

**SPECIAL JOINT MEETING  
HARLINGEN ELECTIVE COMMISSION  
AND  
DEVELOPMENT CORPORATION OF HARLINGEN, INC.  
DECEMBER 11, 2010**

A Special Joint meeting between the Harlingen Elective Commission and the Development Corporation of Harlingen, Inc. was held on Saturday, December 11, 2010 at 10:05 a.m. in Town hall, City Hall, 118 E. Tyler Street, Harlingen, Texas. Those in attendance were:

**Mayor and City Commission**

Mayor Chris Boswell  
Joey Trevino, Mayor Pro Tem  
Gustavo C. Ruiz, Commissioner District 1  
Robert Leftwich, Commissioner District 2  
Kori Marra, Commissioner District 3  
Jerry Prepejchal, Commissioner District 4

**EDC Board**

Terry Gray, President  
Ernest Silva, Vice President  
Rick Ledesma, Secretary  
Desi Martinez, Treasurer  
Manny Vela, Board Member

**Staff Present:**

Carlos Yerena, City Manager  
Bill Martin, EDC Director  
Brendan Hall, EDC Attorney  
Roxann P. Cotroneo, City Attorney  
Roel Gutierrez, Director of Finance  
Sylvia R. Trevino, City Secretary  
Bill Rountree, Attorney

Terry Gray called the meeting to order on behalf of the Development Corporation of Harlingen, Inc.

Mayor Boswell called the meeting to order on behalf of the Harlingen Elective Commission.

R. Ledesma made a motion to go into Closed/Executive session pursuant to Chapter 551, Subchapter D., *V.T.C.A. Government Code* (Section 551.071) attorney-client privilege, to seek legal advice regarding a Lease, Chapter 380 agreements, the purchase of real property and related documents for the Bass pro Shops project, and pursuant to Section 551.087 regarding commercial and financial information from a business prospect with which the Board is conducting economic development negotiations and/or to discuss or deliberate financial or other incentives to a business prospect known as Bass Pro Outdoor World, LLC, and pursuant to Section 551.072 deliberation regarding real property, to deliberate the purchase and value of real property for the Bass Pro Shop project.

M. Vela seconded the motion and it carried unanimously.

Commissioner Leftwich made a motion to go into Executive Session, on behalf of the City Commission, for the same reason as stated above.

Commissioner Prepejchal seconded the motion and it carried unanimously.

**CLOSED/EXECUTIVE SESSION PURSUANT TO CHAPTER 551,  
SUBCHAPTER D., V.T.C.A. GOVERNMENT CODE (SECTION 551.071)  
ATTORNEY-CLIENT PRIVILEGE, TO SEEK LEGAL ADVICE REGARDING A  
LEASE, CHAPTER 380 AGREEMENTS, THE PURCHASE OF REAL  
PROPERTY AND RELATED DOCUMENTS FOR THE BASS PRO SHOPS  
PROJECT, AND PURSUANT TO SECTION 551.087 REGARDING  
COMMERCIAL AND FINANCIAL INFORMATION FROM A BUSINESS  
PROSPECT WITH WHICH THE BOARD IS CONDUCTING ECONOMIC  
DEVELOPMENT NEGOTIATIONS AND/OR TO DISCUSS OR DELIBERATE  
FINANCIAL OR OTHER INCENTIVES TO A BUSINESS PROSPECT KNOWN  
AS BASS PRO OUTDOOR WORLD, LLC, AND PURSUANT TO SECTION**

**551.072 DELIBERATION REGARDING REAL PROPERTY, TO DELIBERATE THE PURCHASE AND VALUE OF REAL PROPERTY FOR THE BASS PRO SHOP PROJECT.**

The Executive Session convened at 10:07 a.m. and concluded at 10:30 a.m. with no action taken in closed session.

Those present in Executive Session were: Mayor Boswell, J. Trevino, G. Ruiz, R. Leftwich, K. Marra, J. Prepejchal; T. Gray, E. Silva, R. Ledesma, D. Martinez, M. Vela; B. Hall, R. Cotroneo, B. Martin, C. Yerena, R. Gutierrez, B. Rountree; S. R. Trevino.

**LEASE AGREEMENT BETWEEN THE DEVELOPMENT CORPORATION OF HARLINGEN, INC. AND BASS PRO OUTDOOR WORLD, LLC AND RESOLUTION ADOPTED MAKING CERTAIN FINDINGS AND AUTHORIZING THE BOARD PRESIDENT, VICE-PRESIDENT AND/OR THE CORPORATION MANAGER TO EXECUTE THE LEASE AS THE ACT OF CORPORATION. (DEVELOPMENT CORPORATION AND CITY COMMISSION ACTION)**

Mayor Boswell and Terry Gray read the caption of the agenda item on behalf of their respective entities.

At this time Mayor Boswell asked that Bill Martin give a summary of the entire project. He stated that the project has been ongoing for over three years with the initial contact through the Harlingen Chamber economic development department. The project got serious last April when a letter of intent was signed by the Economic Development Corporation and Bass Pro. They were interested in a 130,000-150,000 square foot 'destination retail' store on 25 acres. Surveys reveal that 46% of BPS shoppers spend at least one night and this will have a tremendous impact on the community.

Mr. Martin went over the key factors to completion:

- Sales tax revenue bonds
- Lease agreement
- Chapter 380 agreements
- Site planning and development
- Environmental issues

Mr. Martin noted that the Development Corporation will be the landlord and there are (3) Chapter 380 agreements to consider which allows the City and EDC to grant new sales tax revenues to fund the project. Final approval by BPS on the pad site was issued on December 3, 2010.

Mr. Martin went over the various sources and uses of funds for the project: tax exempt sales tax revenue bonds; taxable sales tax and lease rental revenue bonds; EDC funds; City of Harlingen Certificates of Obligation and future 380 revenues.

In summary, the total cost of the project is \$41,138,696. He outlined the use of the revenues as:

Funds for project construction	\$ 31,000,000
Site Development for pad, utilities, & parking	3,000,000
Public infrastructure improvements	2,450,000
Payment to Irrigation District for improvements	300,000
Site acquisition from developer (22.605 acres)	3,938,696
Site acquisition related costs	450,000

Mr. Martin noted that taxable and tax exempt bonds would be retired with rent revenue and sales tax generated by BPS. The Certificates of Obligation will be repaid through existing and future revenues from the Tax Increment Reinvestment Zone (TIRZ). The developer, through the 380 agreements, will receive 50% of the EDC sales tax revenue and 40% of the City sales tax revenue generated by development surrounding Bass Pro until the cost of the Bass Pro site is repaid.

Mr. Martin noted that the City's financial advisors, First Southwest, have been very conservative with the projections through the entire process. For example, the advisors projected an "additional bonds test" of 1.5 times and the EDC actually received 1.4 times; projected a "coverage ratio" of 1.3 times and actually received 1.25 times; and projected a bond rating in the "High A" category and actually received an "A+" rating. In addition, initial projections had a "reserve fund" funded with bond proceeds. The EDC was able to acquire a "surety policy" that allowed funds initially set aside to fund the reserve fund to be used for the project. These factors reduced the cost to the EDC.

Mr. Martin spoke briefly on the related documents that need to be executed such as the lease agreement (EDC will own 25 acres and a 149,100 sq. ft. building which will be leased to Bass Pro); (1) 380 Agreements between the City Commission, EDC and the developer; (1) 380 Agreement between the City and EDC which obligates the City to use 1% sales tax revenues from BPS project to assist EDC in paying bond debt service; (1) 380 Agreement between the City and EDC which obligates the City to use 20% of sales tax revenues collected from the developer's property to reimburse the EDC for funds expended on the project; an Interlocal Agreement between the City of Harlingen and the Irrigation District to replace the irrigation canal with pipe; an ordinance by the City that abandons certain easements on the property; and a number of bond documents that outline all terms and conditions related to the security and payment of the bonds.

As for the timeline, Mr. Martin stated that a joint meeting between the City Commission and EDC is scheduled for December 15 to consider the bonds; the bond issues will close on December 28 and the title of the land will transfer to EDC and pad and site development will begin. On January 31, 2011 the site will be turned over to BPS and construction of the building will begin. Bass Pro Shop plans to open on October 31, 2010.

Of notable mention were the comments made by Mayor Boswell that the message to the public is that the only City funds for repayment of the \$32 million in bonds is the 3/8<sup>ths</sup> of a cent which already goes to EDC. These are the only funds to which the bond holders look to for repayment. In fact, bonds were based strictly on current income not considering new income that might be generated in the future. The City's general fund is not at risk and property taxes will not have to be raised.

Commissioner Leftwich stated that the 380 agreements are paid from new sales tax revenues that are above and beyond the current level of sales tax revenue.

Brendan Hall read the caption of the resolution on behalf of the EDC.

**JOINT RESOLUTION APROVING ENTERING INTO A LEASE AGREEMENT BETWEEN THE DEVELOPMENT CORPORATION OF HARLINGEN, INC. AND BASS PRO OUTDOOR WORLD, LLC FOR THE CONSTRUCTION AND LEASE OF AN APPROXIMATELY 149,1000 SQUARE FOOT BASS PRO SHOPS AND RELATED FACILITIES TO BE LOCATED AT THE CAMERON CROSSING SHOPPING CENTER IN HARLINGEN, TEXAS AND AUTHORIZING ITS EXECUTION.**

Rick Ledesma commented that history is knocking on Harlingen's door and the community is looking to its leadership to answer that door and establish Harlingen as a regional retail community and with great pride, Mr. Ledesma made a motion to approve the joint resolution approving the lease agreement for the construction and lease of the 149,100 square foot Bass Pro Shops and related facilities. Manny Vela seconded the motion, which carried unanimously.

Roxann Cotroneo read the caption of the resolution as shown above on behalf of the City Commission.

Commissioner Leftwich commented that this project shows that Harlingen is open for business and made a motion to approve lease agreement and approve the resolution. Commissioner Marra seconded the motion and it carried unanimously.

Commissioner Prepejchal made a comment that “this is one time that McAllen is not going to beat us.”

**PURCHASE OF UP TO TWENTY FIVE (25) ACRES FOR THE BASS PRO SHOPS PROJECT APPROVED AND RE SOLUTION ADOPTED MAKING CERTAIN FINDINGS AND AUTHORIZING THE TERMS OF THE PURCHASE AND APPROVING A CHAPTER 380 AGREEMENT ENTITLED BASS PRO PROJECT AND CHAPTER 380 ECONOMIC DEVELOPMENT GRANT AGREEMENT BY AND AMONG CITY OF HARLINGEN, TEXAS, DEVELOPMENT CORPORATION OF HARLINGEN, INC. AND 83/77 PROPERTIES, LTD TO INCLUDE THE REAL ESTATE CLOSING AND REIMBURSE THE DEVELOPER FOR THE COST OF THE LAND AND AUTHORIZING THE PRESIDENT, VICE PRESIDENT AND/OR THE CORPORATION MANAGER TO EXECUTE THE RESOLUTION AND CLOSING DOCUMENTS AS THE ACT OF THE CORPORATION AND TO TAKE ALL STEPS NECESSARY TO COMPLETE THE PURCHASE (DEVELOPMENT CORPORATION AND CITY COMMISSION ACTION)**

Brendan Hall read the caption of the resolution on behalf of the EDC.

JOINT RESOLUTION APPROVING ENTERING INTO A TEXAS LOCAL GOVERNMENT CODE CHAPTER 380 AGREEMENT BY THE DEVELOPMENT CORPORATION OF HARLINGEN, INC. WITH THE CITY OF HARLINGEN AND WITH 83/77 PROPERTIES, LTD FOR USE OF NON-BASS PRO SHOPS – GENERATED SALES TAX FROM CAMERON CROSSING SHOPPING CENTER AND AFFILIATED ENTITIES; COMMERCIAL AND RETAIL SALES IN HARLINGEN FOR THE CITY OF HARLINGEN TO PAY FOR THE DEVELOPMENT CORPORATION’S PURCHASE OF UP TO TWENTY-FIVE (25) ACRES FROM 83/77 PROPERTIES, LTD FOR THE BASS PRO SHOPS PROJECT AND FOR THE DEVELOPMENT CORPORATION’S PURCHASE OF 83/77 PROPERTIES LTD’S WORK PRODUCT RELATING TO THE APPROXIMATELY TWENTY-FIVE (25) ACRE TRACT AND AUTHORIZING ITS EXECUTION.

Desi Martinez made a motion to approve the resolution on behalf of the Development Corporation of Harlingen, Inc. R. Ledesma seconded the motion.

Desi Martinez commented that he hopes that the cooperative spirit of the community continues to help Harlingen grow for our children and grandchildren.

Brendan Hall stated this resolution authorizes the purchase of the 25-acre tract.

Voting on the motion carried unanimously.

Roxann Cotroneo read the caption of the resolution as shown above on behalf of the City Commission.

Commissioner Leftwich made a motion to approve the resolution. Commissioner Trevino seconded the motion and it carried unanimously.

In summary the resolution authorized the purchase of the property; execution of a 380 agreement and for the Development Corporation’s purchase of 83/77 Properties LTD’s work product relating to the approximately 25 acre tract and authorizing its execution.

**RESOLUTION ADOPTED APPROVING A CHAPTER 380 PROJECT REIMBURSEMENT AGREEMENT BETWEEN THE CITY OF HARLINGEN AND THE DEVELOPMENT CORPORATION OF HARLINGEN, INC. MAKING CERTAIN FINDINGS AT GRANTING SALES TAX REVENUES TO BE USED TO SERVICE THE DEBT ON SALES TAX REVENUE BONDS TO BE ISSUED BY THE DEVELOPMENT CORPORATION OF HARLINGEN, INC. AND THE BOARD PRESIDENT, VICE-PRESIDENT AND/OR THE CORPORATION MANAGER AUTHORIZED TO EXECUTE THE AGREEMENT AS THE ACT**

**OF THE CORPORATION. (DEVELOPMENT CORPORATION AND CITY COMMISSION)**

Brendan Hall read the caption of the resolution.

JOINT RESOLUTION APPROVING ENTERING INTO A TEXAS LOCAL GOVERNMENT CODE CHAPTER 380 PROJECT REIMBURSEMENT AGREEMENT BY THE DEVELOPMENT CORPORATION OF HARLINGEN, INC. WITH THE CITY OF HARLINGEN FOR USE OF NON-BASS SHOPS – GENERATED SALES TAX FROM CAMERON CROSSING SHOPPING CENTER AND AFFILIATED AND/OR ADJACENT ENTITIES' SALES TO DEFRAID THE DEVELOPMENT CORPORATION'S EXPENSES AND COSTS IN THE BASS PRO PROJECT AND AUTHORIZING ITS EXECUTION.

Manny Vela made a motion to approve the resolution on behalf of the Development Corporation of Harlingen, Inc. Rick Ledesma seconded the motion and it carried unanimously.

Roxann Cotroneo read the caption of the resolution as shown above on behalf of the City Commission.

Commissioner Trevino made a motion to approve the resolution on behalf of the City Commission. Commissioner Prepejchal seconded the motion and it carried unanimously.

**RESOLUTION ADOPTED APPROVING AN INTERLOCAL AGREEMENT OR A CHAPTER 380 PROJECT REIMBURSEMENT AGREEMENT BETWEEN THE CITY OF HARLINGEN AND THE DEVELOPMENT CORPORATION OF HARLINGEN, INC. MAKING CERTAIN FINDINGS AND PROVIDING REIMBURSEMENT FOR COSTS AND EXPENSES RELATED TO THE BASS PRO SHOPS PROJECT AND AUTHORIZING THE BOARD PRESIDENT, VICE-PRESIDENT AND/OR THE CORPORATION MANAGER TO EXECUTE THE AGREEMENT AS THE ACT OF THE CORPORATION. (DEVELOPMENT CORPORATION AND CITY COMMISSION ACTION)**

Brendan Hall read the caption of the resolution on behalf of the EDC.

JOINT RESOLUTION APPROVING ENTERING INTO A TEXAS LOCAL GOVERNMENT CODE CHAPTER 380 PROJECT REIMBURSEMENT AGREEMENT BY THE DEVELOPMENT CORPORATION OF HARLINGEN, INC. WITH THE CITY OF HARLINGEN FOR USE OF THE HARLINGEN BASS PRO SHOPS – GENERATED SALES TAX TO DEFRAID SALES TAX REVENUE BOND PAYMENTS AND COSTS AND AUTHORIZING ITS EXECUTION.

Rick Ledesma made a motion to approve the resolution on behalf of the Development Corporation. Manny Vela seconded the motion and it carried unanimously.

Roxann Cotroneo read the caption of the resolution as shown above on behalf of the City Commission.

Commissioner Leftwich made the motion to approve the resolution on behalf of the City Commission. Commissioner Marra seconded the motion and it carried unanimously.

**ACTION TAKEN TO EXPEND CORPORATION RESERVE FUNDS AS NECESSARY TO FUND BASS PRO SHOPS PROJECT**

Terry Gray explained that the use of the Corporation's reserve funds requires a vote by the super majority – 4 votes from the Board will be required to pass this action. He

commented that he does not anticipate that it will be necessary to use all of the reserve funds.

Desi Martinez made a motion to authorize expending Corporation's reserve funds as necessary to fund Bass Pro Shops project. Rick Ledesma seconded the motion.

Under discussion, Desi Martinez asked if funds would be needed for closing costs. Bill Martin replied yes, plus there are other expenses, but the Corporation also has over \$7 million in the bank. Staff will seek Board approval if it becomes necessary to expend funds from the reserves.

Terry Gray asked for a show of hands for the vote on the motion on the floor. All of the board members present voted unanimously in favor of the motion to authorize expending Corporation's reserve funds as necessary to fund the project.

Commissioner Leftwich, on behalf of the City Commission, made a motion to approve the expenditure of the Corporation's reserve funds as necessary to fund Bass Pro Shops. Commissioner Trevino seconded the motion and it carried unanimously.

**INTERLOCAL COOPERATION AGREEMENT BETWEEN THE CITY OF HARLINGEN AND HARLINGEN IRRIGATION DISTRICT CAMERON COUNTY NO. 1 TO ABANDON AND RELOCATE AN EXISTING IRRIGATION CANAL OWNED BY THE DISTRICT THAT WILL BE REPLACED BY A PIPELINE LOCATED ON AND AROUND THE BASS PRO SHOPS PROJECT SITE (CITY COMMISSION ACTION ONLY)**

Commissioner Leftwich made a motion to approve the Interlocal Cooperation Agreement as presented. Commissioner Prepejchal seconded the motion and it carried unanimously.

**ORDINANCE ADOPTED ON FIRST READING ABANDONING CERTAIN PUBLIC EASEMENTS ON AND AROUND THE BASS PRO SHOPS PROJECT SITE.**

Roxanne Cotroneo read the caption of the ordinance.

AN ORDINANCE ABANDONING PUBLIC UTILITY EASEMENTS FOR ALLEYS AND UTILITIES AND ABANDONING A PUBLIC ROAD DEDICATION ON A 59.741 ACRE TRACT OF LAND OUT OF MOTEL PARK SUBDIVISION, AND WAIVING THE FAIR MARKET VALUE PURCHASE PRICE FOR PURPOSES OF ECONOMIC DEVELOPMENT.

Commissioner Leftwich made a motion to adopt the ordinance on first reading. Commissioner Prepejchal seconded the motion and it carried unanimously.

Ms. Cotroneo indicated that the final reading of the ordinance is on the City Commission agenda for Wednesday, December 15.

Mayor Boswell expressed thanks and appreciation to the many people that worked so hard to get this project resolved. He thanked the EDC, the City Commission, the attorneys, EDC staff and City staff and the financial advisors, as well.

Terry Gray thanked gave special thanks to the City Commission and gave special recognition to Bill Martin for all of his efforts on this project.

A comment was made that all documents would be held in escrow until closing.

They're being no further business the meeting adjourned at 11:11 a.m.

---

Chris Boswell, Mayor

---

Terry Gray, EDC President

Attest:

---

Sylvia R. Trevino, City Secretary