

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

April 18th, 2024 at 4:00 P.M.

BOARD MEMBERS' BUSINESS

1. Roll call to determine presence and Quorum.

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

Absent: Vice Chair Ronnie Miller, Secretary Ashley Lowe

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

Executive Director Doug Dowler made a recommendation to the Board to make the following modifications to the agenda: First change was to item five to add the EDC Chart of Accounts to the action item for Board approval. Second change was made to add to item six for review and approval of a proposal for professional services. In addition, the request was made to remove item eight from the agenda as it was not available at this time.

a. Minutes from the March 2024 meeting.

Action item: Motion to approve the Consent Agenda

Rose Mary Mares motioned to accept consent agenda and Rachel Ramirez promptly seconded the motion. Motion carried 5-0.

5. Presentation and possible action on Jan-March 2024 quarterly financials.
-Chris Hill CFO-City of Hondo

a. Annual financial report to Texas State Comptroller's Office.

b. 2023 City of Hondo financial audit of HEDC.

c. EDC Chart of Accounts

Chris Hill, CFO of the City of Hondo, presented the Q1 2024 Financials. He highlighted that revenue is trending positively at 55% of the budget, with expectations of exceeding the budgeted amount due to a consistent 6% trend. Interest revenue also surpassed expectations, currently standing at over 57% of the budget, likely exceeding \$100,000. Overall expenses are in line with expectations.

As of the end of March, the surplus for the first six months of the year stands at \$71,002.89. Chris discussed the CD investments, noting a separate CD at TXN Bank that recently matured and was rolled into a three-month CD at TXN Bank with a high interest rate of 4.76%. He suggested continuing with three-month CDs due to their flexibility and lack of penalties, unless directed otherwise by the Board.

Chris also emphasized the importance of timely and accurate filing of annual reports to the comptroller's office, highlighting the increased penalties for late submissions. The Board commended Chris for ensuring the EDC's report was filed correctly and on time.

Overall, Chris's presentation reflected a positive financial outlook for the EDC, with strong revenue performance, prudent investment strategies, and a focus on compliance with reporting requirements.

Doug Dowler, Executive Director of the HEDC, presented an updated Chart of Accounts during the meeting. He mentioned sharing a draft with Chris, who made minor adjustments to align it with municipal accounting standards. Doug recommended adopting the revised Chart of Accounts and offered to assist Chris in aligning coding accordingly.

Additionally, Doug proposed including the approval of audits as a standard practice in the board's minutes, following a similar approach to the city council's acceptance of audits.

The Board was requested to approve the updated Chart of Accounts and consider including audit approvals as part of its regular procedures.

Action item: Motion to approve the Jan-March 2024 quarterly financials, Annual financial report to Comptroller's office, 2023 EDC financial audit by the City and EDC Chart of Accounts.

Rose Mary Mares motioned to approve the Jan-March 2024 quarterly financials, Annual financial report to Comptroller's office, 2023 EDC financial audit by the City and EDC Chart of Accounts and Roger Henderson promptly seconded the motion. Motion carried 5-0.

6. Present and discuss the Three-Year Economic Development Strategy – Leveraging Legacy & New Discoveries to Create Prosperity.

a. Proposal for Professional Services - \$4950

Doug Dowler, Executive Director of Economic Development, presented a proposal for professional services from Paddle Creek architecture for \$4950 for pre-development work on Navigator's restaurant at the airport. The project aims to fill a needed service gap and generate additional jobs & revenues for the city, airport, and EDC. The restaurant design is envisioned as a high-quality addition to the airport. Architect Thomas Oppelt, known for his work with James Avery stores worldwide, is involved in conceptual drawings and cost estimates. The project is designated as an ABC (Attract, Build, Capture) initiative, expected to create jobs and enhance the airport's appeal.

The ownership structure is likely to involve the city or airport owning the restaurant, with potential leasing arrangements explored, possibly including revenue-sharing based on sales initially. There's also discussion about leveraging the restaurant's development for publicity, such as organizing a contest to attract attention from publications like Texas Monthly and enhance Hondo's visibility. Long-term considerations include potential expansion of hangars to accommodate increased airport traffic generated by the restaurant's success.

Action item: Motion to approve proposal for professional architectural services in the amount of \$4950 for airport restaurant plan.

Rose Mary Mares motioned to approve proposal for professional architectural services in the amount of \$4950 for airport restaurant plan. Rachel Ramirez promptly seconded. Motion carried 5-0.

Sean Patty, Business Retention & Expansion, presented the final draft of the Three Year Economic Development Strategy for the Hondo Economic Development Corporation. The strategy is outlined in a booklet format, designed for easy readability and comprehension. Sean emphasized that the key to success, as stated in the strategy, lies in enhancing communication channels among stakeholders. The strategy advocates for improved dialogue between elected leadership, city staff, business professionals, and the resident community to foster a collaborative environment.

The strategy is structured around three broad areas of focus:

1. Attracting Investment Dollars
2. Fostering a Business-Friendly Environment
3. Supporting the Growth of Local Businesses

The initial focus of the strategy was adjusted based on feedback, shifting towards areas where Hondo can leverage its strengths, such as retail attraction and downtown revitalization. The strategy includes a detailed SWOT analysis, highlighting strengths such as strategic location, available workforce, and community lifestyle. It also addresses weaknesses, such as historical unexecuted plans and siloed operations among stakeholders.

Opportunities identified in the strategy include smart growth, infrastructure enhancement, unified economic development messaging, and visual appeal initiatives. Threats outlined in the strategy include housing inventory shortfalls, project prioritization challenges, resistance to change, infrastructure constraints, and misalignment among stakeholders.

The strategy outlines six key strategies for the next three years:

1. Retail Attraction and Downtown Revitalization
2. Education of the Economic Development Team
3. Business Retention and Expansion
4. Innovative Workforce Development
5. Industrial Capacity Development
6. Business Recruitment

Doug Dowler, Executive Director of the HEDC highlighted the importance of the projected work plan, which breaks down tasks quarterly and facilitates progress tracking and reporting to the board and city council. He emphasized that while the strategy provides a roadmap, it requires ongoing review and adaptation to changing circumstances. Sean encouraged continuous communication and collaboration to effectively implement the strategy and achieve economic development objectives.

7. Review & discuss proposed 2024-2025 Hondo EDC Budget.

Brett Riff, the Board Treasurer, presented a comprehensive overview of the 2024-2025 HEDC Budget during a meeting. He highlighted several key points:

1. **Revenue Projections:** The projected sales tax revenue for the year is estimated to be around \$695,000 to \$700,000, with a conservative approach to estimating revenue trends.
2. **Budget Structure:** The budget outlined projected income of \$828,900 and expenses totaling \$880,080, resulting in a deficit of approximately \$51,000.
3. **Expense Breakdown:** Expenses were categorized into operational/administrative costs and core growth initiatives. While some costs are fixed or shared with the city, items related to core growth, such as workforce development, downtown revitalization, and airport development, were emphasized as essential for proactive economic development.
4. **Concerns and Discussions:** There were discussions about the deficit and its potential impact on the fund balance, with varying views on the significance of a \$50,000 deficit. Brett expressed confidence in managing the deficit through interest income and potential revenue increases but noted the need for prudent budgeting aligned with the strategic plan.
5. **Future Considerations:** The budget didn't include allocations for certain programs or projects, such as the PACE program, loans, or incentives, which may require future funding

considerations. There was also mention of upcoming grant requests and the need for a disciplined approach to budgeting to support economic development initiatives effectively.

6. **Strategic Planning:** The discussion underscored the importance of aligning budgetary decisions with the strategic goals of the HEDC, focusing on initiatives that directly contribute to job creation and economic growth while maintaining fiscal responsibility and long-term sustainability.

Overall, the presentation and discussions reflected a balanced approach to budgeting, considering both current financial realities and future growth opportunities for the HEDC.

a. Propose Joint Strategic Planning Workshop with City Council – Week of May 6th

Upon discussion, the HEDC Board agreed to hold the Strategic Planning Workshop on Wednesday, May 8th from 6-8 p.m. Location TBD. Food will be provided for the EDC Board and City of Hondo Council.

b. Propose budget workshop on May 16th, 2024 (Noon to 5:30 p.m. including Board Meeting).

Upon discussion, the HEDC Board agreed to hold the Budget Workshop on Tuesday, May 14th from Noon to 5:30 p.m. Location TBD.

8. Review, discuss, and possible action for the approval of funding for City of Hondo Transportation Study.

- a. Resolution approving a budget amendment for funding of City of Hondo Transportation Study.

Action item: Motion to approve request of City Council to approve budget amendment of \$19,419 for City of Hondo Transportation Study.

The resolution and action item were removed from the agenda, at the start of the meeting, due to no further information being received for the City of Hondo Transportation from KSA Engineering.

9. Business Retention and Expansion Report.

Sean Patty, Business Retention & Expansion, provided a detailed update during his monthly report:

Project Pipeline: There were 61 projects tracked, with eight active projects, three ongoing, and five potential leads. Cleanup efforts streamlined the pipeline, focusing on feasible projects due to infrastructure limitations.

Q1 2024 Activities: Activities included email surveys, business calls, economic loan program consultations, and data tracking through Blue Dot and GrowHondoTX.com. A new monthly dashboard provided insights into website engagement and visitor demographics.

Social Media and Website: Social media efforts on Facebook and LinkedIn showed significant growth and engagement, with analytics indicating organic and direct traffic sources. The GIS integration into the website received positive feedback and recognition from GIS Guru.

Population and Income Trends: Census data highlighted population changes and per capita income growth rates, raising questions about population decline reasons and strategies for income improvement. The discussion touched on wealth indices, household numbers, and potential grant opportunities.

Community Trends and Challenges: Factors contributing to population decline, such as limited opportunities for youth and an aging population, were discussed. Strategies to attract and retain residents, develop amenities, and analyze retail leakage were identified as key areas for community development.

Future Reports: Sean mentioned upcoming reports on retail leakage analysis and emphasized the importance of data-driven strategies for community revitalization and economic growth.

10. Executive Director Report.

- a. **Public Hearing on Hondo EDC 2024-2025 Budget at May 16th Board Meeting.**
- b. **June 20th Presentations for Request for Funding for 2024-2025 Budget.**
- c. **Budget Approval July 18th Board Meeting; Council approval in August.**

No further reports were made from Doug Dowler, Director of Economic Development.

11. Directors Comments.

No further comments were made from EDC Board Members.

12. Adjourn.

Chair of the Hondo EDC Board, J. Gruber, entertained a motion to adjourn the meeting at 5:31 p.m. Rose Mary Mares made a motion and Treasurer Brett Riff seconded. The motion was approved 5-0.

Attest:



Ashley Lowe
Board Secretary

On May 16th, 2024