

CITY DEVELOPMENT CORPORATION OF EL CAMPO
REGULAR MEETING
February 25, 2013

Board Members Present: Kinnan Stockton, Wesley Lange, Randy Collins, and Larry Russell

Staff Present: Chandra Spenrath, Executive Director; Rebekkah Jones, Executive Assistant

Others Present: Mindi Snyder, City Manager; Pat Krpec, El Campo Little League; Scott Rod, El Campo Little League; Steve Van Manen, Harrison Waldrop & Uherek, L.L.P.; Rebecca Munos, El Campo Chamber Director; and Attorney Ronny Collins

1. Kinnan Stockton called the Meeting to order at 3:02 PM.
2. Kinnan Stockton took roll of Directors, noted David Allgayer as absent and noted a QUORUM.
3. Wesley Lange led the Pledge of Allegiance.
4. The minutes from the Regular Meeting of January 28, 2013 were in the Board Packet for approval.

MOTION was made to approve the minutes of the Regular Meeting of January 28, 2013 by Larry Russell and Seconded by Wesley Lange. The MOTION passed unanimously.

5. Review bills and financial report.
6. Receive and review City Development Corporation's FY 2011-2012 Audit by Harrison, Waldrop & Uherek, L.L.P., discuss and take any necessary action.

Chandra Spenrath introduced Stephen Van Manen with Harrison, Waldrop & Uherek, L.L.P. Mr. Van Manen presented the CDC's FY 2011-2012 Audit. Mr. Van Manen reviewed the Annual Financial report handout and the two letters accompanying the report. Mr. Van Manen noted that the security of the CDC deposits and whether the FDIC will honor the collateral is still in question. Mr. Van Manen said there is some conflict with the issue of the FDIC considering the CDC a "governmental entity"; this issue has not been resolved. Kinnan Stockton said that he believed this issue had been resolved and the CDC had obtained a letter from the FDIC. Mr. Van Manen said they had received a copy of that letter, but the letter stated to get a legal opinion. Attorney Ronnie Collins said there is not a definitive answer on this issue and there is not a legal case or a treasury ruling that can determine an answer. Kinnan Stockton said this item will need to be added to the agenda next month for discussion.

In regards to the management letter from Harrison, Waldrop & Uherek, L.L.P., Kinnan Stockton asked Mr. Van Manen the meaning of phrases "...we identified certain deficiencies in internal control that we consider to be material weaknesses." and "...lack the financial expertise to prepare the year-end financial statements in accordance with GAAP." Mr. Van Manen said that specific wording has been out for five years and is a new auditing standard which places the burden of preparing GAAP financial statements back onto every entity. Mr. Van Manen said that if each entity does not have the expertise to produce the audit/GAAP document, then that by definition is a material weakness.

7. Update on Project Diamond/EC Little League, discuss and take any necessary action

Pat Krpec with El Campo Little League said one of the large focuses, besides working out the land deals and deciding on final designs of the ball park, is getting the financial backing. Mr. Krpec said as of last Friday, the financial backing has been secured by the Mobley family of El Campo in the amount of \$2 million. Mr. Krpec said the final grading and utility plans should be completed tomorrow and they will know more regarding the land deeding after tonight's city council meeting. Mr. Krpec said they are receiving the final bids on the dirt work and there should be a decision after tonight's city council meeting or tomorrow. Mr. Krpec said the designs for the concession stands and the restrooms are almost finished. Mr. Krpec said the fundraising campaign kicked off last Wednesday evening and they sold naming rights to two fields and a bridge that evening. Kinnan Stockton asked if the commitment from the Mobley's to the Little League change the strategy on the timeline or is the CDC's commitment still pivotal for the Little League. Pat Krpec said the CDC's commitment is still imperative to the completion of this project.

Kinnan Stockton said he is asked every day what "substantially complete" means. Mr. Stockton said it is only a matter of time until we will need a legal opinion. Attorney Ronnie Collins said that the determination on that phrase is what the CDC deems appropriate. Attorney Ronnie Collins said that there is a legal opinion regarding wording that he can give.

8. Review Revitalization Program, discuss and take any necessary action.

Chandra Spenrath gave an overview of the Revitalization Program and mentioned that the new advertising signs are placed at the sites of the businesses participating in the campaign. Kinnan Stockton asked if there are any negative comments from the community regarding the CDC involved with the Revitalization Campaign. Chandra Spenrath said her phone has been ringing with businesses interested in this campaign. Randy Collins said he has not heard any negativity at all. Kinnan Stockton said the Board should look into maybe adding more dollars to the funding of the campaign. Wesley Lange suggested adding the dollar funding to the agenda for next month's meeting and asked Chandra to come up with some ideas for the next meeting. Chandra Spenrath said that the CDC can look at advertising for this campaign and noted that there hasn't been any dollars spent on advertising yet. Rebecca Munos, El Campo Chamber of Commerce Director, asked if the CDC would ever consider allowing non-profit businesses to submit for the Revitalization Campaign. Kinnan Stockton said the CDC can revisit the policy regarding the allowance of non-profit businesses to submit for the Revitalization Campaign.

9. Receive Update on 2013 Job Fair.

Chandra Spenrath gave an overview of the job fair and noted the handout listing the demographic information of the applicants. Chandra Spenrath said El Campo would be able to host a job fair every year in El Campo. Kinnan Stockton asked if the spreadsheet listed the high school students. Chandra Spenrath said there was around 250 applicants and noted the handout did not list the averaged 200 high school students who visited the job fair as well. Kinnan Stockton noted that the job fair was very worthwhile.

10. Board members opened executive session at 3:41 PM:

- A. Discuss and deliberate economic development, as authorized by Section 551.087 of the Texas Government Code, regarding:
 - a. Project AFC
 - b. Report on Economic Development negotiations and prospects.

- 11. Board Members reconvened open session at 3:55 PM.

NO ACTION was taken.

- 12. Kinnan Stockton adjourned the meeting at 3:55 PM.