Minutes from the February 2024 meeting.**
- b. Financials for the month of February 2024.**

Action item: Motion to approve the Consent Agenda.

Ronnie Miller motioned to accept consent agenda and Rosemary Mares promptly seconded the motion. Motion carried 5-0.

5. Presentation and possible action on Financial Chart of Accounts.

Doug Dowler, Executive Director of the Hondo Economic Development Corporation, presented a proposal for the Financial Chart of Accounts during the meeting. The proposal aims to streamline the Chart of Accounts for budgeting purposes in preparation for next year's budget and financial planning. Doug emphasized the need for input and feedback from the Board regarding the proposed changes. He mentioned that Chris would be involved in reviewing the proposed Chart of Accounts to ensure alignment with the city's activities. The presentation highlighted the flexibility to customize account names and categories while maintaining proper categorization of assets and liabilities. The focus of the discussion was on enhancing budgeting details to allocate funding effectively for programs and projects. Doug also mentioned the need to work closely with the city and expressed confidence in their cooperation. The meeting concluded with an agreement to proceed with the proposed changes to the Chart of Accounts.

Action item: Motion to approve the 2024 – 2025 Financial Chart of Accounts

No action was taken at this time.

6. Review, discuss, and possible action for PROJECT APPROVAL of the HEDC H.E.L.P. (Hondo Economic Loan Program).

Doug Dowler also presented a summary of the Hondo Economic Loan Program (H.E.L.P) during the meeting. The program is designed to provide funding through a loan structure with varying interest rates and conditions based on performance criteria. It aims to support small businesses that may not qualify for traditional bank loans due to being unbankable. The program's eligibility, application, approval processes, and repayment options were discussed, highlighting the flexibility of interest rates and potential loan forgiveness based on business performance over time. The program's purpose is to bridge the gap for unbankable loans while fulfilling the mission to support small businesses.

Action item: Motion to approve the HEDC H.E.L.P. project

Motion was made by Rose Mary Mares to approve . Motion was promptly seconded by Rachel Ramirez. Motion carried 5-0.

7. Review, discuss, and possible action for the approval of a MEMORANDUM OF UNDERSTANDING between CEN-TEX Certified Development Corporation d/b/a Business & Community Lenders of Texas (BCL) and HEDC.

During Doug Dowler's presentation on the Memorandum of Understanding (MOU) between BCL and HEDC, he provided detailed information about the partnership and the proposed terms of the agreement.

1. **Partnership Overview:** Doug Dowler outlined the purpose of the partnership between BCL and HEDC. The partnership aims to facilitate collaboration and cooperation in various areas,

such as funding opportunities, program development, and support for local businesses and initiatives.

2. **Financial Terms:** Doug discussed the financial aspects of the MOU, including any fees or payments involved. He mentioned that BCL proposed a \$12,000 annual fee for the privilege of doing business with them for three years. Additionally, there was a mention of a three and a half percent loan loss reserve payment to the state of Texas, from which BCL obtains its funding. This payment contributes to a pool of funds that helps in recovering potential losses.
3. **Loan Structure:** Doug explained that BCL offers a loan structure with less stringent requirements compared to traditional banks. The loans are underwritten similar to banks but with more flexibility, making them accessible to businesses that may not qualify for bank loans due to various reasons, such as being unbankable or having less established credit.
4. **Partnership Benefits:** Doug highlighted the benefits of partnering with BCL, such as access to capital funds, support for business growth and development, and potential opportunities for collaboration on projects and programs that benefit the local community.
5. **Criteria for Participation:** Doug discussed the criteria for participation in BCL's programs, emphasizing that businesses should first approach local lenders for funding before seeking assistance from BCL. This criterion ensures that businesses explore all local resources before turning to external funding sources.
6. **Evaluation of Fees:** During the presentation, there was a discussion about evaluating the \$12,000 fee proposed by BCL. Doug expressed his view that the fee might not be necessary or justified, considering the nature of the partnership and the potential benefits it brings. This evaluation process was mentioned as part of the decision-making regarding the MOU.

Action item: Motion to approve Memorandum of Understanding between CEN-TEX CDC and HEDC

Ronnie Miller made a motion to not approve the MOU between BCL & HEDC. Rachel Ramirez seconded the motion. Motion failed 5-0.

8. Review, discuss, and possible action for the approval of Hondo Industrial Park Transportation Study.

- a. Resolution approving the project for Engagement of KSA Engineering to perform a Traffic Engineering Study.

Doug Dowler presented information regarding the project to engage KSA Engineering to perform a Traffic Engineering Study. The purpose of this study is to assess the potential impact of increased truck traffic in the Hondo area, specifically related to the Industrial Manufacturing Park located near the Hondo airport.

1. **Background:** Doug mentioned that there is a company which is expected to bring additional truck traffic to the area. The city anticipates an increase of 80 trucks per day, totaling 160 trucks daily, attempting to access the industrial park via Castro Avenue and Highway 90.
2. **Need for Study:** Due to the projected increase in truck traffic, there is a need to understand the potential impact on traffic flow and infrastructure. Based on the Public Works director's

recommendation, it was agreed that a transportation study would provide valuable insights into managing the traffic effectively.

3. **Engagement of KSA Engineering:** Doug mentioned that the Hondo Economic Development Corporation (HEDC) contacted KSA Engineering for conducting the Traffic Engineering Study. The firm's proposal was flexible, allowing for additional data collection sites if needed.
4. **Approval and Funding:** The City Council approved the project during their last meeting on a cost-sharing basis, with the HEDC agreeing to cover 50% of the study's cost. The HEDC's portion of the cost amounts to slightly over \$19,000.
5. **Board Approval Needed:** Doug highlighted that the project cannot proceed until it receives approval from the board. Once approved, the HEDC will request a budget amendment from the City Council to cover their share of the study's cost.

Action item: Motion to approve Engagement of KSA Engineering to perform a Traffic Engineering Study as an EDC project.

Motion was made by Rose Mary Mares to approve the engagement of KSA Engineering to perform a TES as an EDC project. Ronnie Miller seconded the motion. Motion carried 5-0.

- b. Resolution approving the expenditure of \$19,419 for Hondo Traffic Engineering Study.

Ashley Lowe, HEDC Board Secretary, expressed concerns and raised questions about the scope of the Traffic Engineering Study during the meeting.

1. **Short-Sightedness:** Ashley questioned whether the study's scope adequately considers the long-term implications of traffic growth, particularly in relation to both trucks and trains. She noted that the current growth policies are contributing to increased traffic, and the study may need to address broader impacts beyond just the immediate area around Castro Avenue.
2. **Potential Barricades:** She highlighted concerns about potential barriers or disruptions that could arise from increased traffic, such as trains dividing parts of the city. Ashley emphasized the inconvenience of having to navigate around such barriers and the need for a comprehensive solution.
3. **Funding Considerations:** Ashley raised the issue of funding and the potential need for a more extensive plan to address traffic challenges effectively. She questioned whether relying solely on the study's limited scope would provide sufficient insights for developing a comprehensive and costly solution.
4. **Redundancy:** There was a mention of potential redundancy in the study's focus, suggesting that it might overlook critical aspects or interactions between different traffic modalities that could impact overall traffic flow and city accessibility.

Ashley's comments reflected a concern for taking a broader and more holistic approach to addressing traffic challenges, considering both current and future impacts on city infrastructure and transportation networks.

Action item: Resolution to approve request to City Council for expenditure of \$19,419 from the EDC Fund Balance for the Hondo Traffic Engineering Study. Thus providing data and solutions for safety concerns of traffic at the airport.

Motion was made by Ronnie Miller to table the request of funds at this time until the cost for a more comprehensive study in the City of Hondo could be determined. Rose Mary Mares seconded the motion. The motion carried 5-0.

9. Review, discuss, and possible action for the approval of HEDC Work Plan to promote DeVry University Partnership Completion Grant with area employers.

Doug Dowler presented information for discussion of the HEDC Work Plan to promote a partnership with DeVry University's Completion Grant program for upscaling employees. The program is designed to provide additional training to current employees who have potential for advancement within their organizations. It offers customized online training courses, with the possibility of some in-person sessions, to help employees become eligible for promotions. The HEDC is in the early planning stages of this partnership and may consider offering scholarships or other incentives to offset costs.

Action item: Motion to approve work plan and partnership with DeVry University and promotion of Completion Grant.

Motion was made by Rose Mary Mares to approve the work plan to partner with DeVry University on the promotion of their Completion Grant. Rachel Ramirez seconded the motion. Motion carried 5-0.

10. Review, discuss, and possible action for the approval Site and Community Certification assessments for airport/industrial park tracts.

Doug Dowler presented the need for Community Certification Assessments for the airport industrial park during the meeting. The assessments involve a list of questions and criteria used to evaluate properties within the industrial park. Data is compiled for each property to streamline the process when responding to requests for information (RFI) from potential companies or organizations.

Key points include:

1. **Assessment Criteria:** The assessments are based on a set of questions and criteria that help evaluate the suitability of properties within the airport industrial park for various purposes, such as business expansion or relocation.
2. **Data Compilation:** Data is compiled for each property, covering factors like infrastructure availability, zoning regulations, utilities, and other relevant information that potential companies or RFIs may inquire about.
3. **Property Division:** The airport industrial park comprises 17 properties totaling 1,395 acres, which are divided into 17 tracts. Each track will have a Community Certification Assessment prepared to provide comprehensive information to interested parties.

4. **Streamlining Process:** By having these assessments ready for each track, the HEDC aims to streamline the process of responding to RFIs and identifying suitable properties for potential businesses looking to establish or expand their operations in the area and to assist in the long-term planning of deficient assets to attract companies.

Action item: Motion to approve Site and Community Certification assessments for airport/industrial park tracts.

Motion was made by Ronnie Miller to approve the Community Certification assessments for the industrial park tracts. Rose Mary Mares seconded the motion. The motion carried 5-0.

11. Business Retention and Expansion Report

Sean Patty, the Director of Marketing and Business Retention & Expansion at HEDC, gave a comprehensive update during the meeting:

EDOIQ Project Pipeline: Sean provided insights into the EDOIQ project pipeline, detailing ongoing and upcoming projects within the Economic Development Office.

Social Media Marketing: He discussed the activities and strategies implemented in social media marketing efforts, aimed at promoting HEDC's initiatives and engaging with the community.

BluDot Software Tracking: Sean highlighted the use of BluDot software for tracking overall activity and progress within HEDC's programs and projects.

GIS WebTech Guru Property Website: He presented updated information on the progress made with the GIS WebTech Guru property website, which likely involves showcasing available properties and investment opportunities in Hondo.

Collaborative Efforts: Sean talked about collaborative efforts between HEDC and various entities. This included meetings with TxDOT to plan for increased business traffic, discussions with Medina Electric Cooperative on future electricity needs in the Industrial Park, and engagements with Workforce Solutions Alamo and UTSA-SBDC to support hiring and business advising/training needs.

Community Engagement: Sean's involvement in speaking at the Hondo Area Rotary Club highlighted the importance of community collaboration for sustainable growth and development.

Strategic Growth Plan: He provided a high-level view of the upcoming finalization of the Strategic Growth Plan for HEDC, indicating a forward-looking approach to economic development in Hondo.

Overall, the presentation covered a wide range of topics related to marketing, collaboration, community engagement, and strategic planning, reflecting a proactive and comprehensive approach to economic development efforts at HEDC.

12. Executive Director Report

Nothing additional was reported at this time.

13. Directors Comments.

Doug Dowler gave a presentation on the infrastructure needs in Hondo during the meeting. He highlighted several constraints, including wastewater capacity, limited electrical capabilities, and water constraints. Doug emphasized the importance of taking a long-term, community-wide approach to planning for the future at all levels within the City of Hondo.

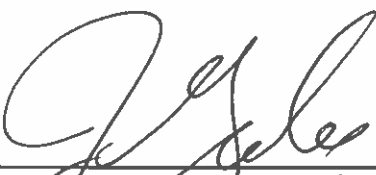
One key point of concern mentioned was the modest 1% growth curve for increased electrical capacity projected by CPS Energy over the next 5-10 years. This highlighted the need for visionary and creative planning to accommodate the long-term growth of the community and business tax base.

Despite the immediate challenges in utility infrastructure, Doug outlined efforts that would be made to attract and grow businesses when feasible. Additionally, he presented a path for downtown revitalization and small business growth, which will be further detailed in the upcoming strategic plan. These initiatives aim to address immediate needs while also laying the groundwork for sustainable growth in Hondo

14. Adjourn.

Chair of the Hondo EDC Board, J. Gruber, entertained a motion to adjourn the meeting at 5:41 p.m. Ronnie Miller made a motion and Rose Mary Mares seconded. The motion was approved 5-0.

Attest:



~~Ashley Lowe~~ J. Gruber
for Board Secretary

On 4/18, 2024