



**DESOTO ECONOMIC DEVELOPMENT CORPORATION  
BOARD MEETING MINUTES  
DECEMBER 16, 2019**

The DeSoto Economic Development Corporation (DEDC) Board met at **9:00 a.m. on Monday, December 16, 2019** in the Council Conference Room located in City Hall at the DeSoto Town Center, 211 East Pleasant Run Road, DeSoto Texas 75115.

**Present:** Curtis Krohn, Board Vice President  
Bobby Waddle, Board Director  
Dr. Delva King, Board Director  
Paul Griffin, Jr., Board Director

**Staff Present:** Joe Newman — Chief Executive Officer  
Vanessa Barrios — Research and Business Development Manager  
Cynthia Noble — Administrative Assistant

**Also Present:** Tracy Cormier — Director of Finance, City of DeSoto  
Andre' Byrd, Sr. — Councilmember, City Council Liaison, City of DeSoto  
Kenneth Govan — Board Chairman-Elect, DeSoto Chamber of Commerce  
Kevin Laughlin — Attorney, Nichols, Jackson, Dillard, Hager & Smith, LLP  
Renee Johnson — Interim City Manager, City of DeSoto  
Mayor Curtistene McCowan — Mayor, City of DeSoto  
Terry Toomey — Executive Director, The Industry HUB  
Rick Keeler — Vice President, Options Real Estate  
James McGee — Owner, Peace, Love, & Eatz  
Isom Cameron — Deputy City Manager, City of DeSoto

**Absent:** Michelle Jordan, Board Secretary/Treasurer  
Melissa Adams — Accounting Manager, City of DeSoto  
Monte Anderson — Owner, Options Real Estate

**At 9:09 a.m., Board Vice President Curtis Krohn called the meeting to order and acknowledged the presence of a quorum.**

**A. REGULAR SESSION – CALL TO ORDER**

1. Invocation was given by Councilmember Andre' Byrd, Sr., City Council Liaison, City of DeSoto.

**B. CONSENT AGENDA**

1. Minutes and income and expenses:

- a. Consideration and approval of the November 30, 2019 DEDC Board Meeting Minutes and the December 9, 2019 Board Meeting Minutes.
- b. Consideration and approval of the November 30, 2019 income and expenses.

**Motion by Board Director Paul Griffin, Jr. to approve the consent agenda items as presented**  
**Motion seconded by Board Director Dr. Delva King. Motion approved by Board members Curtis Krohn, Paul Griffin, Jr., Bobby Waddle, and Dr. Delva King. Board Secretary/Treasurer Michelle Jordan was not present for the motion.**

### **C. REGULAR AGENDA - NEW BUSINESS**

1. Consideration and possible action to approve The Retail Coach consulting services fee in the amount of \$35,000. Presented by Aaron Farmer, President.

**Board Director Paul Griffin, Jr. motioned to authorize Joe Newman, Chief Executive Officer, to negotiate and execute the contract for The Retail Coach consulting services fee in the amount of \$35,000. Motion seconded by Board Director Dr. Delva King. Motion approved by Board members Bobby Waddle, Curtis Krohn, Paul Griffin, Jr., and Dr. Delva King. Board Secretary/Treasurer Michelle Jordan was not present for the motion.**

**Board Vice President Curtis Krohn skipped to item # 3 since the presenters for item # 2 had not arrived.**

2. A Brief Summary Presentation on the Forensic Audit by Nelson Forensic Advisory Services. Presentation by Alan Nelson, Managing Director, CPA, CFF and Bill Brown, Attorney, CPA.

- a. Mr. Bill Brown Attorney, CPA reported on the preliminary findings of the Forensic Audit and discussed the financial discoveries made regarding Murphy Cheatham, former CEO of DEDC, and Jeremiah Quarles, former CEO of DEDC. Mr. Brown discussed how it was his opinion both former CEOs were improperly paid for unapproved expenses in relation to the severance packages and bonuses received during the period of the alleged infractions. Mr. Brown reported the details of his findings regarding the expense amounts that he felt were unauthorized or unapproved expenses and unauthorized paid time off for both former CEO's. He also pointed out that the statute of limitations to recover many of these expenses may be past. Therefore, he suggested legal counsel be consulted to determine the cost versus the benefit before deciding on any litigation. He reported that currently the procedures for procurement are being followed by DEDC staff and Board members. Also, he pointed out that there have been changes to the DEDC procurement procedures and safeguards put into place all of which are being followed by the current administration.
- b. Mr. Alan Nelson, Managing Director, CPA, CFF reported that it is more difficult do the forensics when there is not a clean cut chain of custody of electronic device users at the time of separation to transfer from the previous employee to the new employee. He suggested a new procedure for separation for the electronic devices be put in place, because the information on that hard drive could be used in litigation in the future. He explained that without a procedure for this, all of the devices are cross contaminated between multiple users. He listed the devices he received from Joe Newman, CEO, as well as any back-ups from the IT department. He mentioned that what they tend to concentrate their search on is usually determined by the nature of what was driving the

concentrate their search on is usually determined by the nature of what was driving the audit. He said his search was to see if there are things that supported or corroborated what is suspected, what we already know, and/or uncover any new information we were not currently aware of. In response to Mayor McCowan's question, he reported that his forensic audit did show email communications between Jeremiah Quarles and his wife, Council member Candice Quarles, but none that related to the Quarles case. Mr. Brown said we did not find anything that we were not aware of or that was different from the police report with the exception that there were some violations of the policy regarding searching inappropriate subject matter.

- c. Mr. Nelson reiterated the importance of having a process for securing the hard drive in the future. In conclusion, he confirmed that so far there was not anything remarkable that stood out in his findings.
  - d. Lastly, Mr. Brown explained that there would be a complete report after they had time to look at all of the previous banking information that they will receive from the banking institution. He concluded that this is the final step in order to complete the audit.
3. City Council Liaison's update regarding city events, meetings, etc. by councilmember Andre' Byrd, Sr., City Council Liaison.
- a. Councilman Byrd gave the Board attendees a handout of the Capital Improvement Program (CIP) items in progress within DeSoto that the City of DeSoto has started for them to review. However, he reported that the countywide CIP projects that have been submitted like road improvements that Board Director Bobby Waddles referred to at a previous meeting, are not included in his handout. He explained that the Board will have an update of the CIP items that are submitted to the county in reference to road improvements and other infrastructure at the next Board meeting which will be presented by Crystal Owens, Director of Developmental Services. After Joe Newman, CEO, explained why he rescheduled Ms. Owens, Councilman Byrd mentioned that this handout will be great preparation for that future discussion with her. Mr. Newman said since Ms. Owens did such a great job explaining everything to the citizens at the DeSoto Citizen's group meeting, he felt she would be a great person to present an update to the Board of Directors as well.
4. Grow DeSoto Market Place Incubator Financial Status Report. Presentation by Monte Anderson, Options Real Estate. Since Monte Anderson was not present at the meeting Rick Keeler, Vice President, Options Real Estate presented instead.
- a. Rick Keeler reported comparatively rent is down this month, but Options Real Estate management stepped up collection efforts recently. He said most of the other expenses are the same as previous months. Joe Newman, CEO, DEDC, commented DEDC can better assess the cost and make adjustments to the budget for next year since the Grow DeSoto Market Place has been open for a year.
  - b. Mr. Keeler talked about the change to LED lighting which involved replacing the ballast to save cost in the long run. He gave examples of other local companies that reduced utility cost, because they were retrofitted. Mr. Newman recommended that DEDC and Options Real Estate share the cost for the upgraded lights by JBL Electric. Both Mr. Newman and Mr. Keeler agreed there will be a reduction in utility costs as management replaces the ballast.

- c. Mr. Keeler pointed out the cleaning contract with JPR Remodeling has five weeks of payments included in this month's report; therefore, it reflects a higher amount than the previous month.
  - d. Mr. Keeler said that the annual alarm monitoring and security contract with Fortress Security was renewed, so it is higher on this month's report.
- 5. The Industry HUB's Activity Summary Report for November 2019 presented by Terry Toomey, Executive Director of the Industry HUB.
  - a. Ms. Toomey reported that Shark Tank scouts showed an interest in considering holding one of their shows at the Grow DeSoto Market Place. Vanessa Barrios, Research and Business Development Manager, commented that members of the Shark Tank Diversity Tour approached them last week. Ms. Barrios mentioned this is their first time in Dallas, Texas, and she explained they are scouting and looking for locations to possibly hold a casting for the TV show Shark Tank. She noted it has not been confirmed yet. Both Ms. Toomey and Ms. Barrios emphasized it will be a huge opportunity worth millions in advertisement costs for our community, for the Incubator, and for our tenants.
  - b. Ms. Toomey reported that she was at a networking event in Tarrant County last week and met with the director of the University of North Texas (UNT) Veteran's Program. She explained they have a grant that will pay the rent for start-up veteran owned business. She said she wants to get the veteran owned businesses from this program into the Grow DeSoto Market Place, since it offers the specific kind of opportunity that the UNT Veteran's Program is looking for. She exclaimed it will be a huge opportunity for the veteran owned businesses as well as the Grow DeSoto Market Place to have new business that are not currently represented.
  - c. Ms. Toomey said she wants to formalize the process for the Grow DeSoto Market Place tenants. She explains the tenants are in the incubator to grow and expand their knowledge base. However, she emphasized they are not working on their business plans and marketing plans. She proposes that tenants meet with her every three months to do their business plans and review their financials which she noted is part of their lease agreement. In addition, she said she wants each tenant to meet with one of the members of the Board and her every six months. She believes it will help calibrate whether they are doing the things they need to grow. She explained to the Board that although it is in the lease agreement, it has not yet been formalized and enforced.
- 6. DeSoto Chamber of Commerce Update – Kenneth Govan, Board Chairman Elect, DeSoto Chamber of Commerce.
  - a. MEMBER SERVICES:
    - i. Member Networking are as follows:
    - ii. "Good Morning DeSoto" will be held on Tuesday, January 7, 2019 at 8:00 a.m. at South Toyota, 39660 Lyndon B. Johnson Freeway, Dallas, Texas, 75237.
    - iii. The Chamber will begin having a "Good Evening DeSoto" starting in February 2020.
  - b. The Ribbon-Cutting Ceremonies and Ground Breaking Ceremonies are as follows:
    - i. N/A
  - c. New Members are as follows:
    - i. HeyyHealer Holistic Health + Wellness is a new member.
    - ii. RPG Capital Management is a new member.

- d. Group Health Insurance is now available to the DeSoto Chamber of Commerce members.
    - i. We will be meeting with Liberty Mutual members and local businesses to offer this service as a member benefit.
    - ii. Benafix Solutions is now meeting with members and local businesses to offer this service as a member benefit.
  - e. ECONOMIC/ BUSINESS DEVELOPMENT/BREP/SHOP LOCAL:
    - i. On December 5, 2019 we had a follow up meeting with SEW Eurodrive and Cedar Valley College to discuss training partnership.
    - ii. Police Chief Joseph Costa came to SEW Eurodrive to tour the facility and discuss safety protocol. He discussed using SEW Eurodrive for SWAT training.
    - iii. SEW Eurodrive is interested in expanding their facility onto the additional property they have next to their current location.
    - iv. Best Southwest Partnership provided a Customer Service Initiative where Amad Goree, Lead Economic Development Specialist, Public Information Office, US Small Business Administration, put together a series entitled "To Do Loans for Small Businesses".
    - v. Also, in the month of April, Goldman Sachs will do a Small Business Symposium, to partner with us to provide opportunities for growth for our citizens and the Grow DeSoto Market Place.
  - f. COMMUNITY EVENTS (leading, assisting, or promoting):
    - i. We are attending "Pitch Mondays" for new business applicants to Grow DeSoto Market Place.
    - ii. We participated in the City of DeSoto's 47<sup>th</sup> Annual Holiday Parade.
    - iii. We hosted holiday "Jingle and Mingle" at Plains Capital Bank building. There was a successful toy drive there as well.
    - iv. There will be the State of the District on Thursday, January 23, 2020, and there will be the State of the City Wednesday, February 12, 2020.
  - g. TOURISM ACTIVITIES:
    - i. N/A
  - h. FUNDRAISING/ BUDGET:
    - i. We are continuing the current marketing campaign.
  - i. Site Visit Report by Kenneth Govan is as follows:
    - i. Mr. Govan submitted a monthly site visit report and discussed it during the meeting to the Board of Directors. He said he visited Thorntree Country Club, where he hopes we will make an investment to see it become a 5 star restaurant. He pointed out lights and façade improvements are greatly needed.
- 7. Financial Status Report.** Presentation by Melissa Adams, Accounting Manager, City of DeSoto. Since Melissa Adams was not present for the meeting, the Financial Status Report was given by Joe Newman, CEO, DEDC, in conjunction with Tracy Cormier, Director of Finance, City of DeSoto.
- a. Mr. Newman and Mr. Cormier explained the Financial Status Report which included: A General Fund Balance Sheet, Summary of Revenues and Expenditures, and Details of Revenues and Expenditures as of November 30, 2019.
  - b. Mr. Newman and Mr. Cormier reviewed with the Board of Directors the Balance Sheet, Summary of Revenue and Expenditures, Summary of Sales Tax Revenue, Summary of Expenses Year to Date, and Budgeted Expenses Year to Date and answered any questions they had regarding November's report.

8. Discussion and possible action to appoint an Audit Committee in preparation of the regular annual audit. The DEDC Board of Directors discussed and recommended that the audit committee consist of Board Director Dr. Delva King, and Board Secretary/Treasurer Michelle Jordan. Also, they discussed having each Board member bring to the Board an outside candidate that they would recommend for the Audit Committee in order to create a three person committee.

**Vice President Curtis Krohn tabled item #8 until the next DEDC Board meeting.**

9. Discussion and possible action to approve the grant for Cedar Valley Community College in the amount of \$50,000 to help facilitate a Commercial HVAC Training Program. **Board Director Paul Griffin motioned to table item # 9 until the next Board meeting in January so that the Cedar Valley College proposal representative Patricia Davis, Executive Director of Advancement, could present to the DEDC Board of Directors again. Motioned seconded by Board Director Bobby Waddle. Motion approved by Board members Bobby Waddle, Curtis Krohn, Paul Griffin, Jr., and Dr. Delva King. Board Secretary/Treasurer Michelle Jordan was not present for the motion.**

**Board Vice President Curt Krohn called for a five minute break at 11:48 a.m.; whereas afterwards the Board reconvened into Executive Session at 11:53 a.m.**

#### **D. EXECUTIVE SESSION**

**Texas Government Code, Section 551.087: Economic Development Deliberation.**

1. **Deliberation and Discussion regarding a 50/50 Façade Renovation Grant for James McGee, Owner, Peace Love & Eatz restaurant for an amount up to \$4,000.**
2. **Deliberation and Discussion Regarding the Economic Development Incentives for Project Methodist.**
3. **Deliberation and Discussion Regarding the Economic Development Incentives for Project Germany.**

**Board Vice President Curtis Krohn Reconvened into Open Session at 12:27 p.m.**

#### **E. RECONVENE INTO OPEN SESSION**

Discussion regarding James McGee, Peace Love and Eatz, regarding a wrap mobile trailer that Mr. McGee explained he wants to take to different events such as street fairs in L.A. California's Vegan Street Fair, Veggie Street fair in Dallas, Vegan-ale in Houston, and another event in Canada as well. Joe Newman explained that the board would approve the wrap if it will promote the Grow DeSoto Market Place. Mr. Newman said he wants to promote the City of DeSoto and the Grow DeSoto Market Place on the wrap. Board Director Paul Griffin suggested that the Board of Directors maintain the previously discussed approval amount of \$4000 for the wrap.

**F. ACTION AS A RESULT OF EXECUTIVE SESSION**

Board Director Dr. Delva King move to authorize the Executive Director, Joe Newman, CEO, to negotiate and execute an incentive agreement with James McGee and Morgan McGee in the amount up to \$4000.00 for advertising wrap subject to the general counsel determining the expense is an eligible project for Type A Economic Development Corporation. Motion seconded by Board Director Paul Griffin, Jr. Motion approved by Board members Bobby Waddle, Curtis Krohn, Paul Griffin, Jr., and Dr. Delva King. Board Secretary/Treasurer Michelle Jordan was not present for the motion.

**G. BRIEFING BY THE CHIEF EXECUTIVE OFFICER REGARDING THE STATUS OF PENDING DEDC PROJECTS**

1. Mr. Joe Newman discussed the McGraw building prospect with the Board of Directors. He said the company decided it was too much of a challenge in the DeSoto location, and they decided to move to another city.
2. Mr. Newman explained that he would do better job of keeping his presentation brief in the future for the Quarterly Update to the DeSoto City Council where he had to explain the good, the bad, and the ugly of economic development. He said he will do a better at presenting the DeSoto City Council's desire of the DEDC to focus more on retail; as a result, he decided to bring in the Retail Coach to assist.
3. Vice President Curtis Krohn and he attended the Grow DeSoto Market Place Tenant's Meeting without Terry Toomey, Executive Director, The Industry HUB, present. They opened the floor to the tenants so that they could speak freely. Vice President Curtis Krohn said surprisingly they received mostly positive feedback from the tenants regarding Ms. Toomey, and they were grateful for the opportunity they were given. Mr. Newman said the tenants had some concerns such as wanting DEDC to spend more money on marketing and other areas. But, he said the overall feeling was very positive for Ms. Toomey and what she has done for them.
4. Mr. Newman informed the Board that he authorized the payment for the luncheon with Cedar Valley College and SEW Eurodrive. He said that every Monday is "Pitch Day" there are four pitches today for the Grow DeSoto Market Place Incubator.
5. Mr. Newman reported the Cabinet Company whom the Board authorized a grant for with the 229,000 square feet space in the Industrial Park, was very impressed with how we handled everything. He said the owner was very appreciative. Mr. Newman explained that the Planning and Zoning Department assisted the DEDC with it due to the challenges with the zoning.
6. In addition, Mr. Newman announced that three Board Directors attended the "State of the State Luncheon with Governor Gregory Abbott".
7. Mr. Newman mentioned that the Economic Sales Tax Training Workshop that he is required to attend explains the law on "Open Meetings and Open Records". He said there is a new module on ethics this time, that he felt was interesting since they had practice case studies requiring you to think about what you would do in a particular situation. He said if anyone wants to attend again, it is beneficial because there may be significant changes. He announced that the DEDC Board members, attorneys and the CEOs are required to take the Open Meetings/Open Records part of the Sales Tax workshop at least once, but you can take the "Open Meetings/Open Records" part of the workshop online and receive a certificate at any time.
8. Furthermore, Mr. Newman said that sales tax is up 2.66 percent for the calendar year. He said that we did not meet the five percent goal that was given to him. He concluded that when citizens

ask him what they can do to help the DeSoto; he responds by telling them to shop locally. This will help the City of DeSoto and the DEDC the most.

9. Next, Mr. Newman discussed with the Board of Directors the preliminary calendar for next year's Board meeting dates.
10. Lastly, he informed them that the DEDC will have a booth at the International Council of Shopping Center's (ICSC) Red River States Conference in Fort Worth that will be in January.

#### **H. BOARD ANNOUNCEMENTS**

Councilmember Andre' Byrd, Jr. said tomorrow's DeSoto City Council meeting on Tuesday, December 17, 2019 at 7:00 p.m. will be a very interesting since one of the developers asked to attend. Vice President Curtis Krohn said he will be hosting as President of the DeSoto Citizen's Group the Kwanza Fest on Monday, December 30, 2019 at the Bluebonnet Room, at the Town Center, 211 E Pleasant Run Road, DeSoto Texas.

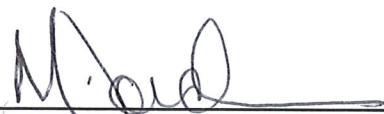
#### **I. ADJOURNMENT**

With no further business to discuss Board Vice President Curtis Krohn adjourned the meeting at 12:54 p.m.



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Curtis Krohn, Board Vice President



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Michelle Jordan, Board Secretary/Treasurer