

**MINUTES OF REGULAR MEETING  
STAFFORD ECONOMIC DEVELOPMENT CORPORATION, TEXAS  
TUESDAY, FEBRUARY 22, 2022**

On February 22, 2022, at 7:00 p.m., the Stafford Economic Development Corporation, Texas met in regular session in the City Council Chamber in said City.

1. Call meeting to order; roll call of Board of Directors.  
President Guerra called the meeting to order. The following Board members were present: President Wen Guerra; Vice President Ken Mathew; Directors Gwen Goodwin, Randy Krahn, Damon Leonetti, Joe Rome, and Lawrence Vaccaro. The following were present: Captain Patrick Herman, Police Department; Alka Shah, Finance Director; Bob Jones, City Engineer; Patrick Simmons, CPA, Whitley Penn, LLP; Bryan Blaum, President, FM Squared; David W. Olson, Attorney, Olson & Olson, LLP.

2. Pledge of Allegiance.  
Director Leonetti led the Pledge of Allegiance.

Announcements:

President Guerra asked for prayers for the soldiers who protect this country and who were deployed to Ukraine.

3. (a) Discussion and update on the License Plate Reader project.  
Captain Herman reported that the permit for the project has been approved. One form remains to be completed; and when done, the License Plate Readers will be installed.

(b) Public comments on Item (a).  
There were no public comments.

(c) Consideration of appropriate action on Item (a).  
No action was taken.

4. Discussion of financial matters of the Corporation, including:
  - (a) Presentation by Whitley Penn, LLP on the Audited Financial Statements.  
Mr. Simmons outlined the audit process: They look for any higher risk areas, test internal controls, confirm with third parties that cash is there, look for accruals that should be recorded and have not been. All these steps go into generating an opinion on the statements. Based on their audit, Whitley Penn has issued an unmodified or "clean" opinion.

SEDC's net position is a deficit of \$3.3 million. The Ending Fund Balance in the Total Governmental Funds (General Fund, Debt Service, and Capital Projects combined) is \$10,433,979 and is less than the Beginning Fund Balance, \$11,136,790, due to a decrease in revenues and an increase in expenditures.

The General Fund Sales Tax Revenue has increased steadily over the past few years. The current year experienced a 25 percent increase. Past years had a 3 to 4 percent increase. The Sales Tax Revenue went up to almost \$3.5 million.

In the past, the General Fund budgeted for and paid for Capital Projects. The Capital Projects Fund included the maintenance left over from previous completed Capital Projects Funds. That was backwards, but not technically against GAAP rules. Mr. Simmons explained the GAAP's recommendation and how the General Fund and Capital Projects Fund balances were adjusted and will be reported.

The Ending Fund Balance for all funds is \$10.4 million. The Debt Service Fund is restricted and has a balance of \$597,234. The Capital Projects Fund balance, \$1,975,026, is committed for capital projects. The General Fund Balance, \$7,861,719, is restricted for economic development.

Mr. Simmons stated that all the accounting policies were evaluated, and they were consistent with the standards. No material misstatements were discovered. There were no disagreements with management.

(b) Approval of a resolution of the Board of Directors of the Stafford Economic Development Corporation approving Amendment No. 1 to the Stafford Economic Development Corporation Budget for FY 2021-2022.

Ms. Shah presented Amendment No. 1 stating that it includes the audited Beginning Fund Balance and the carryover amount. The old statement format lists the General Fund, US 90A Fund, US 59 Fund, Convention Center/Performing Arts Theatre Fund, and Debt Service Fund. The new format only lists the General Fund, Debt Service Fund, and Capital Projects Fund. The Ending Fund Balance on either statement does not change.

Referring to the old format: In the General Fund, \$737,175 is a carryover in revenues not yet received from Fort Bend County. Also, \$2,715,165 in expenditures is carried over. The Beginning Fund Balance is \$6,235,853, and the Ending Fund Balance is \$6,723,801. In the CC/PAT Fund, \$3,828 in expenditures is carryover. The Beginning Fund Balance is \$2,528,021, and the Ending Fund Balance is \$2,099,393. There is no carryover in the US 90A Fund. The Beginning Fund Balance is \$609,387, and the Ending Fund Balance is \$123,457. There is no carryover in the Debt Service Fund. The Beginning Fund Balance is \$597,234, and the Ending Fund Balance is \$597,285. There is no carryover in the US 59 Fund. The Beginning Fund Balance is \$463,483, and the Ending Fund Balance is \$398,483.

On the new format: The last column only reflects the General Fund and Debt Service Fund. The CC/PAT Fund, US 90A Fund, and the US 59 Fund sections are blank. These three funds previously funded maintenance costs. Those costs have been moved to the General Fund. Projects that were funded by the

General Fund have been moved to the newly created Capital Projects Fund which has a Beginning Fund Balance of \$1,975,000 and Ending Fund Balance of \$0.00. For any approved projects in the future, funds from the General Fund will be transferred to the Capital Projects Fund and paid from the Capital Projects Fund - and could be multi-year. These funds are non-bond money. Previously, it was agreed to separate funds for capital projects from the General Fund.

The Ending Fund Balance on both the old and the new formats is \$9.9 million.

(c) Presentation of Finance Statements, investments, and other financial reports. Ms. Shah summarized the Finance Statements: The combined Fund Balance of the General Fund, CC/PAT, US 90A, Debt Service, and US 59 for FY 21-22 is \$11,522,860 compared to \$11,800,010 in FY 20-21. The Hotel Occupancy Tax for FY 21-22 is \$7,895,132 compared to \$7,845,295 in FY 20-21.

Ms. Shah reported on investments, including: No CD's were purchased; the Corporation's portfolio, including cash, is \$10,949,33; the interest earned was \$282; the sales tax collection increased every month; the Hotel Occupancy Tax almost doubled compared to last year; the Check Register shows that \$1,293,508.35 was spent in three months. She provided additional information regarding the Corporation's finances. The Check Register will be provided monthly from now on, and there are no changes to the format at this time.

(d) Public comments on Items (a-c).  
There were no public comments.

(e) Consideration of appropriate action on Items (a-c).  
Director Mathew made a motion to approve Amendment No. 1. Director Leonetti seconded the motion, and it passed 7-0.

Director Goodwin made a motion to approve the financial reports as presented. Director Mathew seconded the motion, and it passed 7-0.

5. Presentation and Discussion by Bob Jones, City Engineer, on the following:

(a) Murphy Road/FM1092 TxDOT project.

A few years ago, the City participated in a study of FM 1092 with HGAC and TxDOT. (The FM 1092 Corridor was considered a long-term project.) In that report, it was found that FM 1092, from US 59 to Highway 6, scored about twice as bad on safety than the average Texas highways. TxDOT has embarked on traffic safety improvements statewide and is looking at FM 1092. TxDOT submitted drafts, bid the project, and is moving forward on improvements. Mr. Jones displayed drawings which showed that the project includes minimizing the number of open crossings on Windsor by installing curbs. At West Airport northbound, the left turn lane will be longer. Between West Airport, Fountaingate, and Mula, curbs and medians will be added.

Director Krahn noted that the public needs to be reminded that this is TxDOT's project and not the City's, and that no City funds will be used.

(b) Proposed development of a drainage program as a project of the SEDC.

Mr. Jones identified a number of areas in the City that have drainage problems and how those might be resolved. The timeframe is not so important, whether it's over 3 years or 10 years. Mr. Jones would need time and between \$60,000 to \$100,000 to develop a plan and produce maps to present to SEDC.

Director Krahn has not seen the flooding in the areas mentioned but has seen the flooding on Cash Road. Mr. Jones said that there are improvements that could resolve the flooding issue there. Director Rome noted that Murphy Road floods right past the old Houston Fence. Mr. Jones thinks something could be done there too. President Guerra asked how old the storm sewers are in the FM 1092 Corridor. Mr. Jones responded that they probably went in during the 80's. With what has transpired on the properties since, larger sewers would be appropriate. President Guerra pointed out to the viewers that this project would be for commercial and industrial areas only and not for residential districts.

(c) Public comments on Items (a-b).

There were no public comments.

(d) Consideration of appropriate action on Items (a-b).

President Guerra made a motion to approve \$100,000 toward the development of a drainage program as a project of the SEDC. Director Rome seconded the motion, and it passed 7-0.

6. Matters relating to the Stafford Centre, including:

(a) Report by Bryan Blaum, President of FM Squared, on event schedules, marketing plans, operations, statements, and productions.

Mr. Blaum reported that December was a strong month, both in events and revenue. The Omicron variant knocked out several events that would have generated a nice revenue, but they were able to pick up additional events. He commented that the multi-purpose design of the building has proven to be a success. January's revenue exceeded the budgeted projection. They previously received \$856,000 in the Shuttered Venue Operators Grant Program. Congress is looking into another stimulus package for venues and operators. Mr. Blaum will keep the Board posted.

The major national dance competitions start in February and continue through April. This season is a major cash cow for the Centre and also generates economic impact throughout the City. He noted that a check in the amount of \$47,000 was received from one client for one weekend.

Mr. Blaum listed upcoming events.

Director Goodwin asked if the hotels could ask guests the purpose of their stay and report back. Mr. Blaum responded that they do get feedback from them. The Centre's staff sends surveys to every client, public and private. One question asks if they stayed in Stafford hotels and for how many nights. That's only as good as the people who respond. Privacy is a concern, and surveys are difficult to track.

Mr. Blaum credited Director Vaccaro for the Centre's success.

Work was done in-house to repair the pavers in the plant beds, and the plant beds have not dropped anymore.

(b) Public comments on Item (a).  
There were no public comments.

(c) Consideration of appropriate action on Item (a).  
Director Leonetti made a motion to pay the bills. Director Goodwin seconded the motion, and it passed 7-0.

7. (a) Approval of minutes for SEDC meeting of January 25, 2022.  
There were no corrections to the minutes.

(b) Public comments on Item (a).  
There were no public comments.

(c) Consideration of appropriate action on Item (a).  
Director Rome made a motion to approve the minutes of the meeting of January 25, 2022. Director Mathew seconded the motion, and it passed 7-0.

8. (a) Request for future agenda items from Board of Directors.  
There were no future agenda items.

(b) Public comments on Item (a).  
There were no public comments.

(c) Consideration of appropriate action on Item (a).  
No action was taken.

9. To hold an executive session as authorized by Chapter 551, Texas Government Code Section 551.071, consultation with attorney regarding pending or contemplated litigation on appropriate items on the agenda that fall within the attorney-client privilege relations; and Section 551.087 (2) to discuss or deliberate the offer of a financial or other incentive to a business prospect that the governmental body seeks to have locate, stay, or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiation.

There was no Executive Session.

10. Adjournment.

Director Rome made a motion to adjourn. Director Leonetti seconded the motion, and it passed 7-0.

The meeting adjourned at 9 p.m.

ATTEST:



Wen Guerra, President



Joe Rome, Secretary