

CITY DEVELOPMENT CORPORATION OF EL CAMPO
REGULAR MEETING
March 18, 2013

Board Members Present: Kinnan Stockton, David Allgayer, 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; Courtney Sladek, City of El Campo

1. Kinnan Stockton called the Meeting to order at 3:00 PM.
2. Kinnan Stockton took roll of Directors and noted a QUORUM.
3. Wesley Lange led the Pledge of Allegiance.
4. The minutes from the Regular Meeting of February 25, 2013 were in the Board Packet for approval.

MOTION was made to approve the minutes of the Regular Meeting of February 25, 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 noted that at the last meeting there was not any action take on this item. Kinnan Stockton called for a motion regarding the audit.

MOTION was made to accept the City Development Corporation's FY 2011-2012 Audit by Harrison Waldrop & Uherek, L.L.P. by Randy Collins and Seconded by David Allgayer. The MOTION passed unanimously.

7. Financial Expertise/Hiring Consultant, discuss and take any necessary action.

Chandra Spenrath said she discussed the situation regarding the letter from the auditor with Ann Hundl who is a certified public accountant (CPA). Kinnan Stockton said that the real issue is that in the audit that the CDC received it stated that they identified certain deficiencies in internal control that they consider to be material weaknesses. Kinnan Stockton said that it will come down to the CDC paying an additional fee each month to a CPA to keep the specific wording of "material weakness" out of the audit. Wesley Lange asked if the auditor required the CDC to get a CPA or if it was a recommendation. Chandra Spenrath affirmed that it was only a recommendation. Chandra Spenrath said that having a CPA will just be another checks and balances for the CDC. Kinnan Stockton said for the record that he does not feel that there has been any impropriety with the finances and said this is only for any future event that could have been possibly prevented. Kinnan Stockton also stated that he feels the CDC has fiduciary liability if anything ever were to happen. Randy Collins said that he has mixed emotions regarding hiring a CPA. Wesley Lange also stated he has mixed emotions as well. Larry Russell

suggested hiring Mrs. Hundl for three months and then the CDC can decide whether they would need her after that point. Larry Russell suggested using Ms. Hundl to help the CDC with the financials and to get them back on track. Chandra Spenrath noted that the financials are not off track and it is only a matter of CDC staff not having the expertise of a CPA and that if there was an issue the auditor would have brought it up in the audit. Chandra Spenrath said this is just a matter of having another checks and balances for the auditor. Kinnan Stockton asked if it would be possible for Mindi Snyder or Courtney Sladek to sign off on the financials. Courtney Sladek said she cannot speak on behalf of Mindi Snyder or the City regarding whether they can or if there is a fee associated. Randy Collins asked if having Mindi Snyder or Courtney Sladek signing off on the financials would be a conflict of interest. Randy Collins suggested speaking with the auditor again regarding this issue. Kinnan Stockton suggested tabling any action and instead to speak with Mr. Steve VanMannon with Harrison, Waldrop, and Uherek, L.L.P to get the official auditor's opinion of what options the CDC has in order to get the material weakness wording changed in the audit and to report back next month with their opinion.

MOTION was made to table the discussion of Financial Expertise/Hiring Consultant by Larry Russell and Seconded by Randy Collins. The MOTION passed unanimously.

8. Review and discuss the Investment Policy of the City Development Corporation, take any necessary action.

*This item was intentionally skipped due to allowing Pat Krpec to present his update on Project Diamond/EC Little League.

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

Pat Krpec said that the dirt work has begun on the field and that construction should be started around May 1, 2013. Pat Krpec said he has to get the financial paperwork in order with Mr. Mobley and the Mobley family and Pat has to work with El Campo High School to get their paperwork in order as well. Pat Krpec said that the fundraising campaign meeting will be happening this week and they are looking forward to mailing out brochures and having the campaign. Pat Krpec said that pictures will be taken every few days of the ball field and of the construction for a portfolio that they will be putting together. Pat Krpec said that there will be stories put in the newspaper as well as pictures and answering some of the public's questions regarding the field. Randy Collins asked when the regular season starts. Pat Krpec replied that the season starts April 1. Randy Collins asked when the Little League BBQ will be held. Pat Krpec said the BBQ is April 7, 2013. Kinnan Stockton said that First State Bank of Louise on the El Campo Loop can sell BBQ tickets at their location.

10. Item #8. Review and discuss the Investment Policy of the City Development Corporation, take any necessary action.

Discussion took place regarding the CD investments. Kinnan Stockton discussed the possibility of the placement of money in CDARS. Wesley Lange suggested that when receiving any CD rates and terms, to get them on the bank's letterhead in order to have an official record. Kinnan Stockton referred this item to the investment committee and once a plan is in place, then the signatories can sign what is necessary. Wesley Lange asked if this can be done by the next board meeting. Chandra Spenrath indicated that this can be done by the next meeting. Kinnan Stockton mentioned that the yield will not be as high

with putting these monies into new accounts. Randy Collins stated that he felt the tax money would be better protected by splitting it up into multiple entities. Chandra Spenrath said that the monies are currently collateralized and the CDC is following the state law regarding the monies. Kinnan Stockton suggested for the investment committee to meet and bring a proposal of where and how much regarding the CDC monies to the next board meeting for review and discussion.

MOTION to approve the Investment Policy as presented was made by Wesley Lange and Seconded by David Allgayer. The MOTION passed unanimously.

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

Chandra Spenrath discussed the waiting list of businesses that would like to participate in the current Revitalization Campaign.

MOTION to move the remaining dollar balance from the FY 2012-2013 Budget Future Qualifying Projects line to the Revitalization Campaign line was made by Wesley Lange and Seconded by Larry Russell. Randy Collins asked if there was a need to move the whole balance or is there a need to leave some monies in the Future Qualifying Projects line. Discussion took place as to whether this was necessary or not. The MOTION passed unanimously.

12. General Marketing, discuss and take any necessary action.

- A. Website
- B. Billboards
- C. Print Media
- D. Community Video

Kinnan Stockton discussed a community video that was brought to Chandra Spenrath and Mindi Snyder's attention. Chandra Spenrath said there was discussion last year regarding a community video to use on the website and as a community promotion. The board watched an example of the community video. Chandra Spenrath noted the fee for this community video would be \$24,000 and we would own the rights of the video. Randy Collins noted that there are groups you can hire for around \$10,000 to make a community video. Chandra Spenrath said when they were researching, there were other groups that can video but that the cost was much more, they did not have the higher level of expertise, and the CDC would not own the rights to the video. Kinnan Stockton said he is not opposed to the video and he believes it can help promote El Campo. Kinnan Stockton asked Randy Collins and Larry Russell to be on the marketing committee and to meet with Chandra regarding the community video.

Chandra Spenrath discussed the billboard with KEM and presented the billboard artwork for review. Randy Collins said he liked the billboard and to include the CDC website and phone number on it as well. Wesley Lange and Larry Russell also expressed their liking the artwork as well. Chandra Spenrath discussed the other two billboard signs as well. Wesley Lange suggested only doing the billboard by KEM and then seeing from there. Kinnan Stockton said to do the one billboard by KEM and see what the public response is and then go from there.

13. Kinnan Stockton adjourned the meeting at 4:22 PM