

INDUSTRIAL DEVELOPMENT AUTHORITY
Meeting Minutes
October 24, 2002

The Industrial Development Authority met Thursday, October 24, 2002, in the Building Permits & Inspections Conference Room, 5th Floor, City Hall, at 2:00 p.m.

1. Roll Call and determination of Quorum

2. Call Meeting to Order

Chair Dipp called the meeting to order at 2:10 p.m. and conducted roll call. The following members of the Authority were present, constituting a quorum:

Mike Dipp, Jr.	Tanny Berg	Bobby Bowling
Larry Glisan	Victoria Perea	Edmundo J. Rueda

Others present included Norman Gordon and Josette Flores of Diamond Rash; Ada Gonzalez, El Paso Empowerment Zone; Larry Wilkerson and Gary Bell, INN-Vestors, Inc.; Manfred Gerling and Mark Hansen, Red Lion Hotels; Debbie Hamlyn, Community Development; Steven Adams, First Southwest Company; John Nance, City Attorneys; William Chapman, Financial Services; Linda Castle, Hector Lopez, Adrian Ocegueda and Judy Gutierrez, Economic Development.

3. Approval of Minutes of December 6, 2000

Chair Dipp called for a motion to approve the minutes. Motion was made by Tanny Berg to approve the minutes; Bobby Bowling seconded the motion and the motion carried.

4. Election and Appointment of Officers

Chair Dipp called for motion to elect and appoint officers. Tanny Berg moved to keep the same officers in their present capacity. Victoria Perea requested a review of who the officers were. Tanny Berg then stated that Mike Dipp was the Chair, he was the Vice Chair and Bobby Bowling was the Secretary. There is no treasurer as Norman Gordon's office handles the finances for the Authority. Bobby Bowling then seconded the motion and the motion carried.

5. Consideration of INN-Vestors, Inc., Letter of Intent to apply for New Empowerment Zone Facility Bonds

Charles Wilkerson, consultant to INN-Vestors, Inc., introduced himself to the Authority and asked for permission to make a presentation regarding the property. Mr. Wilkerson then introduced Manfred Gerling to the Authority as the Vice-President of Development for Red Lion Hotels.

Mr. Gerling conducted a PowerPoint presentation outlining the history of the hotel chain, their properties and locations and other venues owned by the chain. Mr. Gerling stated that the reason he believes the hotel will be successful is that they already have a large customer base from Red

Lion hotels comprised of individual customers, group associations and corporate customers who feed business to Red Lion because of their long-standing reputation in the business.

Chair Dipp interrupted Mr. Gerling and asked him to conclude the presentation as he thought they might lose the quorum and said that voting on the resolution needed to take place. Mr. Gerling concluded his presentation and the Authority then proceeded to the next agenda item.

6. Discussion and Action on an Inducement/Reimbursement Resolution agreeing to issue new Empowerment Zone Facility Bonds if conditions are satisfied and project completed

Discussion then ensued regarding the Resolution. Tanny Berg asked for clarification on Red Lion's partnership. Mr. Gerling replied that Red Lion would not be infusing any capital into the project; however, the partnership he was referring to was flagging the hotel with the Red Lion name. Mr. Wilkerson then elaborated on why INN-Vestors chose Red Lion. He said Red Lion wants to be in this market and the INN-Vestors group wanted to bring in some new blood. He said both Red Lion and INN-Vestors believe the partnership will succeed in El Paso.

Bobby Bowling asked Norman Gordon to go over what the responsibilities of the Authority were in this regard. Mr. Gordon then elaborated on what the Empowerment Zone Designation means for the City:

- The Industrial Development Authority has bonding capacity to issue \$130 million dollars in industrial revenue bonds.
- The application submitted by INN-Vestors, Inc., is asking for an Inducement or Reimbursement Resolution which effectively allows the company to capitalize on certain soft costs that have been incurred 60 days before today and a period of 18 months from today.
- The Authority, by approving the Resolution, would effectively state they are committing to issuing the bonds if everything falls into place, but they are not committing any money or issuing the bonds today.
- INN-Vestors will have to come back with their financing package, at which time it will be reviewed by the Authority's financial advisor and by bond counsel.
- Mr. Gordon reiterated that the bonds are Private Activity Bonds. Neither the credit, nor the pledge of the City, is present to pay these bonds. If there is a default of any kind, it is not reflected on the City.

Victoria Perea then asked about the total amount that the INN-Vestors was asking for. Mr. Gordon advised they are seeking up to \$4.1 million. After further discussion, Chair Dipp asked for a motion to approve the Resolution, as contained in these minutes. Tanny Berg moved to approve the motion; Larry Glisan seconded the motion, and the motion carried.

Norman Gordon also asked the Authority to move to approve First Southwest Company and Norman Gordon as bond counsel to work with INN-Vestors. Larry Glisan made the motion; Victoria Perea seconded the motion and the motion carried.

7. Discussion and Action on IRS Inquiry into Millard Refrigeration Item

Norman Gordon brought the Authority up to date on the IRS inquiry. Two years ago, the IRS notified the City they were looking into the Millard Refrigeration Bond Issue and the IRS was finally convinced that since the bonds had been paid off there was no need to look into the issue and the IRS has closed its file. There are no questions about the tax-exempt status of those bonds. There are some expenses under the bond documents for which Millard Refrigeration is responsible and Mr. Gordon requested authorization from the Authority to submit a bill to Millard Refrigeration for payment. Victoria Perea moved to approve the motion; Larry Glisan seconded the motion, and the motion carried.

8. Discussion and Action on bank checking account

Mr. Gordon advised that this item on the agenda was moot, as discussion and action would have only been needed if new officers had been elected. Mr. Gordon did state that the bank balance is about \$5,000.

9. Adjournment

Meeting was adjourned at 3:00 p.m.