

**Minutes**  
**Columbus Community and Industrial Development Corporation**  
**Board of Directors Meeting**

The Columbus Community & Industrial Development Corporation met in Regular session on Tuesday, **January 22, 2019** at 6:30 p.m., in the Council Chambers of City Hall located at 605 Spring Street, Columbus, Texas. The following CCIDC Members were present:

President	-	Bruce Tesch
Vice President	-	Andy Nunmaker
Treasurer	-	Ryan Thomas (Absent)
Secretary	-	Joel Usher (Absent)
Board Member	-	Larry Solansky
Board Member	-	Chuck Hall
Board Member	-	Dwain Dungen
City Manager	-	Donald Warschak
Assistant City Secretary	-	Dinah Jacobs

**1. Call to Order.**

President Bruce Tesch called the CCIDC meeting to order at 6:33 p.m.

**2. Pledge of Allegiance and Invocation.**

The Pledge of Allegiance and Invocation were led by President Bruce Tesch.

**MOVED TO ITEM 4**

**3. Discussion and Action, if necessary, regarding Acornseekers.**

Manuel Murga and Sergio Marsal were present to speak this evening.

President Tesch stated that he, Andy Nunmaker, City Manager Donald Warschak, and Assistant City Secretary, Dinah Jacobs had met with Acornseekers and their new investors on Wednesday, January 16, 2019. Tesch stated that the new investors had a good presentation, but we were still waiting on their application to be submitted. Tesch stated we'd be open-minded after the presentation, indicating we saw positives not seen before. Andy Nunmaker is still working on the investment items.

Nunmaker got up and spoke in regards to Acornseekers. Nunmaker stated that we'd met last week along with three representatives from the Spanish company. Nunmaker stated that he has always been a fan of Acornseekers; their product is outstanding; but without going through their entire history with the Board, they never completed the first application process and their financials were questionable. Nunmaker stated he has heard about problems with the farmers and had checked and found that there were problems. Having heard all this, Nunmaker stated that he went into the meeting not very impressed, but came away very impressed. The new investors hold 67% of Acornseekers. These new investors are the largest ham producer in Europe. Nunmaker stated he had done some investigating, and had been in contact with the CFO via email. Nunmaker told the Board, during the prior meeting, he had told the new investors that the Acornseekers name was tarnished and suggested to them that it would be in their best interest to do some public relations and damage control. Nunmaker stated he had met with some of the ranchers, and with new investors, they are cautiously optimistic.

The new investors, holding 67%, stated they would be installing a new CEO here in the States as well. Nunmaker pointed out this is their first venture in the US market and that is huge. Nunmaker stated during the prior meeting he had inquired if they needed the land as collateral to build their facility. The CFO stated at that time that if \$5-10million was needed, they would just "write a check" for it.

Nunmaker pointed out from their slide presentation they have regular and Iberico pigs. They have slaughtered 1.67 million, of which 225,000 were Iberico pigs. They have cured 6 million hams. They have 3200 employees. Their mission is to produce excellent pork according to the highest quality standards. They strive for excellence and want to do it first class. The new investors started their business in 1978 and have consistently grown. There will be no slaughtering here, only curing and

storing. It would be a "clean" business. Sergio Marsal stated he had sent a press release to Warschak, Tesch, and Jacobs (a proof), but it had not yet been sent to the media.

Nunmaker continued by pointing out they have 8 affiliate farms in Spain; 10,000 sows; with Columbus, Texas being the first in the US. Tesch stated the facilities look clean. Dungen questioned if they would be subject to inspections. Marsal replied with yes by USDA. Nunmaker then stated all of their trends are up. Nunmaker pointed out the time from processing to market is 36-40 months, which is pretty labor and capital intensive, which proves they have a lot in the game. They are growing in sales and in employees. Nunmaker questioned if they would have fresh meat sales. Marsal and Murga both indicated yes. Nunmaker went on to say that Acornseekers would be good for the Industrial Park, suggesting that the Board come in with an open mind and look at the new plans and application.

Marsal then spoke stating they had created Acornseekers from scratch. The pigs were flown in from Spain to New York, on to Flatonia and Eagle Lake. Marsal stated they were purely entrepreneurs and the project was very capital intensive. They started in 2013 and spent \$5 million. Marsal stated he was being transparent about their struggles, and that they were out of cash. They had put everything into the project, and last year was really tough. Big deals take longer than they wanted, but the new investors were here in October of 2018 and then again in December of 2018 to sign the deal.

Marsal continued stating that Incarlopsa realized what Acornseekers had, saw their struggles, and are trying to remediate all of the troubling situations. With Incarlopsa, they have reserves. They have the funds and are not looking for a bank. The investors had indicated they had met with BBVA in Houston, a Spanish based bank dealing with international investors. BBVA knows who they are dealing with, but Incarlopsa states they have the funds themselves and the knowledge. Incarlopsa and Acornseekers are willing to make win/win agreements Marsal said. Incarlopsa will be moving people here from Spain to grow and expand this project. Marsal stated this is good for him, for Murga and the community as well.

Marsal went on to say they want to build a state of the art facility and catch the attention of the American consumer. Marsal thanked them for their help. Marsal stated that Incarlopsa was not willing to do the application fast. They want to do it properly because they are serious and do not want to fail. Marsal stated this is taking longer than he personally would like but Incarlopsa wants it to be a good application. Marsal pointed out the building phases (1, 2, and 3) that show the curing facility growth, stating it was good for them, and the community. This one facility could cure 4.5 million hams. Incarlopsa has the knowledge, the funds, and the will, and Acornseekers has the 4000 Iberico pigs here in the US already.

Nunmaker asked about Spain no longer allowing Iberico pigs to be imported to the US. They are at the threshold. Marsal responded that what they did to get the Iberico pigs here was legal and certified when they brought them over to the US, but that no more can be imported. Marsal stated that they have 145 females and 5 "lucky" males. Larry Solansky asked if they would be allowed to bring sperm over from Spain in the future so that inbreeding does not occur. Marsal responded yes. Solansky also stated that Texas weather is very unpredictable, with a good acorn crop now, but what happens if there is a year with a scarce crop of acorns? Is there a likelihood of failure if there are no acorns? Solansky also inquired as to whether they had done a risk assessment. Marsal responded that they have a 2 year holding inventory. Solansky then questioned the Board about dealing with an international company? Tesch replied that they will be a US Corporation here – Lorham LLC, based out of Houston, Texas.

Dwain Dungen questioned if during their 4 plus years here, and with all of the ups and downs, have you cured any hams here? Marsal responded no because they have no facility here to do that. Solansky then asked if the facility would be climate controlled. Marsal responded with a yes. Nunmaker then asked about the inventory now. Marsal responded more than 4,000. Marsal also reported that they have 8 farms; 5 farms here, 2 in California, and 1 in Flatonia; slaughtering is done in the Brookshire area.

Tesch indicated there had been no discussion on land pricing since we are waiting to see their application. Tesch stated this is approximately a 4 month process. Special meetings may need to be called depending on where they are in the process. Dungen stated there only needs to be a 3 day notice to publish. Dungen also stated that it appeared the Board is comfortable with their plan, but we need to see their application.

Andy Nunmaker made a motion to move forward with Acornseekers and reviewing their application. Larry Solansky seconded the motion. The vote was as follows:

Ayes: Nunmaker, Solansky, Hall, Dungen, and Tesch  
Absent: Usher and Thomas

The motion passed.

**MOVED TO ITEM 8**

**4. Consent Agenda:**

- a) Approval of Invoices.
- b) Approval of December 2018 Financial Statements.
- c) Approval of regular meeting minutes for December 17, 2018.
- d) Approval of Annual Meeting Minutes for November 19, 2018.
- e) Approval of Quarterly Investment Report for the Quarter ended December 31, 2018.

Dwain Dungen made a motion to approve the consent agenda as presented. Andy Nunmaker seconded the motion. The vote was as follows:

Ayes: Nunmaker, Solansky, Hall, Dungen, and Tesch  
Absent: Usher and Thomas

The motion passed.

**5. Citizens' Presentations and Comments.**

Citizens spoke at their respective agenda item.

**6. City Manager's Report: Sales Tax.**

City Manager, Donald Warschak, gave the report on sales tax, stating that sales tax was down approximately \$4,000 compared to this time period last year. Sales tax portion for CCIDC was \$39,476.32 compared to \$43594.64 the same time last year. Both the county and the City of Eagle Lake saw decreases; the City of Weimar saw an increase. This reflects November collections he stated.

**MOVED TO ITEM 3**

**7. Discussion and Action, if necessary, regarding the appointment of a new ACC member(s).**

ACC members were previously comprised of the City Manager, Donald Warschak, Board President, Curtiss Schonenberg, and Board Member, DyAnn Lauzon. New members need to be appointed so there is a committee in place should the ACC be needed. President Tesch asked if there were any volunteers from the Board would be interested in serving on this committee. Andy Nunmaker volunteered.

Larry Solansky made a motion to appoint Board President Tesch, City Manager Warschak, and Andy Nunmaker as members of the ACC. Dwain Dungen seconded the motion. The vote was as follows:

Ayes: Nunmaker, Solansky, Hall, Dungen, and Tesch  
Absent: Usher and Thomas

The motion passed.

**MOVED TO ITEM 9**

**8. Discussion and Action to approve the engagement letter from Pattillo, Brown & Hill for the September 2018 financial audit.**

Dwain Dungen made a motion to approve the engagement letter from Pattillo, Brown & Hill for the September 2018 financial audit. Andy Nunmaker seconded the motion. The vote was as follows:

Ayes: Nunmaker, Solansky, Hall, Dungen, and Tesch  
Absent: Usher and Thomas

The motion passed.

**MOVED TO ITEM 7**

**9. Discussion and Action, if necessary, regarding any prospective companies interested in land at the Crossroads Business Park.**

President Tesch stated there had been some communication with Colorado Materials. They expect to be at the February meeting. Tesch also stated he had not heard of any other interested parties at this time.

**10. Executive Session: In accordance with Texas Government Code, Subchapter D, Section 551.071 consultations with attorney, Subchapter D, Section 551.072 deliberation regarding real property and Section 551.087 deliberation regarding economic development.**

This item was not needed.

**11. Reconvene into Regular Session and Consideration and Action, if any, regarding Executive Session, deliberations regarding real property and economic development.**

This item was not needed.

**12. Discussion of items to be placed on future agendas and announcements.<sup>2</sup>**

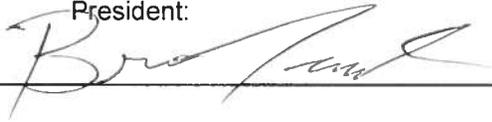
Bruce Tesch – Acornseekers

There were no other comments or suggestions of items for the next agenda.

**13. Adjournment.**

Bruce Tesch adjourned the meeting at 7:08 p.m.

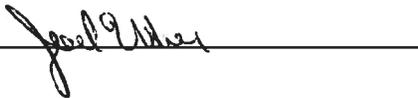
President:



A handwritten signature in black ink, appearing to read 'Bruce Tesch', written over a horizontal line.

Attest

Secretary:



A handwritten signature in black ink, appearing to read 'Joel Miller', written over a horizontal line.