

**MINUTES OF THE MEETING OF THE
BOARD OF DIRECTORS OF THE
BORGER ECONOMIC DEVELOPMENT CORPORATION
A TEXAS INDUSTRIAL DEVELOPMENT CORPORATION**

Time and Place

The following are the minutes of the Board of Directors of the BORGER ECONOMIC DEVELOPMENT CORPORATION, a Texas industrial development corporation organized under Section 4A of the Development Corporation Act of 1979, 300 West 6th St., Borger, Texas on July 13, 2010 at said meeting having been held on the call of the incorporators.

1. Present at the meeting were, HARVEY HATHAWAY, HARVEY HILBERT, ROBERTA MONDEN, LEON ROBERTS and NORM SARGENT as the persons named as Directors of the Corporation.

Also present were:

Dan Redd, CEO Borger EDC
Emily Sargent, Borger EDC
Jud Price, Farm Bureau Insurance
Mike Scales, Scales Business Services
Rusty Berry, Borger News Herald
Clay Ballman, Attorney

Harvey Hathaway called the meeting to order at 12:01 P. M.

Approve Minutes of June Meeting / Dan Redd

2. The minutes of the meeting of the Board of Directors held on June 8, 2009 were submitted to those present. Dan Redd told the Board that on page three of their minutes at the end of the third sentence on the top of the page the name should have been Brady Ames and not Mike Brady. Dan told the Board that it had been corrected and the corrected copy was waiting to be signed. Harvey Hathaway asked when the report on the audit would be ready and Dan told him that Gary Brown would like to meet with the board on July 29th, Gary has said the meeting should not take over approximately 30 minutes,

The motion was made by Roberta Monden to approve the minutes. The motion was seconded by Norm Sargent and carried unanimously.

Financial Statements for June / Dan Redd

3. Dan Redd told the Board of Directors that the bond to cover the CD at Happy State Bank had been received and was in the fireproof file cabinet, filed with the copy of the CD.

As of today, July 13th, there is \$123,226.18 in the Operating Account, Petty Cash has \$298.46, Money Market has \$107,802.97 and it earned \$.64 interest, TexPool has \$157,207.95. TexPool earned \$28.59 interest. The total in all three accounts is \$388,237.10.26. Sales Tax for the month of June was \$86,746.43 an increase of 22.79 percent. The total in the three accounts is \$388,237.10. Harvey Hathaway told the board that the sales tax for the month of June was the highest amount paid in the past seven years. Borger City Manager, Eddie Edwards, told the board that next month's check will be less than \$60,000.00; this will be the sales tax for the month of April.

The Wells Fargo CD total is \$201,939.44 there are two CD's at First National Bank, the first one has \$176,508.10 in it and the second one has \$102,646.20. Happy State Bank CD is \$300,394.93; these accounts total 781,488.67. On the Balance Sheet there was \$80,897.30 listed in an A/R Sales Tax account, this amount was caught by Emily Sargent as having the wrong accounting code on it, she has already corrected the code and the amount came off the balance sheet.

The motion was made by Norm Sargent to approve the minutes. The motion was seconded by Roberta Monden and carried unanimously.

Projects Update / Dan Redd

4. **Blue Creek Mercantile** - Dan Redd told the board that Steve Lesly of Blue Creek Mercantile told him that he was approached about buying the equipment to do the fire starters here. He has received approval from Happy State Bank and all he has to do is go by the bank and sign papers to borrow the money. Steve has said the equipment should already have been purchased and he needs to be up and running so he can produce product for the upcoming Christmas season.

Norm Sargent asked what the amount of the loan is that Steve is getting from Happy State Bank and Dan told him about \$130,000 or \$140,000; Leon Roberts asked if there was a possibility of a lawsuit over Steve moving the fire starters to Borger. Dan said he didn't think there was a possibility of that happening.

Morgan Metal Finishing - Insurance is now with Duncan Fraser Bridges, they will insure the building for \$6,276.00 per year. The cost of the insurance is half what Upshaw wanted, they would charge us \$13,000 per year. Originally Upshaw told Dan it would cost \$27,000 a year and then came down to the \$13,000.

2008 - 2009 Audit - Dan spoke with Gary Brown of Brown, Graham and Company on June 12th, Gary assured him that the audit is nearly ready and would like to meet with the board on July 29th. This meeting will take place at 7:30 and should only take about 30 minutes. Harvey Hathaway said if he needed to be at the meeting for Dan to just let him know.

Hutchinson County Airport - Bid opening for the airport was held and it was over \$1.5 million dollars, way higher than expected. Originally it was supposed to cost about \$600,000 but had exceeded this cost and this project would go out for bids again.

Norm Sargent asked what these delays were doing and Dan told him it always pushes back construction approximately 60 days or more. It appears it will be after the first of 2011 before they even break ground.

Annual Meeting - Instead of being held on August 10th, since Dan will be out of town he asked about holding it on Thursday August 12th. After the new members are installed Dan would like for them to help him work on a new budget and also the Strategic Plan.

Wilhoit Properties - Paul Holden with Wilhoit Properties spoke with Dan on July 12th and told him that Wilhoit will not need the \$160,000 loan from the Borger EDC. He said they had received their financing from other sources and did not need the EDC's money; he also told Dan they would be breaking ground in December and start work immediately after that.

Bank Signature Card / Bank Statements

5. Harvey Hathaway told the board members that the new members would be sworn in towards the end of the meeting so he and Harvey Hilbert could finish up the rest of the meeting.

Emily Sargent had gone to the bank and gotten new signature cards for each member to sign. Dan told the board that everyone had to resign their signature cards. She will return these cards to the bank along with a copy of the minutes on July 14th.

All Borger Economic Development Board Members, Norm Sargent, Leon Roberts, Roberta Monden, Jud Price and Mike Scales have the ability to sign checks. All Borger EDC checks require two signatures.

Harvey Hathaway asked the board to express their thoughts on putting the bank statements in the board packets. Dan Redd told the board that the auditors had expressed a desire to see these statements in the board packets. He told the board that Beverly Benton with the Borger Chamber of

Commerce had been told the same thing as they also use Brown, Graham and Company as their auditors. She said the Chamber's board had voted not to put them in their packets as they are available to any of their board members at anytime to be seen in their office.

Emily Sargent had included the statements to all bank accounts in the July board packets, she had blacked out the account numbers before placing them in the packet.

Dan Redd told the board that all bank statements are filed here in the office and any board member that wants to see them are welcome to come in and ask for them anytime they would like to see them. He just preferred that they not be included in the board packets.

Leon Roberts said that he understood what the auditors were asking and he didn't think that it matters if they are or are not in the board packets. He told the board that he serves on some other boards and they are included in their financials, so they can see that what is on paper is actually in the bank.

Harvey Hilbert said they had not been in the board packets in the past and he did not see the reason for them to be included at this point in time, as long as they are always open for anyone to come into the office to view them.

Roberta Monden said she did not have a problem with leaving the statements out of the board packets. She said that is what a yearly audit is for and they check all that to make sure the statements match the balance sheets. After all she said our account numbers and routing numbers are on the bottom of our checks anyway.

Norm Sargent said he was neutral in this as the bank already knows who can access the Borger EDC accounts. He said by the statements being in the book if someone with a criminal mind should gain access to them and a computer then fraud could be committed.

Norm Sargent made the motion to leave the bank statements out of the board packets with the understanding that board members are entitled to come look at the bank statements at anytime. The motion was seconded by Roberta Monden and carried unanimously.

Executive Session / Harvey Hathaway

6. The board entered into Executive Session at 12:34 p.m.

Executive Session – Pursuant of Vernon's Texas Codes Annotated, Government Code, Title Chapter 552, Section 551.071 (legal), Section 551.072 (property), Section 551.074 (personnel), Section 551.086 (negotiations) the Board will enter into closed or executive session to discuss the following:

- A. Discuss purchase of FPC building
- B. Update from Clay Ballman on meeting with Sglass attorney's

Return to Open Session / Harvey Hathaway

7. Returned to Open Session at 2:30 p.m. No action was taken during the Executive Session.
8. **Frank Phillips College** - Norm Sargent made the motion to purchase the Frank Phillips College building, pay in three payments of \$141,000.00, \$117,000.00 and \$117,000.00 with the stipulation of getting an appraisal to make sure the purchase price does not exceed the appraisal within the next 30 days. The price of the building will be the lesser of \$375,000 or the appraised value of the building. The motion was seconded by Roberta Monden and carried unanimously.
9. **Sglass** - Norm Sargent made the motion to authorize attorney Clay Ballman to send out special warranty deeds to Madison Scott and Quit Claim Deeds to the other clients. They will be given 30 days to sign them and return them to Clay Ballman, if these are not received then a lawsuit will be filed against all the clients. The motion was seconded by Leon Roberts and carried unanimously.

Swear in New Board Members / Stella Sauls

10. Stella Sauls swore in Jud Price and Mike Scales as the newest board members of the Borger Economic Development Corporation.

Election of Officers - Leon Roberts nominated Norm Sargent for President. The motion was seconded by Roberta Monden and carried unanimously.

Norm Sargent nominated Leon Roberts for Vice President. The motion was seconded by Roberta Monden and carried unanimously.

Budget Committee - Roberta Monden and Mike Scales were nominated to the Budget Committee by Roberta Monden. The motion was seconded by Leon Roberts and carried unanimously.

Adjourn

11. Leon Roberts made the motion to adjourn the meeting. Norm Sargent seconded the motion; and it carried unanimously. Adjourned at 2:40 P. M.

President: _____
Harvey Hathaway

Secretary: _____
Roberta Monden