

Regular Meeting
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DEVELOPMENT CORPORATION OF HARLINGEN, INC.

**BOARD OF DIRECTORS (REGULAR) MEETING
SEPTEMBER 29, 2009**

A Regular Meeting of the Development Corporation of Harlingen, Inc. Board of Directors was held on Tuesday, September 29, 2009 at 4:00 p.m. in Town Hall, City Hall, 118 E. Tyler, Harlingen, Texas. Those in attendance were:

Armando Elizarde	President
Scott Allex	Vice President
Terry Gray	Secretary
Eddie Medrano	Treasurer
Rick Rodriguez	Board Member (arrived 4:35 p.m.)
Brendan Hall,	Attorney for Counsel

City Commission present:

Mayor Chris Boswell
Jerry Prepjechal, Commissioner District 4
Joey Trevino, Commissioner District 5

Staff Present:

Bill Martin, EDC CEO
Craig Lonon, City Manager
Roel Gutierrez, Finance Director
Raul Sanchez, Sr. Accountant
Elena Garza, Assistant City Secretary

Armando Elizarde called the meeting to order at 4:03 p.m.

ITEM NO. 1 – APPROVAL OF MINUTES OF THE MEETING OF AUGUST 25, 2009.

There being no correction to the minutes. E. Medrano made a motion to approve the minutes as presented. T. Gray seconded the motion and it carried unanimously.

ITEM NO. 2 – FINANCIAL REPORTS FOR AUGUST 2009 APPROVED.

Roel Gutierrez, Finance Director referring to Page 1 stated the analysis of the Fund Balance indicates the designated reserve portion to be 44,412,924, leaving a non cash Fund Balance of \$6,316,802 and an unencumbered Fund Balance of \$3,131,236. Total assets are shown at \$15,636,554 Liabilities are reported at \$1,775,593. The amount reported under cash, which represents NOW Accounts, earned 0.2384% interest during the month on the collected balance. From the Statement of Revenues, Expenditures, and Changes in the Fund Balance (Page 2), revenues are reported at \$3,949,092 and total expenditures (Page 3) at \$2,823,783-generating revenues over expenditures in the amount

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of \$1,125,310 this added to the fund balance at the beginning of the fiscal year produces an ending fund balance in the amount of \$13,860,962.

Development Corporation Sales tax receipts received from the Texas State Comptrollers for the month of August was \$270,031 a decrease of \$24,225 or -8.23% (Page 4). In the month of August, Brownsville experienced a -9.00% decrease and McAllen a -15.48% decrease from the prior year. CD's on the investment report (Page 6) have maturity dates from November 25, 2009 to August 25, 2010 and a yield of 1.30% to 2.02%. During the month \$3,598 was paid on the Bales Mold Service Note, \$1,450 was paid on the Advanced Call Center Note and \$3,968 was paid on the Spring Dynamics Lease Purchase Note.

E. Medrano made a motion to approve the financial reports for August 2009. T. Gray seconded the motion and it carried unanimously.

E. Medrano made a motion to go into Executive Session pursuant to Chapter 551, Subchapter D., *V.T.C.A. Government Code* (Section 551.087) regarding commercial and financial information from business prospects with which the board is conducting economic development negotiations and/or to discuss or deliberate financial or other incentives to business prospects known as: Project International, Project Room, Project Nebraska, Project Renovation, Project Lime, Project New Market, Project Derby, Project Apple, Project Agriculture, Project Premium. S. Alex seconded the motion and it carried unanimously.

ITEM NO. 5 - EXECUTIVE SESSION PURSUANT TO CHAPTER 551, SUBCHAPTER D., V.T.C.A. GOVERNMENT CODE (SECTION 551.087) REGARDING COMMERCIAL AND FINANCIAL INFORMATION FROM BUSINESS PROSPECTS WITH WHICH THE BOARD IS CONDUCTING ECONOMIC DEVELOPMENT NEGOTIATIONS AND /OR TO DISCUSS OR DELIBERATE FINANCIAL OR OTHER INCENTIVES TO BUSINESS PROSPECTS KNOWN AS:

- a. Project International
- b. Project Room
- c. Project Nebraska
- d. Project Renovation
- e. Project Lime
- f. Project New Market
- g. Project Derby
- h. Project Apple
- i. Project Agriculture
- j. Project Premium

The Executive Session convened at 4:05 p.m. and concluded at 6:33 p.m. with no action taken in closed session.

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ITEM NO. 4 – APPROVAL OF LETTER OF INTENT FOR PROJECT DERBY TABLED.

E. Medrano made a motion to table item. T. Gray seconded the motion and it carried unanimously.

ITEM NO. 5 – AMENDING THE AGREEMENT WITH THE U.S. HISPANIC NUTRITION RESEARCH AND EDUCATION CENTER APPROVED.

B. Martin, EDC Director explained that the Nutrition Research and Education Center has completed their requirements under the Development Corporation contract. The only requirement that hasn't been met is their annual meeting conference. What the Center would like to do is redirect \$20,000 from the conference to the actual research project and move the date from April 2010 to December 2010. With this money they would conduct another study. Maybe have a bigger conference with greater results to share regarding the impact on nutrition and diseases.

E. Medrano asked what is the amount of the money that they are asking to transfer?

Mr. Martin replied, "\$20,000."

E. Medrano made a motion to amend the agreement to redirect the amount of \$20,000. T. Gray seconded the motion and it carried unanimously.

ITEM NO. 6 – AMENDING THE AGREEMENT FOR LEGAL SERVICES FOR BRENDAN HALL APPROVED.

B. Hall, Attorney for EDC explained that the Development Corporation has a contract with the City of Harlingen for legal services for the past three (3) years with a 90-day written notice. The agreement drawn up stated that the City and the City Attorney would share the expenses 50/50. But, as of August 7, 2009 he is no longer a City Employee and splitting the fees would no longer apply, so he is asking to amend the agreement. He stated that he will be billing the Development Corporation and the rates will no be changed.

E. Medrano explained that the Development Corporation compensates the City separate and apart for staff support from the Finance Department.

E. Medrano made a motion to amend the agreement for legal services for Brendan Hall. T. Gray seconded the motion.

Under discussion, Commissioner Trevino stated that Mr. Medrano's motion was a conflict of interest since he represents Mr. Hall in a lawsuit against the City.

E. Medrano asked, "what lawsuit against the City?"

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Commissioner Trevino replied the one with Commissioner Leftwich.

E. Medrano replied there is no lawsuit against the city. He stated that the City of Harlingen is not named as a defendant (party), the lawsuit is “individually” between Brendan Hall and Commissioner Leftwich.

A. Elizarde then proceeded to ask the Mr. Hall if these was a conflict of interest.

Mr. Hall stated the Development Corporation is under contract with him and he agreed to split the fees with the City.

Mr. Hall, E. Medrano and A. Elizarde all agreed there is no conflict of interest on this motion.

T. Gray stated that if the City of Harlingen was named in the lawsuit he would agree to the conflict of interest, but they are not.

Again, Mr. Elizarde asked Mr. Hall on his opinion on the matter. Mr. Hall replied Mr. Medrano doesn't have a conflict of interest under Chapter 171.

E. Medrano reiterated the motion. T. Gray seconded the motion and it carried unanimously.

ITEM NO. 7 – EXECUTIVE SESSION PURSUANT TO CHAPTER 551, SUBCHAPTER, D., V.T.C.A. GOVERNMENT CODE (SECTION 551.071) ATTORNEY-CLIENT PRIVILEGE, TO SEEK ATTORNEY’S ADVICE REGARDING STATUS OF THE FOLLOWING CONTRACTS AND OPTIONS AVAILABLE:

- a.) Davcrane, Inc.
- b.) Bales Mold Service, Inc.
- c.) Webb Saw and Tool Company, Inc.
- d.) Charlie’s Freedom, LLC
- e.) Los Fresnos Truss Company, Inc.
- f.) South Texas Shrimp Processors
- g.) Es United Properties, LLC

E. Medrano made a motion to table item. T. Gray seconded the motion and it carried unanimously.

ITEM NO. 8 – TABLED ACTION ON THE CONTRACT DISCUSSION ON THE ABOVE EXECUTIVE SESSION.

E. Medrano made a motion to table item. T. Gray seconded the motion and it carried unanimously.

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ITEM NO. 9 – EDC MANAGER’S MONTHLY REPORT

- a. **Prospect Activity**
- b. **Rio South Texas Economic Council**
- c. **Web Site Activity**

E. Medrano made a motion to table item. T. Gray seconded the motion and it carried unanimously.

There being no further business the meeting adjourned at 6:40 p.m.

Armando Elizarde, President

Attest:

Elena Garza, Assistant City Secretary