

**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 29, 2010 at said meeting having been held on the call of the incorporators.

1. Present at the meeting were, NORM SARGENT, ROBERTA MONDEN, LEON ROBERTS, MIKE SCALES and JUD PRICE as the persons named as Directors of the Corporation.

Also present were:

Dan Redd, CEO Borger EDC
Emily Sargent, Borger EDC
Gary Brown, Graham Brown & Company
Eddie Edwards, City of Borger

Norm Sargent called the meeting to order at 7:36 A. M.

Audit Report / Gary Brown

2. Gary Brown thanked the members of the Borger EDC board for choosing Brown Graham & Company to do the 2008-2009 audit. He started with basic financial statement, this is the Independent Auditor's Report. This is a statement of revenues, expenses, and all changes in net assets and cash flows for the auditing year.

He told the board that an audit includes examining, on a test basis, evidence concerning the amounts and disclosures in the financial statements. On the Managements and Discussion Analysis the things that were noted were:

- The assets of the Borger EDC exceeded its liabilities by \$1,613,661 (net assets)
- Assets from the prior year decreased \$1,512,637 this being the result of selling the Morley Theatre.
- Prior year liabilities decreased \$100,440 due to the \$100,000 payment to Chevron Phillips Rytton Plant.
- Due to the sale of the Morley Theatre net assets decreased \$1,412,197
- Sales tax revenues decreased by \$66,864 from the prior year
- Extraordinary loss on the sale of the Morley Theatre resulted in \$1,673,399 on the statement of revenue, expenses, and changes in net assets.

The complete auditor's report is on file in the Borger EDC office and can be viewed at anytime.

Gary brought with him a list of Adjusting Journal Entries that will be entered in Quick Books by Emily Sargent

Norm Sargent told Gary that the Borger EDC does not have a "Legal and Contractual Provisions Governing Deposits and Investments" policy in place. Gary told the board that he would recommend developing some kind of formalized policy and that may require reworking the By-Laws of the EDC. Norm asked if Gary thought it significant enough to have a policy in place?

Dan Redd told Gary and the board members that at the next board meeting he would put an item on the agenda to adopt an investment policy.

Gary Brown made several recommendations for segregation of duties at the Borger EDC board to consider:

- Dan Redd pick up the mail, open it and review it before giving it to Emily. Dan should have a stamp so he can sign off on the mail showing he has seen it.
- Bank statements should be opened by Dan and reviewed, by doing this he can look for irregularities and other errors. Copies of bank statements should also go to the board treasurer for review.
- After preparing checks they should go to Dan Redd for approval before they are signed by two board members

Norm Sargent asked if there was an accounting question does Emily have the right to call Gary's office for help with a Quick Books problem. Gary told him that his office was willing to help her with questions.

Dan asked at what point does Emily need to start getting files together for the 2009-2010 audit. Gary assured Dan that he will send her an email when they are ready to start. He said that probably December or January would be the next audit.

The motion was made by Roberta Monden to approve the audit. The motion was seconded by Leon Roberts and carried unanimously.

3. The motion was made by Leon Roberts to adjourn. The motion was seconded by Roberta Monden and carried unanimously.

Adjourned at 8:20 A. M.

President: _____
Norm Sargent

Secretary: _____
Roberta Monden