Notice is hereby given that the above Board of Directors will hold a Special Meeting on Tuesday, May 20, 2014 at 5:30 p.m. at the City of Harlingen, 118 East Tyler Avenue, Town Hall, 2nd Floor, Harlingen, Texas 78550.

The Development Corporation of Harlingen, Inc. reserves the right to meet in Executive Session on any agenda item should the need arise, and if applicable, pursuant to authorization by Title 5, Chapter 551 of the Texas Government Code. Development Corporation meetings are available to all persons regardless of disability. If you require special assistance, please contact the HEDC office at (956) 216-5081 or write to 2424 Boxwood Street, Suite 125, Harlingen, Texas at least 72 hours in advance of the meeting.

AGENDA ITEMS

Call Meeting to Order

Roll Call

Pledge of Allegiance

Citizen Communication

1. Consent Agenda.

The following items are of a routine or administrative nature. The Board has been furnished with background material on each item and/or it has been discussed at a previous meeting. All items will be acted upon by one vote, without being discussed separately, unless separate discussion of any item is requested by a Board Member. Items withdrawn from the Consent Agenda for individual consideration will be heard in their normal sequence after the remainder of the Consent Agenda has been acted upon.

a) Consider and take action to approve the minutes of:
   1) 04.29.14 – Regular Meeting

b) Consider and take action to approve the Financial Reports for April 2014.

c) Consider recommendation to City Commission to adopt a resolution nominating VHS Harlingen Hospital Company, LLC as a Texas Enterprise Zone Project pursuant to the Texas Enterprise Zone Act, Chapter 2303, Texas Government Code.

2. Discussion and take action to conduct annual election of certain Board positions: President, Vice President, Treasurer, and Secretary.

3. 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 DPC
   b) Project Shelby

4. Consider and take action to approve the Development Agreement between the Development Corporation of Harlingen, Inc. and Project Shelby.
5. Executive session pursuant to Chapter 551, Subchapter D., V.T.C.A. Government Code (Section 551.072) regarding the purchase, exchange, lease, or value of real property, involved in the Harlingen Economic Development Corporation, Inc.’s negotiations with;
   a) Project OB
   b) Project Wilson

6. Possible action on Project OB as discussed in Executive Session.

7. Possible action on Project Wilson as discussed in Executive Session.

8. Staff reports:
   a) Update on Commercial development activities – Lyle Garza
   b) Update on Industrial development activities – Ramiro Aleman
   c) Executive Director’s update – Raudel Garza

The Board may meet in closed executive session on any of the above agenda items if the discussion of any of the above agenda items concerns one of the following:

1. Contemplated or pending litigation, or matters where legal advice is requested of the Attorney on a matter in which the duty of the attorney to the Board under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Act. Section 551.071 of the Texas Open Meetings Act.

2. The purchase, exchange, lease, or value of real property, if the deliberation in an open meeting would have a detrimental effect on the position of the Harlingen Economic Development Corporation, Inc. in negotiations with a third person. Section 551.072 of the Texas Open Meetings Act.

3. A contract for a prospective gift or donation to the Development Corporation of Harlingen, Inc., if the deliberation in an open meeting would have a detrimental effect on the position of the Development Corporation of Harlingen, Inc. in negotiations with a third person. Section 551.073 of the Texas Open Meetings Act.

4. Personnel matters involving the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee or to hear a complaint against an officer or employee. Section 551.074 of the Texas Open Meetings Act.

5. The deployment, or specific occasions for implementation of security personnel or devices. Section 551.076 of the Texas Open Meetings Act.


I, the undersigned authority, do hereby certify that the above Notice of Meeting of the Board of Directors of the above named Corporation is a true and correct copy of said notice posted on the bulletin board at City Hall of said City of Harlingen, Texas in a place convenient and readily accessible to the general public at all times and said Notice was posted on Friday, May 16, 2014 at or before 3:30 PM and remained so posted for at least 72 hours preceding the time of said meeting.

Raudel Garza, Manager and Chief Executive Officer
Development Corporation of Harlingen, Inc.
Regular Meeting
April 29, 2014

On this 29th day of April 2014 at 5:30 p.m., the Development Corporation of Harlingen, Inc.,
Board of Directors convened at City Hall, 118 East Tyler, Town Hall, 2nd floor, Harlingen, Texas, 78550.
The following board members were present.

Present
Dr. Gilbert Leal, President
Michael Lamon, Treasurer
Lupita Gutierrez-Garza,
Rick Ledesma, Board Member

Absent
Robert B. Dunkin, Vice President

Staff
Raudel Garza, Manager and CEO
Brendan Hall, EDC Attorney
Ramiro Aleman, Lyle Garza, and Mary Ann Villarreal

Also Present: Commissioner Victor Leal, Commissioner Michael Mezmar, Commissioner Tudor
Uhlhorn, City Manager Carlos Yerena, Assistant City Manager Gabe Gonzalez, and Accountant Raul
Sanchez

Call to Order
Dr. Leal called the meeting to order; a quorum was established and the following proceedings were
held:

Roll Call
Dr. Leal announced Mr. Ledesma, Ms. Gutierrez-Garza and Mr. Lamon were present.

Comments
Yolanda Shoffeitt
Jose Rubio

1) Consent Agenda
The following items are of a routine or administrative nature. The Board has been furnished with
background material on each item and/or it has been discussed at a previous meeting. All items
will be acted upon by one vote, without being discussed separately, unless separate discussion of
any item is requested by a Board Member. Items withdrawn from the Consent Agenda for
individual consideration will be heard in their normal sequence after the remainder of the Consent
Agenda has been acted upon.

a) Consider and take action to approve the minutes of:
   1) 03.25.14 – Regular Meeting
   2) 04.04.14 – Joint Special Meeting

b) Consider and take action to approve the Financial Reports for March, 2014.
Development Corporation of Harlingen, Inc.
Interim Financial Statements
For Month Ending March 30, 2014

BALANCE SHEET

Cash $ 2,887,207
Receivables $ 1,601,749
Prepaid Expense 0
Assets (Land, Building &
Parking Lot) $40,825,463
Total Assets $45,314,419

Liabilities & Payables $ 1,225,973
BPS Land Payable $ 4,431,205
Loan $ 2,990,000
Bonds Payable $30,180,000
Total Liabilities $38,827,179

Designated Reserve $ 2,000,000
Unencumbered Fund Balance $ 887,207
Non-Cash Fund Balance $ 3,600,034
Total Fund Balance $ 6,487,240

Total Liabilities & Fund Balance $45,314,419

STATEMENT OF REVENUES AND EXPENDITURES

<table>
<thead>
<tr>
<th></th>
<th>Current Month</th>
<th>Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenues</td>
<td>$ 411,029</td>
<td>$ 2,493,113</td>
</tr>
<tr>
<td>Expenditures</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operations</td>
<td>$ 77,365</td>
<td>$ 405,321</td>
</tr>
<tr>
<td>Contracts</td>
<td>$ 16,000</td>
<td>$ 124,884</td>
</tr>
<tr>
<td>Projects</td>
<td>$   905</td>
<td>$ 2,465,658</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>$ 94,270</td>
<td>$ 2,995,863</td>
</tr>
</tbody>
</table>

Revenues Less
Expenditures $ 316,759 $ (502,751)

Motion was made by Mr. Ledesma and seconded by Ms. Gutierrez-Garza to approve Item 1
Consent Agenda. Motion carried unanimously.

2) Consider presentation and take action on FY 2012-2013 audit report by Long Chilton, LLP.

Mr. R. Garza introduced Mr. Anderson with Long Chilton. Mr. Anderson gave a brief summary
of the audit conducted at the end of September 30, 2013 for the Harlingen Economic
Development Corporation, Inc.
3) **Staff reports:**

a) Update on Commercial development activities – Lyle Garza
b) Update on Industrial development activities – Ramiro Aleman
c) Executive Director’s update – Raudel Garza

Mr. L. Garza gave an update on the commercial aspects of construction, marketing and retention initiatives:

**Cracker Barrel** – The newest restaurant on Bass Pro Drive is currently under construction. Venture Construction Company is building the approximately 9,000SF eatery and general store. The contractor is expected to turn over the building within ten (10) weeks weather permitting, and the restaurant should be open one month after that. The superintendent had high praise for not only all of the local subs hired, but also the city inspectors, police department and other city staff.

**Ulta Cosmetics & Salon and Melrose** - The new Ulta Cosmetics & Salon and Melrose retail stores are already under construction in between the Kohl’s and Burlington Coat Factory. Each store is approximately 10,000SF and will blend in with the two existing bookend structures. LSI General Contractors expect a June finish and a July opening.

**Vantage Apartments** - These are the new 250+ apartment units going up on the corner of Palm Court Drive and Lincoln Street. These high end apartments will include over 20 structures, carports, a club house, a dog run and other facilities. Construction is expected to continue until 2015.

**Bass Pro Drive** – The city recently awarded the extension of Bass Pro Drive to SJW. They have received a notice to proceed and official start date was yesterday, Monday March 24th. It is a quick construction period of only 70 days. A traffic study is being performed to research traffic counts, usage etc.

**Hotels** - As reported last month, there are two hotels currently under construction that will bring approximately 164 additional rooms to Harlingen. Candlewood Suites, located behind the Best Western Hotel, has completed the majority of exterior construction and is now working on interior design including sheet rock, painting and flooring. Parking lot construction was delayed due to weather and will start up again as the soils dry. Once finished, the Residence Inn by Marriott will be a premier flagship for the Marriott hotel family in South Texas. It is located adjacent to Bass Pro Shop and is expected to open in early 2015. As stated previously, the hotel will have full amenities including swimming pool, tennis courts and work out facilities.

Staff has engaged in a number of marketing meetings since our last board report. We have met with CVB, local and international associations in order to maximize advertising dollars and have a uniform marketing program.

There are a number of marketing pieces which the EDC will be unveiling in the near future. These include the Annual Report, a 60-second promotional video and new pages and links to our website. Staff also met with various entities to discuss other promotional possibilities including billboards, international bridge ad distribution and television commercial spots.

Staff met with various commercial business owners over the last few weeks to discuss Business Retention and Expansion possibilities. Included in the meetings were business owners and
managers from the multi-family/apartment, restaurant, retail and residential development sectors of the local market.

The goal of these meetings is to gain a better understanding of current trends, business expansions, sales, business upswings and downswings. This will help staff better prepare ourselves as we work with outside developers to attract primary jobs to the local community.

Lastly, staff met with management from Valle Vista Mall and Simon Property Group to discuss a concept that the Simon group is looking to introduce to Harlingen.

Mr. Aleman gave an update on the industrial aspects of marketing, international relations, recruitment and retention initiatives:

Marketing of Los Indios Bridge
Staff has met with representatives from Cameron County and the Port of Brownsville at CBP’s inspection area at the Free Trade Bridge. They are willing to provide an area of their dock to be used as a cold storage area. Ramiro is working on getting a quote for purchase and installation of the unit from a company in Harlingen. Because of the question of maintaining and managing the facility, CBP recommended the group take a tour of the World Trade Bridge in Laredo to see how they operate their cold storage facilities.

Staff attended a meeting with representatives from Cameron County and DPS to address the issue of excessive inspections. Data shows that while inbound traffic in Hidalgo and Webb Counties have increased, inbound traffic in Cameron County has declined. Representatives from the transportation industry say that is because of the perception that the DPS in Cameron County is inspecting and fining too often. Eddie Campriano with the Port of Brownsville says that trucking companies to the north have implemented a premium just to drive into Cameron County. DPS own data shows that even though they inspect a total number more in Hidalgo and Webb, they percentage is disproportionately higher in Cameron. If instance 300,000 more trucks enter the US through Pharr Bridge than Los Tomates Bridge, but only 9,000 more inspections were done. DPS is aware of the “perception” in Cameron and is looking at the possibility of moving inspectors to where there is more traffic.

International Relations
Staff met with the Vice President of CODEM, the economic development organization for Matamoros to begin to form joint marketing strategies in order to promote industry in west Matamoros and Harlingen. We have embarked on a branding campaign to figure out a name for the initiative, a slogan and a logo. Then we will develop a website with all of the advantages of locating a facility in the area.

Site Certification
After sending out an RFP to two more firms, one of the original firms expressed interest in managing phase III. Staff is expecting a budget within the first week in April. The representative said that the time frame to complete the project would be met.

Industrial Recruitment Activities
Staff developed a proposal for State Lead Project Yellow Kiskadee. The client is seeking between 65,000 and 150,000 sf for lease. The proposed site is the available 100,100 sf facility in Los Indios.
Staff wrote a letter of support for Union Steel & Metal Recycling, a metal recycling company that is planning to purchase a 50 acre site near the Harlingen Industrial Park. Approximately 15-20 new jobs are expected to be created.

Staff provided information on different sites to a local broker. They are working with a company out of Monterrey that is interested in 8 acres with rail access.

Industrial Retention Activities
Staff visited 3 industrial companies.

a) Asphalt Products – Purchase petroleum based product mainly from refineries in Corpus Christi. They make “potting” which they sell to companies that make ballasts which are used in the manufacturing of fluorescent lamps and LED screens. They have 12 employees and have expressed the need for expansion within the next year or two.

b) Ad Tech – Metal stamping parts for seats and air bags for the automotive industry. They have 30 employees and have expressed the need for expansion in the next 2-3 years. Ad Tech has a plant in Matamoros as well.

c) Penn Aluminum – Metal extrusion for automotive industry. They have 32 employees and their business is on an upward trend.

4) Consider and take action to approve proposal and ratify action taken by staff for removal of concrete debris, dirt hauling and placement and other site work for the HEDC property at the intersection of Bass Pro Drive extension and Dixieland Road for an amount not to exceed $12,000.

Motion was made by Mr. Ledesma and seconded by Ms. Gutierrez-Garza to approve Item No. 4. Motion carried unanimously.

5) Consider and take action to authorize President or CEO to engage engineering services of Ferris & Flinn for the preliminary work and possibly to replat HEDC property at the intersection of Bass Pro Drive extension and Dixieland Road in an amount not to exceed $5,000.

Motion was made by Mr. Lamon and seconded by Ms. Gutierrez-Garza to approve Item No. 5. Motion carried unanimously.

6) 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 Ring
b) Project Shelby
c) Project DPC
d) Project Henhouse
e) Project Bridge 1

At 6:14 p.m., Dr. Leal announced the board would convene into executive session under Government Code (Section 551.087) to discuss Item No. 6.
Motion was made by Ms. Gutierrez-Garza and seconded by Mr. Lamon to convene into executive session under Government Code (Section 551.087) to discuss Item No. 6. Motion carried unanimously.

At 7:02 p.m., Dr. Leal announced the board had completed its executive session under Government Code (Section 551.087) and declared the meeting open to the public.

7) Consider and take action authorizing CEO, with legal counsel concurrence, to negotiate incentive proposal for CRP 2200 Haine Drive, Ltd. to complement previous board action on Project Ring.

No action was taken on Item No. 7.

8) Consider and take action authorizing CEO, with legal counsel concurrence, to negotiate development agreement with Project Shelby as discussed in executive session.

Motion was made by Ms. Gutierrez-Garza and seconded by Mr. Lamon to approve Item No. 8. Motion carried unanimously.


At 7:03 p.m., Dr. Leal announced the board would convene into executive session under Government Code (Section 551.071) to discuss Item No. 9.

Motion was made by Mr. Ledesma and seconded by Ms. Lupita Gutierrez-Garza to convene into executive session under Government Code (Section 551.0717) to discuss Item No. 9. Motion carried unanimously.

At 7:08 p.m., Dr. Leal announced the board had completed its executive session under Government Code (Section 551.071) and declared the meeting open to the public.

10) Consider and take action regarding HEDC vs. Webb Saw and Tool, Inc.

No action was taken on Item No. 10.

There being no further business to discuss, motion was made by Mr. Ledesma and seconded by Ms. Gutierrez-Garza to adjourn the meeting at 7:09 p.m.

Development Corporation of Harlingen, Inc.

Dr. Gilbert Leal, President

ATTEST:

Raudel Garza, Manager and CEO
### Development Corporation of Harlingen, Inc.  
**Interim Financials Statements**  
*For Month Ending April 30, 2014*

#### BALANCE SHEET

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$3,231,517</td>
</tr>
<tr>
<td>Receivables – Sales Tax</td>
<td>$382,777</td>
</tr>
<tr>
<td>Receivables – Other &amp; TIFRZ No. 3</td>
<td>$779,634</td>
</tr>
<tr>
<td>Receivables – Loans</td>
<td>$481,424</td>
</tr>
<tr>
<td>Assets (Land, Building &amp; Parking Lot)</td>
<td>$40,825,588</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$45,700,941</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities &amp; Payables</td>
<td>$46,330</td>
</tr>
<tr>
<td>Deferred Revenues-Loans</td>
<td>$481,424</td>
</tr>
<tr>
<td>Deferred Revenues-TIFRZ No. 3</td>
<td>$716,416</td>
</tr>
<tr>
<td>BPS Land Payable</td>
<td>$4,431,205</td>
</tr>
<tr>
<td>Loan</td>
<td>$2,990,000</td>
</tr>
<tr>
<td>Bonds Payable</td>
<td>$30,160,000</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>$38,845,375</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Designated Reserve</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>Unencumbered Fund Balance</td>
<td>$1,231,518</td>
</tr>
<tr>
<td>Non-Cash Fund Balance</td>
<td>$3,624,049</td>
</tr>
<tr>
<td><strong>Total Fund Balance</strong></td>
<td><strong>$6,855,566</strong></td>
</tr>
</tbody>
</table>

**Total Liabilities & Fund Balance** $45,700,941
# Statement of Revenues and Expenditures

## Revenues

<table>
<thead>
<tr>
<th>Description</th>
<th>Current Month</th>
<th>Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Tax</td>
<td>$380,581</td>
<td>$2,364,769</td>
</tr>
<tr>
<td>BPS Sales Tax-380 City &amp; EDC</td>
<td>$17,452</td>
<td>$148,435</td>
</tr>
<tr>
<td>BPS Rental</td>
<td>$50,526</td>
<td>$388,131</td>
</tr>
<tr>
<td>Miscellaneous Revenue</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Other</td>
<td>$6,707</td>
<td>$47,045</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>$455,287</strong></td>
<td><strong>$2,948,379</strong></td>
</tr>
</tbody>
</table>

## Expenditures

### Operations

<table>
<thead>
<tr>
<th>Description</th>
<th>Current Month</th>
<th>Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries &amp; Emp.Benefits</td>
<td>$30,416</td>
<td>$218,127</td>
</tr>
<tr>
<td>City Reimbursement</td>
<td>$4,833</td>
<td>$33,833</td>
</tr>
<tr>
<td>Professional Services</td>
<td>$3,080</td>
<td>$20,978</td>
</tr>
<tr>
<td>Services &amp; Charges</td>
<td>$6,592</td>
<td>$15,418</td>
</tr>
<tr>
<td>Marketing</td>
<td>$4,069</td>
<td>$53,533</td>
</tr>
<tr>
<td>Other</td>
<td>$9,560</td>
<td>$122,372</td>
</tr>
<tr>
<td><strong>Total Operations</strong></td>
<td><strong>$58,941</strong></td>
<td><strong>$464,262</strong></td>
</tr>
</tbody>
</table>

### Contracts

<table>
<thead>
<tr>
<th>Description</th>
<th>Current Month</th>
<th>Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional EDC-TIPA</td>
<td>$0</td>
<td>$19,500</td>
</tr>
<tr>
<td>I-69 Alliance</td>
<td>$0</td>
<td>$8,500</td>
</tr>
<tr>
<td>Other</td>
<td>$28,000</td>
<td>$124,884</td>
</tr>
<tr>
<td><strong>Total Contracts</strong></td>
<td><strong>$28,000</strong></td>
<td><strong>$152,884</strong></td>
</tr>
</tbody>
</table>

### Projects

<table>
<thead>
<tr>
<th>Description</th>
<th>Current Month</th>
<th>Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cardone Industries</td>
<td>$0</td>
<td>$125,000</td>
</tr>
<tr>
<td>BPS Construction Other</td>
<td>$125</td>
<td>$31,385</td>
</tr>
<tr>
<td>BPS Bond Payment</td>
<td>$0</td>
<td>$1,873,513</td>
</tr>
<tr>
<td>Loan Debt Service-$4M</td>
<td>$0</td>
<td>$430,886</td>
</tr>
<tr>
<td>Other</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total Projects</strong></td>
<td><strong>$125</strong></td>
<td><strong>$2,465,783</strong></td>
</tr>
</tbody>
</table>

**Total Expenditures**

<table>
<thead>
<tr>
<th>Description</th>
<th>Current Month</th>
<th>Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td><strong>$87,066</strong></td>
<td><strong>$3,082,929</strong></td>
</tr>
</tbody>
</table>

**Revenues Less Expenditures**

<table>
<thead>
<tr>
<th>Description</th>
<th>Current Month</th>
<th>Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues Less Expenditures</strong></td>
<td><strong>$368,201</strong></td>
<td><strong>$(134,550)</strong></td>
</tr>
</tbody>
</table>
DEVELOPMENT CORPORATION OF HARLINGEN, INC.  
AGENDA ITEM  
EXECUTIVE SUMMARY  

Meeting Date:  May 20, 2014  

**Agenda Item:**  
Consider recommendation to City Commission to adopt a resolution nominating VHS Harlingen Hospital Company, LLC as a Texas Enterprise Project pursuant to the Texas Enterprise Zone Act, Chapter 2303, Texas Government Code.  

<table>
<thead>
<tr>
<th>Prepared By (Print Name):</th>
<th>Raudel Garza</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title</td>
<td>Manager &amp; Chief Executive Officer</td>
</tr>
<tr>
<td>Signature</td>
<td>[Signature]</td>
</tr>
</tbody>
</table>

**Brief Summary:**  
VHS Harlingen Hospital Company, LLC (“VHS”) is requesting the City of Harlingen’s support for nomination to the Office of the Governor Economic Development and Tourism for an Enterprise Project designation. Their request for the nomination is based upon VHS’ anticipated $5+ million capital investment in its Harlingen facilities over the next five years and the expected retention of the 1,272 full-time jobs currently employed by Valley Baptist Harlingen and Valley Baptist Health System. Some of the anticipated capital improvements to the hospital include the following:  

- Installation and implementation of a new nurse call system  
- Improvements to the facility grounds to improve wheelchair accessibility  
- Upgrades to the internal sprinkler system lines  
- Upgrades to the elevators serving the main patient and visitor floor areas  
- Various building upgrades such as sunshades for windows in the East Tower, patient-room bathroom upgrades, and painting the exterior of the hospital  

According to VHS consultants preparing the application, these planned capital investments in the hospital and expected retention of existing jobs qualify VHS to apply to the Office of the Governor Economic Development and Tourism for designation as an Enterprise Project. The first step towards making that application is securing a nomination as an Enterprise Project from the City of Harlingen. The City is allowed to nominate six Enterprise Projects per state biennium (current biennium is 9/1/2013 – 8/31/2015). The City has not used any of its six nominations so far during the current biennium and, if they choose to nominate VHS, will still have five nominations remaining to use through 8/31/2015. Any unused nominations are forfeited and do not carry over to the next biennium. If nominated by the City and ultimately awarded an Enterprise Project designation by the State, VHS would be able to seek up to $1.25 million in sales tax refunds under its Enterprise Project designation. It is important to note that these sales tax refunds are of the state portion of sales/use taxes that VHS pays on items used at its Harlingen hospital. Therefore, the City of Harlingen would still be collecting the local portion of the sales/use taxes on those purchases and no City taxes are included in the refunds payable to VHS by the state. With this request, VHS is merely requesting one of the City’s six nominations and is not requesting any other local incentives at this time.
Enterprise Project applications are accepted by the State on a quarterly basis with June 2, 2014 being the next application deadline. This is a great opportunity for the City of Harlingen to attract state incentives for one of its largest employers at absolutely zero cost to the City.

### Funding (if applicable):

Are funds specifically designated in the current budget for the full amount [ ] Yes [ ] No* for this purpose?  
*If no, specify source of funding and amount requested:

Finance Director’s approval: [ ] Yes [ ] No [ ] N/A

### Staff Recommendation:

HEDC Board should recommend that City Commission adopt the resolution nominating VHS Harlingen Hospital Company, LLC’s $5 million projects as a State Enterprise Project.

Staff Member: **Raul G. Garza**  
Title: Manager/LEO  
Signature: **Raul G. Garza**

### Comments:

North American Industry Classification System (NAICS) Code:

HEDC Attorney’s approval: [ ] Yes [ ] No [ ] N/A

*form revised June 2012*
RESOLUTION NO. ###

A RESOLUTION OF THE CITY COMMISSION OF HARLINGEN, TEXAS IN SUPPORT OF THE NOMINATION OF VHS HARLINGEN HOSPITAL COMPANY, LLC AS A TEXAS ENTERPRISE PROJECT PURSUANT TO THE TEXAS ENTERPRISE ZONE ACT, CHAPTER 2303, TEXAS GOVERNMENT CODE.

WHEREAS, the City Commission of the City of Harlingen, Texas (the "City") has previously passed Ordinance No. 10-37 electing to participate in the Texas Enterprise Zone Program, and the local incentives offered under this resolution are the same on this date as were outlined in Ordinance No. 10-37;

WHEREAS, the Office of the Governor Economic Development and Tourism through the Economic Development Bank (the "Bank") will consider VHS Harlingen Hospital Company, LLC as an enterprise project pursuant to a nomination and an application made by the City;

WHEREAS, the City desires to pursue the creation of the proper economic and social environment in order to induce the investment of private resources in productive business enterprises located in the City and to provide employment to residents of enterprise zones and to other economically disadvantaged individuals;

WHEREAS, pursuant to Chapter 2303, Subchapter F of the Texas Enterprise Zone Act, Texas Government Code (the "Act"), VHS Harlingen Hospital Company, LLC has requested that the City apply to the Bank for designation of VHS Harlingen Hospital Company, LLC as an enterprise project;

WHEREAS, the City finds that VHS Harlingen Hospital Company, LLC meets the criteria for designation as an enterprise project under Chapter 2303, Subchapter F of the Act on the following grounds:

1. VHS Harlingen Hospital Company, LLC is a "qualified business" under Section 2303.402 of the Act since it will be engaged in the active conduct of a trade or business at a qualified business site located in an enterprise zone and at least twenty-five percent (25.0%) of the business' new employees will be residents of an enterprise zone or economically disadvantaged individuals; and

2. There has been and will continue to be a high level of cooperation between public, private, and neighborhood entities within the area; and

3. The designation of VHS Harlingen Hospital Company, LLC as an enterprise project will contribute significantly to the achievement of the plans of the City for development and revitalization of the area.

WHEREAS, the City finds that VHS Harlingen Hospital Company, LLC meets the criteria for tax relief and other incentives adopted by the City and nominates VHS Harlingen Hospital Company, LLC for enterprise project status on the grounds that it will be located at the qualified business site, will create a higher level of employment, economic activity and stability; and
WHEREAS, the City finds that it is in the best interest of the City to nominate VHS Harlingen Hospital Company, LLC as an enterprise project pursuant to the Act;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF HARLINGEN, TEXAS:

That the findings of the City and its actions approving this resolution taken at the commission meeting are hereby approved and adopted.

BE IT FURTHER RESOLVED that VHS Harlingen Hospital Company, LLC is a "qualified business", as defined in Section 2303.402 of the Act, and meets the criteria for designation as an enterprise project, as set forth in Section 2303, Subchapter F of the Act.

BE IT FURTHER RESOLVED that the enterprise project shall take effect on the date of designation of the enterprise project by the agency and terminate five years after that date.

PASSED BY THE CITY COMMISSION of the City of Harlingen, Texas this 21st day of May, 2014.

CITY OF HARLINGEN, TEXAS

(CITY SEAL)

__________________________
Chris Boswell
Mayor

ATTEST:

__________________________
Amanda Elizondo
City Secretary

APPROVED AS TO FORM:

__________________________
Richard L. Bilbie
City Attorney
DEVELOPMENT CORPORATION OF HARLINGEN, INC.
AGENDA ITEM
EXECUTIVE SUMMARY

Meeting Date: May 20, 2014 – 5:30PM

Agenda Item:

Discussion and take action to conduct annual election of certain Board positions: President, Vice President, Treasurer, and Secretary.

Prepared By (Print Name): Raudel Garza
Title: Manager & Chief Executive Officer
Signature: [Signature]

Brief Summary:

Section 5.01 of the Bylaws provides for the annual election of officers:

“Elections shall be held at the May meeting of the Board or as soon as possible thereafter.” (Amended 9/98)

Funding (if applicable):

Are funds specifically designated in the current budget for the full amount [ ] Yes [ ] No*
*If no, specify source of funding and amount requested:

Finance Director’s approval: [ ] Yes [ ] No [ ] N/A

Staff Recommendation:

Staff recommends proceeding with annual election of Board Officers per the Bylaws.

Staff Member: Raudel Garza
Title: Manager/CEO
Signature: [Signature]

Comments:

North American Industry Classification System (NAICS) Code:

HEDC Attorney’s approval: [ ] Yes [ ] No [ ] N/A

form revised June 2012