

**JOINT MEETING
HARLINGEN CITY COMMISSION
AND
DEVELOPMENT CORPORATION OF HARLINGEN, INC.
DECEMBER 15, 2010**

A joint meeting between the Harlingen City Commission and the Development Corporation of Harlingen, Inc. was held on Wednesday, December 15, 2010 at 5:00 p.m. in Town Hall, City Hall. Those in attendance were:

Mayor and City Commission

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

EDC Board Members

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

Absent: Ernest Silva

Staff Present:

Carlos Yerena, City Manager
Gabriel Gonzalez, Assistant City Manager
Roxann P. Cotroneo, City Attorney
Roel Gutierrez, Director of Finance
Sylvia R. Trevino, City Secretary

Bill Martin, EDC Director
Brendan Hall, EDC Attorney

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

Mayor Pro Tem Trevino called the meeting to order on behalf of the City Commission. The meeting started at approximately 5:20 p.m.

RESOLUTION APPROVING AUTHORIZING THE ISSUANCE OF APPROXIMATELY \$19,240,000 OF HARLINGEN ECONOMIC DEVELOPMENT CORPORATION SALES TAX REVENUE BONDS, SERIES 2010A AND APPROXIMATELY \$12,865,000 OF HARLINGEN ECONOMIC DEVELOPMENT CORPORATION SALES TAX AND LEASED RENTAL REVENUE BONDS, TAXABLE SERIES 2010B, APPROVING ALL DOCUMENTS RELATED THERETO INCLUDING A PAYING AGENT/REGISTRAR AGREEMENT, BOND PURCHASE AGREEMENT, PROJECT AND SALES TAX REMITTANCE AGREEMENT AND APPROVING OTHER MATTERS RELATED THERETO. (Development Corporation action)

Ann Entrekin, financial advisor (First Southwest), distributed copies of the summary of the bond issuance. She explained that Standard & Poor's gave an initial rating for the Harlingen EDC of A+. Comments from the Standard & Poor's report were: increasing diverse and expanding economy; strong per capital retail sales; stable outlook reflecting strength and diversity of Harlingen's economy. She explained that they were able to secure a surety Policy from Assured Guaranty to replace the reserve fund. The Surety Policy, in lieu of bond proceeds, meets the maximum annual debt service reserve fund requirement.

Ms. Entrekin went over the covenants 'targets' and actuals.

Regarding the sales tax revenue bond projected analysis, Ms. Entrekin stated the projected results as of December 10, 2010 reflected a true interest cost of 5.020% on the tax exempt bonds, Series 2010A; a true interest cost of 7.508% on the taxable bonds, Series 2010B.

The actual results as of December 15, 2010 were a true interest cost of 4.895% on the tax exempt bonds and a slight increase in the true interest cost of 7.579% on the taxable bonds. The combined principal amount results in \$32,225,000.

Sp. City Commission meeting
12/15/2010

Ms. Entrekin gave special thanks to the EDC and the City Commission for their efforts and cooperation on the bonds and gave special thanks to the underwriting team: Morgan Keegan/Estrada Hinojosa. Ms. Entrekin introduced Noel Valdez from McCall, Parkhurst & Horton, the bond/tax counsel.

Commissioner Prepejchal questioned the total cost. Ms. Entrekin explained that the total cost should not have increased – it is the same debt service as before. \$2,708,000 on an annual basis and on the actual it is \$2,709,000---less than \$1,000 differential because the interest rate came in less.

Desi Martinez asked what is the protocol after this. Ms. Entrekin explained that the EDC will take action and the City Commission will take action to approve the documents. The documents are then submitted to the Attorney General's office. She will email them tonight and the closing has been scheduled for December 28. The interest rates will be locked in. She explained that Mr. Valdez has already filed a number of documents for the Attorney General to review. This is the process for the issuance of Texas bonds.

Rick Ledesma commented that because of the volatility in the market the interest is locked in at a very good rate. Ms. Entrekin further explained that once the bid is submitted on the interest rate, it is good through this meeting tonight and the underwriters cannot change it.

Terry Gray read the caption of the resolution (amended)

RESOLUTION APPROVING A RESOLUTION OF THE HARLINGEN ECONOMIC DEVELOPMENT CORPORATION WITH RESPECT TO THE ISSUANCE OF \$19,150,000 OF SALES TAX REVENUE BONDS, SERIES 2010A AND \$13,075,000 OF SALES TAX AND LEASE RENTAL REVENUE BONDS, TAXABLE SERIES 2010B, TO FINANCE THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF A COMMERCIAL FACILITY, AND APPROVING OTHER MATTERS RELATED THERETO INCLUDING A PROJECT AND SSALES TAX REMITTANCE AGREEMENT; AND PROVIDING FOR AN IMMEDIATE EFFECTIVE DATE.

Manny Vela made a motion to approve the resolution. Rick Ledesma seconded the motion.

Under discussion, Desi Martinez commented that the Board is doing the best it can to 'grow' Harlingen and he was honored to be part of the Board and if the projections are correct, the City can move forward.

Voting on the motion carried unanimously.

RESOLUTION APPROVED BY THE HARLINGEN ECONOMIC DEVELOPMENT CORPORATION WITH RESPECT TO THE ISSUANCE OF APPROXIMATELY \$19,240,000 OF SALES TAX REVENUE BONDS, SERIES 2010A AND APPROXIMATELY \$12,865,000 OF SALES TAX AND LEASE RENTAL REVENUE BONDS, TAXABLE SERIES 2010B, TO FINANCE THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF A COMMERCIAL FACILITY, AND APPROVING OTHER MATTERS RELATED THERETO INCLUDING A PROJECT AND SALES TAX REMITTANCE AGREEMENT, AND PROVIDING FOR AN IMMEDIATE EFFECTIVE DATE. (City Commission action)

Roxann Cotroneo read the caption of the (amended) resolution.

RESOLUTION APPROVING A RESOLUTION OF THE HARLINGEN ECONOMIC DEVELOPMENT CORPORATION WITH RESPECT TO THE ISSUANCE OF \$19,150,000 OF SALES TAX REVENUE BONDS, SERIES 2010A AND \$13,075,000 OF SALES TAX AND LEASE RENTAL REVENUE BONDS, TAXABLE SERIES 2010B, TO FINANCE THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF A COMMERCIAL FACILITY, AND

Sp. City Commission meeting
12/15/2010

APPROVING OTHER MATTERS RELATED THERETO INCLUDING A
PROJECT AND SALES TAX REMITTANCE AGREEMENT; AND
PROVIDING FOR AN IMMEDIATE EFFECTIVE DATE.

Commissioner Leftwich made a motion to approve the amended resolution with the updated numbers. Commissioner Prepejchal seconded the motion and it carried unanimously.

Mayor Pro Tem Trevino thanked everyone for their involvement in the issuance of these bonds.

**AGENDA ADDENDUM:
RESOLUTION ADOPTED APPROVING AND ESTABLISHING ECONOMIC
DEVELOPMENT PROGRAMS PURSUANT TO CHAPTER 380 OF THE TEXAS
LOCAL GOVERNMENT CODE INCLUDING THE APPROVAL OF THE BASS
PRO SHOP UNDER SUCH PROGRAM (City Commission action only)**

Commissioner Leftwich made a motion to approve the resolution to include the approval of the construction of the Bass Pro Shop. Commissioner Prepejchal seconded the motion and it carried unanimously.

There being no further business the meeting adjourned at 5:38 p.m.

Joey Trevino, Mayor Pro Tem

Terry Gray, EDC President

Sylvia R. Trevino, City Secretary