DEVELOPMENT CORPORATION OF HARLINGEN, INC.
BOARD OF DIRECTORS’ REGULAR MEETING
February 23, 2016

Notice is hereby given that the above Board of Directors will hold a Regular Meeting on Tuesday, February 23, 2016 at 5:30 p.m. at City of Harlingen, Town Hall, 2nd Floor, 118 East Tyler Avenue, 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 e-mail us at info@harlingenedc.com at least 24 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 Items withdrawn from the Consent Agenda for individual consideration will be heard in their normal sequence after the remainder of the Consent Agenda has been acted upon.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 January 26, 2015 regular meeting.

b) Consider and take action to approve the Financial Reports of January 31, 2016.

2. Consider and discuss staff reports:

a) Report on commercial development activities over the past few months including, but not limited to:
   1. Construction activities
   2. Marketing activities
   3. Business retention activities

b) Report on industrial development activities over the past few months including, but not limited to:
   1. Industrial recruitment
   2. Industrial retention activities
   3. Update on HIFI activities
   4. Update on HMA activities
   5. Aerospace Summit

c) CEO report on monthly activities including but not limited to:
   1. Updates on RSTEC and BiNED
   2. Update on Board Retreat & Budget Workshop
3. Executive session pursuant to Chapter 551, Subchapter D., V.T.C.A. Government Code (Section 551.072), regarding the purchase, lease or value of real estate, 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 regarding some of the following projects and/or 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 Thor
   b) Project Ivory
   c) Project Wilson


5. Executive session pursuant to Chapter 551, Subchapter D., V.T.C.A. Government Code (Section 551.071), regarding 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 to business prospects known as:
   a) DollarSave Energy, LP

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, February 19, 2016 at or before 5:00 p.m. and remained so posted for at least 72 hours preceding the time of said meeting.

[Signature]
Raudel Garza, Manager and Chief Executive Officer
Development Corporation of Harlingen, Inc.
Regular Meeting
January 26, 2016

On this 26th day of January 2016 at 5:30 p.m. the Development Corporation of Harlingen, Inc. Board of Directors convened at Valley International Airport, 3002 Heritage Way, 3rd Floor, Conference Room, Harlingen, Texas 78550. The following are the minutes of the meeting.

Present
Michael Lamon
Lupita Gutierrez-Garza
Dr. Gilbert Leal
Robert B. Dunkin

Absent
Rick Ledesma

Staff
Rauldo Garza, Manager and CEO
Brendan Hall, HEDC Attorney
Ramiro Aleman, Lyle Garza, and MaryAnn Villareal

Also present was Mayor Boswell, Commissioner De La Rosa, City Manager Dan Serna, Assistant Finance Director Sergio Villasana and Senior Finance Accountant Raul Sanchez.

Call to Order
Mr. Michael Lamon called the meeting to order; a quorum was established and the following proceedings were held.

Roll Call
Mr. Lamon announced Dr. Gilbert Leal, Mr. Robert B. Dunkin and Ms. Lupita Gutierrez-Garza were present.

Pledge of Allegiance
Mr. Lamon led the Pledge of Allegiance.

Citizen Communication
None.

1. Consider and take action to approve the minutes of December 1, 2015 special meeting.

   Motion was made by Mr. Dunkin and seconded by Ms. Gutierrez-Garza to approve the December 1, 2015 minutes. Motion carried unanimously.

2. Consider and take action to approve the Financial Reports of November 30, 2015.

   Motion was made by Dr. Leal and seconded by Mr. Dunkin to approve the November 30, 2015 financials. Motion carried unanimously.

Motion was made by Ms. Gutierrez-Garza and seconded by Mr. Dunkin to approve the December 31, 2015 financials. Motion carried unanimously.

The November and December 2015 financials were presented and approved as follows:

<table>
<thead>
<tr>
<th>Development Corporation of Harlingen, Inc.</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Interim Financial Statements</td>
<td></td>
</tr>
<tr>
<td>For Month Ending November 30, 2015</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Balance Sheet</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$4,149,634</td>
</tr>
<tr>
<td>Receivables</td>
<td>$1,348,262</td>
</tr>
<tr>
<td>Prepaid Expense</td>
<td>$1,695</td>
</tr>
<tr>
<td>Assets (Land, Building &amp; Parking Lot)</td>
<td></td>
</tr>
<tr>
<td>Less Depreciation</td>
<td>$36,554,652</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$42,054,243</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities &amp; Payables</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities &amp; Payables</td>
<td>$2,504,824</td>
</tr>
<tr>
<td>BPS Land Payable</td>
<td>$4,431,205</td>
</tr>
<tr>
<td>Loan</td>
<td>$2,225,000</td>
</tr>
<tr>
<td>Bonds Payable</td>
<td>$28,005,000</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>$37,165,828</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Designated Reserve</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Designated Reserve</td>
<td>$2,000,000</td>
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<tr>
<td>Unencumbered Fund Balance</td>
<td>$2,149,634</td>
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<tr>
<td>Non-Cash Fund Balance</td>
<td>$738,781</td>
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<td>Total Fund Balance</td>
<td>$4,888,415</td>
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</table>

| Total Liabilities & Fund Balance | $42,054,243 |

<table>
<thead>
<tr>
<th>Statement of Revenues and Expenditures</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenues</td>
<td>$375,082</td>
</tr>
<tr>
<td>Year to Date</td>
<td>$791,449</td>
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<tr>
<td>Expenditures</td>
<td></td>
</tr>
<tr>
<td>Operations</td>
<td>$68,543</td>
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<tr>
<td>Contracts</td>
<td>$20,000</td>
</tr>
<tr>
<td>Projects</td>
<td>$10,005</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>$98,548</td>
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<tr>
<td>Year to Date</td>
<td>$197,869</td>
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<td>Revenues Less Expenditures</td>
<td>$276,534</td>
</tr>
<tr>
<td>Year to Date</td>
<td>$593,581</td>
</tr>
</tbody>
</table>
### Development Corporation of Harlingen, Inc.
#### Interim Financial Statements
#### For Month Ending December 31, 2015

#### Balance Sheet

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$4,398,541</td>
</tr>
<tr>
<td>Receivables</td>
<td>$1,450,076</td>
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<tr>
<td>Prepaid Expense</td>
<td>$0</td>
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<tr>
<td>Assets (Land, Building &amp; Parking Lot)</td>
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</tr>
<tr>
<td>Less Depreciation</td>
<td>$36,461,544</td>
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<tr>
<td>Total Assets</td>
<td>$42,310,161</td>
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<tr>
<td>Liabilities &amp; Payables</td>
<td>$2,491,448</td>
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<tr>
<td>BPS Land Payable</td>
<td>$4,431,205</td>
</tr>
<tr>
<td>Loan</td>
<td>$2,225,000</td>
</tr>
<tr>
<td>Bonds Payable</td>
<td>$28,005,000</td>
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<tr>
<td>Total Liabilities</td>
<td>$37,152,652</td>
</tr>
<tr>
<td>Designated Reserve</td>
<td>$2,000,000</td>
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<tr>
<td>Unencumbered Fund Balance</td>
<td>$2,398,541</td>
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<tr>
<td>Non-Cash Fund Balance</td>
<td></td>
</tr>
<tr>
<td>Total Fund Balance</td>
<td></td>
</tr>
<tr>
<td>Total Liabilities &amp; Fund Balance</td>
<td>$42,310,161</td>
</tr>
</tbody>
</table>

#### Statement of Revenues and Expenditures

<table>
<thead>
<tr>
<th>Description</th>
<th>Current Month</th>
<th>Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenues</td>
<td>$452,921</td>
<td>$1,244,370</td>
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<tr>
<td>Expenditures</td>
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<tr>
<td>Operations</td>
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<td>$216,436</td>
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<tr>
<td>Contracts</td>
<td>$4,000</td>
<td>$51,500</td>
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<tr>
<td>Projects</td>
<td>$6,019</td>
<td>$20,651</td>
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<tr>
<td>Total Expenditures</td>
<td>$90,718</td>
<td>$288,588</td>
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<tr>
<td>Revenues Less Expenditures</td>
<td>$362,202</td>
<td>$955,783</td>
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</table>

4. **Consider and discuss staff reports:**
   a) **Report on commercial development activities over the past few months including, but not limited to:**
      1. Construction activities
      2. Marketing activities
      3. Texas Retail Forecast Forum
      4. Business retention activities

   Mr. L. Garza gave an update on the commercial development activities.

b) **Report on industrial development activities over the past few months including, but not limited to:**
1. Industrial recruitment
2. Industrial retention activities
3. Update on HIFI activities
4. Update on HMA activities; and
5. Aerotropolis marketing activities

Mr. R. Aleman gave an update on the industrial development activities.

c) CEO report on monthly activities including but not limited to:
   1. Updates on RSTEC, BiNED, Texas One, TEDC, I-69 Texas, and RGV Partnership
   2. Presentation of new video promoting the Harlingen Aerotropolis
   3. Update on Board Retreat & Strategic Plan initiative

Mr. Garza updated the board on the opening for the Director’s position for Rio South Texas Economic Council. He explained that there are two finalist and the next meeting is scheduled for February 2, 2016. Mr. Garza mentioned the Treasurer’s position that he will oversee at RSTEC.

Mr. Garza talked about the BiNED meeting and finalizing the bylaws.

Mr. Garza spoke about marketing and trips planned for this year. He mentioned the connection between Texas One and Texas Wide Open.

Mr. Garza gave an update on the I-69 Alliance meeting he attended in January.

Mr. Garza mentioned the request from the chair of the RGV Partnership to sit on their board.

Mr. Garza presented a video on marketing the Harlingen Aerotropolis. He explained the meaning of shovel ready land and gave the tools he will use for marketing the HEDC website, for example, social media, YouTube and the Valley International Airport’s website to name a few.

Mr. Garza spoke about the upcoming strategic meeting being planned for the future.

5. Consider and take action to approve or reject request from Strategic Behavioral Health to amend the terms of the AGREEMENT BETWEEN THE DEVELOPMENT CORPORATION OF HARLINGEN, INC., THE CITY OF HARLINGEN AND STRATEGIC BEHAVIORAL HEALTH, LLC to reflect a new occupancy date of October 1, 2016 and adjust the other dates related to such a change.

Motion was made by Mr. Dunkin and seconded by Ms. Gutierrez-Garza to amend the terms of the Agreement between the Development Corporation of Harlingen, Inc., The City of Harlingen and Strategic Behavioral Health, LLC to reflect a new occupancy date of October 1, 2016 and adjust the other dates related to such a change. The motion carried unanimously.

6. Executive session pursuant to Chapter 551, Subchapter D., V.T.C.A. Government Code (Section 551.072), regarding the purchase, lease or value of real estate, 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 regarding some of the following projects and/or 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 Bird
b) Project Polar
c) Project Thor
d) Project Wilson
e) Project Annie

At 6:15 p.m., President Lamon announced the board would convene into executive session under Government Code (Section 551.072) and (Section 551.087) to discuss Item No 6.

Motion was made by Dr. Leal and seconded by Ms. Gutierrez-Garza to convene into executive session under Government Code (Section 551.072) and (Section 551.087). Motion carried unanimously.

At 7:26 p.m., President Lamon announced the board had completed its executive session under Government Code (Section 551.072) and (Section 551.087) declared the meeting open to the public.

7. Action on executive session items:

   a) Project Bird – Consider and take action to authorize CEO to negotiate possible terms of an agreement with Project Bird and to authorize attorney to finalize Development Agreement.

   No action was taken on 7a).

   b) Project Polar – Consider and take action to approve or reject HEDC being named "sponsor" for the construction of the facility and to act as project manager on behalf of the owners of the Free Trade International Bridge at Los Indios, subject to execution of a management agreement.

   Motion was made by Mr. Dunkin and seconded by Dr. Leal to approve Project Polar and name the HEDC as "sponsor" for the construction of the facility and to act as project manager on behalf of the owners of the Free Trade International Bridge at Los Indios, subject to execution of a management agreement. The motion carried unanimously.

   c) Project Thor – Consider and take action to approve or reject incentive proposal and authorize CEO to negotiate possible terms of an agreement with Project Thor and to authorize attorney to finalize Development Agreement; and consider recommending City participation in said agreement and incentive package, subject to final approval of legal document.

   Motion was made by Dr. Leal and seconded by Mr. Dunkin to approve Project Thor and authorize CEO to negotiate the terms of an agreement as discussed in executive session. The motion carried unanimously.

   There being no further business to discuss, motion was made by Mr. Dunkin and seconded by Ms. Gutierrez-Garza to adjourn the meeting at 7:28 p.m.

   Development Corporation of Harlingen, Inc.

   _____________________________________________________________________________
   Mr. Michael Lamon, President

   ATTEST:

   ____________________________
   Raul Garza, Manager and CEO
DEVELOPMENT CORPORATION OF HARLINGEN, INC.

Interim Financial Statements

For Month Ending January 31, 2016
## Balance Sheet

<table>
<thead>
<tr>
<th>Assets</th>
<th>Current Month</th>
<th>Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; Investments</td>
<td>$4,613,588</td>
<td></td>
</tr>
<tr>
<td>Receivables- Sales Tax</td>
<td>$447,395</td>
<td></td>
</tr>
<tr>
<td>Receivables- Other &amp; TIFRZ No. 3</td>
<td>$645,734</td>
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<tr>
<td>Receivables- Loans</td>
<td>$392,013</td>
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<tr>
<td>Prepaid Expense</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>Assets(Land, Bldg &amp; Improvmts)-Deprec</td>
<td>$36,578,646</td>
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</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$42,877,376</strong></td>
<td></td>
</tr>
</tbody>
</table>

## Liabilities and Fund Balance

<table>
<thead>
<tr>
<th>Liabilities &amp; Payables</th>
<th>Current Month</th>
<th>Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred Revenues- Loans</td>
<td>$392,013</td>
<td></td>
</tr>
<tr>
<td>Deferred Revenues- TIFRZ No. 3</td>
<td>$676,416</td>
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</tr>
<tr>
<td>Long Term Payable-BPS Land</td>
<td>$4,431,205</td>
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<tr>
<td>Loan</td>
<td>$2,615,000</td>
<td></td>
</tr>
<tr>
<td>Bonds Payable</td>
<td>$29,110,000</td>
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<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>$37,178,654</strong></td>
<td></td>
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</table>

## Fund Balance

<table>
<thead>
<tr>
<th>Fund Balance</th>
<th>Current Month</th>
<th>Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Designated Reserve</td>
<td>$2,000,000</td>
<td></td>
</tr>
<tr>
<td>Unencumbered Fund Balance</td>
<td>$2,613,588</td>
<td></td>
</tr>
<tr>
<td>Non-Cash Fund Balance</td>
<td>$885,133</td>
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</tr>
<tr>
<td><strong>Total Fund Balance</strong></td>
<td><strong>$5,498,721</strong></td>
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</tbody>
</table>

| Total Liabilities & Fund Balance            | **$42,877,376**|              |

## 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>$449,759</td>
<td>$1,459,657</td>
</tr>
<tr>
<td>Investment &amp; Interest</td>
<td>$4,377</td>
<td>$13,930</td>
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<tr>
<td>Rentals</td>
<td>$37,979</td>
<td>$188,420</td>
</tr>
<tr>
<td>Inter-Fund Reimbursements</td>
<td>$11,971</td>
<td>$86,449</td>
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<tr>
<td>Transfer From Fund Balance</td>
<td>$0</td>
<td>$0</td>
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<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>$504,086</strong></td>
<td><strong>$1,740,466</strong></td>
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### Expenditures

<table>
<thead>
<tr>
<th>Description</th>
<th>Current Month</th>
<th>Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries &amp; Employee Benefits</td>
<td>$33,965</td>
<td>$138,761</td>
</tr>
<tr>
<td>City Reimbursement</td>
<td>$4,833</td>
<td>$19,333</td>
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<tr>
<td>Professional Services</td>
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<td>$10,486</td>
</tr>
<tr>
<td>Services &amp; Charges</td>
<td>($1,694)</td>
<td>$166</td>
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<tr>
<td>Marketing</td>
<td>$858</td>
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<tr>
<td>Other</td>
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<td>$57,476</td>
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<tr>
<td><strong>Total Operations</strong></td>
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<td><strong>$260,949</strong></td>
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<table>
<thead>
<tr>
<th>Contract</th>
<th>Current Month</th>
<th>Year to Date</th>
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</thead>
<tbody>
<tr>
<td>Regional EDC-TIPA</td>
<td>$0</td>
<td>$17,500</td>
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<tr>
<td>I-69 Alliance</td>
<td>$0</td>
<td>$0</td>
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<tr>
<td>Other</td>
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<td>$60,000</td>
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<tr>
<td><strong>Total Contracts</strong></td>
<td><strong>$26,000</strong></td>
<td><strong>$77,500</strong></td>
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</table>

<table>
<thead>
<tr>
<th>Projects</th>
<th>Current Month</th>
<th>Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Behavioral Health, LLC</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>United Launch Alliance</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>BPS Bond Payment</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>BPS Land -380 Agreement</td>
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<tr>
<td>Loan Debt Service-$4M</td>
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<tr>
<td>Other</td>
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<td>$214,749</td>
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<tr>
<td><strong>Total Projects</strong></td>
<td><strong>$209,749</strong></td>
<td><strong>$230,400</strong></td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>$280,261</strong></td>
<td><strong>$568,848</strong></td>
</tr>
</tbody>
</table>

| Revenues Less Expenditures            | **$223,924**  | **$1,179,608**|
Development Corporation
Executive Summary


II. Brief Overview:

Reviewing the Balance Sheet (PAGE 1), an analysis of the fund balance indicates a designated reserve of $2,000,000, an unencumbered Fund Balance of $2,613,587 and a non cash Fund Balance of $685,133. Total assets are shown at $42,677,375 Liabilities are reported at $37,178,654. The amount reported under cash, which represents NOW Accounts, earned 0.010% interest during the month on the collected balance. From the Statement of Revenues, Expenditures, and Changes in Fund Balance (PAGE 2), revenues are reported at $1,748,456 and total expenditures (Page 3) at $568,848 - generating revenues over expenditures in the amount of $1,179,608.

Development Corp. Sales tax receipts received from Texas State Comptrollers for the month of January was $447,395 a decrease of $6,972 or -1.53% (Page 4). In the month of January Brownsville experienced a -2.01% decrease and McAllen a -2.95% decrease from the prior year. During the month $1,799 was paid on the Bales Mold Service, Inc. Note, $1,128 was paid on the Dollar Save Energy Note.

III. Budget

Item Budgeted Yes No X N/A. If yes, fund (s) & Amount. If no, Sources of funding, amount requested & funds remaining.

IV. Finance Director Comments: Approved Disapproved None

VI. Staff Recommendation:
Staff recommends approval of financial reports as presented.

NAME: ELVIA TREVINO
TITLE: Finance Director

DEPARTMENT: Finance