

**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, 1111 Penn St., Borger, Texas on October 09, 2018 at 11:30 a.m., said meeting having been held on the call of the incorporators.

Present at the meeting were MICHELLE GRIFFIN, LISA A. JONES, SCOTT MILLS, JESSE SHUFFIELD and NORMAN SARGENT as Directors of the Corporation.

Also present were:

Katie Lingor, Executive Director, Borger EDC
Sue Headlee, Office Manager, Borger EDC
J. R. Pena, Holy Smoke BBQ
Janet Fleming, Fleming Furniture & Appliance
Greg Fleming, Fleming Furniture & Appliance

President Michelle Griffin called the meeting to order at 12:00 p.m.

1. Michelle Griffin confirmed the presence of a quorum.
2. **Consider and take appropriate action on the approval of the Minutes of the September 11, 2018 regular meeting.**

Lisa Jones made the motion to approve the Minutes of the September 11, 2018 regular meeting. Following a second by Norman Sargent, motion carried.

3. **Consider and take appropriate action on September 2018 Financials and Expenditures.**

Following review and discussion of the financials, Norman Sargent made the motion to approve the September 2018 Financials and Expenditures. Jesse Shuffield seconded the motion. Motion carried.

4. **Comments from Executive Director on fiscal year-end financials.**

Executive Director Katie Lingor reported the 2017-2018 year-end financials as they are currently, and a few items she was working on with Lani Hall of CMMS to adjust. Katie Lingor said following discussion with the auditors, she planned to present the year-end financials to the Board at the next meeting.

5. **Presentation of proposed amendment to the SBIP Agreement with Jimmy Gowdy of 3D Enterprise dba Bulldog Storage to increase scope of façade improvement project.**

Katie Lingor presented a request by Jimmy Gowdy to the Board for additional funds to update the garage door on the Bulldog Storage metal building located on Main St. The cost is \$6,819.75 which includes all necessary labor, materials and equipment necessary to do the job. Mr. Gowdy is requesting a 50% reimbursement grant from the BEDC through the Small Business Incentive Program. The Board asked for clarification on the new SBIP guidelines for passive income businesses. Following discussion, the Board agreed that an exterior door replacement was considered a façade improvement.

6. **Presentation of the SBIP application by Janet Fleming of Fleming Furniture & Appliances.**

Janet Fleming of Fleming Furniture & Appliances presented a request for funds to replace a window in the show room and update lighting to continue to beautify Borger and also attract business to the store. Total cost is estimated at \$1468.55.

7. **Presentation of the SBIP application by J R Pena of Holy Smoke BBQ.**

J R Pena presented a request for funds for façade improvements, structural upgrades and interior improvements for Holy Smoke BBQ. Total cost is estimated to be \$44,700. This includes labor costs of \$24,700.

8. **Presentation of request by Panhandle Maintenance, LLC for new financing arrangement, including early loan payoff of fixed note held by Borger EDC and proposed new line of credit with a bank, guaranteed by Borger EDC.**

Executive Director Katie Lingor presented to the Board a request from Panhandle Maintenance for a new financing arrangement. Panhandle Maintenance would like to pay off the fixed note with BEDC early in exchange for the BEDC guarantying a new line of credit for 12 months at prime + 2.0% for \$150,000 with Aim Bank. Currently, the fixed note has a balance of about \$124,000 and a maturity date of November 1, 2021. The BEDC would be receiving a full payoff

on this note approximately 48 months in advance of its due date. The BEDC would also be required to release all collateral, including equipment, vehicles, inventory and supplies to the new bank. The Board asked if Aim Bank would be flexible on terms and Katie said she believed they would be open to a counter offer.

9. **Executive Session**

Pursuant to Vernon's Texas Code Annotated Government Code, Title Chapter 551, Section 551.087 (deliberation regarding economic development negotiations), and Chapter 551, Section 551.071 (pending or contemplated litigation), the Board entered into closed Executive Session at 12:50 p.m. to discuss the following:

- A. Deliberate on the SBIP application submitted by 3D Enterprise dba Bulldog Storage.
- B. Deliberate on the SBIP application submitted by Fleming Furniture & Appliances.
- C. Deliberate on the SBIP application submitted by Holy Smoke BBQ.
- D. Deliberate on the request made by Panhandle Maintenance, LLC for new financing arrangement, including early loan payoff and proposed new line of credit with a bank, guaranteed by Borger EDC.
- E. Consultation with attorney regarding on-going litigation with Blue Creek Mercantile, LLC.

No action was taken during Executive Session.

10. **Board returned to Open session at 1:37 p.m.**

11. **Take appropriate action on the SBIP application submitted by 3D Enterprise dba Bulldog Storage.**

Jesse Shuffield made the motion to approve the SBIP application submitted by 3D Enterprise dba Bulldog Storage. Lisa Jones seconded the motion. Motion carried.

12. **Take appropriate action on the SBIP application submitted by Fleming Furniture & Appliances.**

Norman Sargent made the motion to approve the SBIP application submitted by Fleming Furniture & Appliances. Jesse Shuffield seconded the motion. Motion carried.

13. **Take appropriate action on the SBIP application submitted by Holy Smoke BBQ.**

Lisa Jones made the motion to approve the application submitted Holy Smoke BBQ with the BEDC calculating reimbursement on actual cost of materials and labor costs paid to third parties. No payments made to Penaco Builders Inc., J R Pena personally, or any other parties or companies related to the business by ownership will qualify for reimbursement. Norman Sargent seconded the motion. Motion carried. Michelle Griffin abstained from the vote.

14. **Take appropriate action on the request by Panhandle Maintenance, LLC for new financing arrangement, including early loan payoff of fixed note held by Borger EDC and proposed new line of credit with a bank, guaranteed by Borger EDC.**

Norman Sargent made the motion to approve a new financing arrangement for Panhandle Maintenance, LLC with Aim Bank in Pampa based on the following conditions:

1. Borger EDC will guaranty a maximum of \$125,000 for 12 months on a new line of credit with Aim Bank. Norm noted that this is the approximate balance of the current fixed note due to the Borger EDC.
2. Aim Bank must agree to allow Borger EDC to have second lienholder position on all accounts receivable, equipment, vehicles, inventory, and supplies.
3. In the event the line of credit is called due, Aim Bank must agree to exhaust all collateral before the BEDC's guaranty becomes effective for any deficit.
4. The BEDC will require proof of an M & M Lien filed on Panhandle Maintenance's largest past due customer in the amount of approximately \$300,000, prior to signing the guaranty.
5. Panhandle Maintenance, LLC must pay for attorney's fees to complete the documentation on the agreement.

Motion was seconded by Lisa Jones. Motion carried.

15. **Take appropriate action on items related to the on-going litigation with Blue Creek Mercantile, LLC.**

Norman Sargent made the motion to reject Brady Ames' offer of \$5,000 as

settlement of debt owed by Blue Creek Mercantile, LLC and personally guaranteed by Ames. BEDC will settle with Brady Ames for \$50,000 with a \$5,000 down payment and a 72 month note, with an Agreed Judgment and interest on the full balance forgiven. Motion was seconded by Jesse Shuffield. Motion carried. Lisa Jones abstained from voting.

16. **Report from Executive Director on the Skills for Small Business program education & training, including FPC's Social Media 101 & Basic Digital Marketing class.**

Executive Director Katie Lingor reported that the Social Media 101 & Basic Digital Marketing class will be from October 19 through November 09 from 1:00 p.m. to 4:00 p.m. To-date 18 businesses have signed up for the class, with 6 applying for the Skills for Small Business Program grant. The grant money can also be used to pay for other courses, such as CDL training and Quickbooks training. Borger EDC has acted as a connector between the TWC and FPC to encourage small businesses to take advantage of the training and education offered by FPC and grant money available through the Skills for Small Business Fund. Norman Sargent requested to have the purchase of a truck and trailer to donate to FPC on a future agenda so that FPC can conduct CDL training and testing with the DPS locally. Jesse Shuffield said he will ask around Xcel Energy to see if he can find a possible adjunct teacher for the CDL classes through FPC.

17. **Consider and take appropriate action on the Borger EDC Annual Report for the 2017-2018 fiscal year.**

Executive Director Katie Lingor presented the Board with a detailed annual report for the 2017-2018 fiscal year. This included Borger EDC Vision Statement, Mission Statement, projects funded during the fiscal year, sales tax allocation comparisons with previous years, report on Leading EDG consulting, community activity on Main Street, BEDC internal items of organizational importance and the BEDC's new LOGO. Scott Mills made the motion to accept the Borger EDC Annual Report for the 2017-2018 fiscal year. Following a second by Lisa Jones, motion carried.

18. **Consider and take appropriate action on property & casualty insurance renewal.**

Lisa Jones made the motion to renew property insurance on 1111 Penn St. with INSURICA and asked for Katie to get bids and select a general liability policy less than the suggested premises insurance. Norman Sargent seconded the motion. Motion carried.

19. **Adjourn**

Motion to adjourn was made at 2:23 p.m. by Jesse Shuffield. Motion was seconded by Norman Sargent. Motion carried.

President _____
Michelle Griffin

Secretary-Treasurer _____
Lisa A. Jones