



**NOTICE OF MEETING
OF THE COPPERAS COVE
ECONOMIC DEVELOPMENT CORPORATION**

Notice is hereby given that the **Regular Meeting** of the Copperas Cove Economic Development Corporation will be held on **July 24, 2019 at 12:00 p.m.** in the Technology Center at 508 S. 2nd Street, Copperas Cove, Texas 76522 at which time the following agenda will be discussed.

An agenda information packet is available for public inspection on the Copperas Cove Economic Development's website, www.copperascove-edc.com, under the "About CCEDC and Meetings and Agendas" tab.

A. CALL TO ORDER

B. INVOCATION AND PLEDGE OF ALLEGIANCE

C. ROLL CALL

D. ANNOUNCEMENTS

E. CITIZENS FORUM

At this time, citizens will be allowed to speak on any matter other than personnel matters, matters under litigation, or matters on the regular agenda, for a length of time not to exceed five minutes per person. Thirty minutes total has been allotted for this section.

F. CONSENT AGENDA

All matters listed under this item are considered to be routine by the EDC Board of Directors and will be enacted by one motion. There will not be separate discussion of these items. If discussion is desired, that item will be removed from the consent agenda and considered separately.

1. Consideration and action on approval of minutes for the Workshop Meeting held on June 25, 2019. **Brittany Sanders, Administrative Assistant, Copperas Cove Economic Development Corporation.**

2. Consideration and action on approval of minutes for the Regular Meeting held on June 26, 2019. **Brittany Sanders, Administrative Assistant, Copperas Cove Economic Development Corporation.**

G. PUBLIC HEARING

H. ACTION ITEMS

1. Consideration and action on authorizing the release of funds to the City of Copperas Cove for charges to the CCEDC for services rendered, as agreed upon, by various City employees for the month of June 2019. **Velia Key, Director of Financial Services**
2. Consideration and action on approving the unaudited financial report of the Copperas Cove Economic Development Corporation for the month of June 2019. **Velia Key, Director of Financial Services**
3. Consideration and action on authorizing the Executive Director to enter into an agreement with Weaver and Tidwell L.L.P. for the 2019 Fiscal Year audit. **Velia Key, Director of Financial Services**
4. Consideration and direction for posting and submission of applications for board position vacated by Marcie Lowery in June 2019. **Jonas Titas, Executive Director, Copperas Cove EDC.**

I. REPORTS FROM STAFF, OUTSIDE ENTITIES, ADVISORY COMMITTEES AND BOARDS

- Website Redevelopment Update- **Diane Drussell, Copperas Cove EDC**
- Narrows Standard Update-**Diane Drussell, Copperas Cove EDC**
- 2nd Street Building Update- **Diane Drussell, Copperas Cove EDC**

J. ITEMS FOR FUTURE AGENDAS

1. Discussion of date for future Budget Planning Workshop and Capital Projects Discussion. **Jonas Titas, Executive Director, Copperas Cove EDC.**

K. EXECUTIVE SESSION

Pursuant to §551.087 of the Texas Government Code, the Economic Development Corporation Board will meet in Executive Session for an update regarding the offer of a financial or other incentive to a business prospect referenced as **Project Coral**.

L. RECONVENE INTO OPEN SESSION FOR POSSIBLE ACTION RESULTING FROM ANY ITEM POSTED AND LEGALLY DISCUSSED IN EXECUTIVE SESSION.

M. ADJOURN

The Board of Directors reserves the right to adjourn into Executive Session at any time regarding any issue on this agenda for which it is legally permissible.

The Technology Building is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to the meeting. Please contact the City Secretary at [\(254\) 547-4221](tel:254-547-4221) or FAX [\(254\) 542-8927](tel:254-542-8927) for information or assistance.

I, the undersigned authority, do hereby certify that the above Notice of Meeting of the Governing Body of the Copperas Cove Economic Development Corporation was posted at **5:00 p.m. July 19, 2019**, inside the Display Case of the Copperas Cove Economic Development Corporation, 113 W. Avenue D, Copperas Cove, Texas, a place convenient and readily accessible to the general public at all times.

Brittany Sanders, Administrative Assistant
Copperas Cove EDC

Economic Development Corporation

F.1.

Meeting Date: July 24, 2019

Contact: Brittany Sanders, Administrative Assistant, Copperas Cove Economic Development Corp.

Subject:

Consideration and action on approval of minutes for the Regular Meeting held on June 25, 2019. **Brittany Sanders, Administrative Assistant, Copperas Cove Economic Development Corporation.**

Attachments:

June 25, 2019 Regular Meeting Minutes



COPPERAS COVE ECONOMIC DEVELOPMENT CORPORATION
Workshop Meeting Minutes of June 25, 2019
Minutes Order #2019-(06)-(25)

A. CALL TO ORDER

Chairman Adam Martin called the workshop meeting of the Copperas Cove Economic Development Corporation to order at 2:00 P.M.

B. ROLL CALL

Roll call led by Administrative Assistant, Brittany Sanders.

*Present: Adam Martin, Chairman
Joey Acfalle, Vice Chairman
Jeremy Tate, Secretary
Jay Jackson, Director*

*Others Present: Ryan Haverlah, Interim City Manager
Jonas Titas- Executive Director-EDC
Diane Drussell, Interim Director – EDC*

C. WORKSHOP ITEM

1. Facilitation and discussion on Strategic Planning for the Copperas Cove Economic Development Corporation.

Presented by Tony DeLisi, Vice President, Avalanche Consulting:

Jonas Titus, Executive Director of the Copperas Cove Economic Development Corporation, introduced Tony DeLisi of Avalanche Consulting. Mr. DeLisi lead the discussion regarding the role and main focus of economic development in a community. City Council and the EDC Board focused on several items to include job creation, vision and goals for economic development in Copperas Cove, quality of life enhancements, growth of the tax base and local economy, and developing and maintaining community partnerships.

D. ADJOURN

Chairman Adam Martin adjourned the meeting at 5:06 P.M.

ATTEST:

Brittany Sanders, Administrative Assistant

Jeremy Tate, Secretary

Economic Development Corporation

F.2.

Meeting Date: July 24, 2019

Contact: Brittany Sanders, Administrative Assistant, Copperas Cove Economic Development Corp.

Subject:

Consideration and action on approval of minutes for the Regular Meeting held on June 26, 2019. **Brittany Sanders, Administrative Assistant, Copperas Cove Economic Development Corporation.**

Attachments:

June 26, 2019 Regular Meeting Minutes



COPPERAS COVE ECONOMIC DEVELOPMENT CORPORATION
Meeting Minutes of June 26, 2019 Minutes
Order #2019-(06)-(26)

A. CALL TO ORDER

Chairman Adam Martin called the regular meeting of the Copperas Cove Economic Development Corporation to order at 12:08 P.M.

B. INVOCATION AND PLEDGE OF ALLEGIANCE

Director Joey Acfalle led the Invocation and the Pledge of Allegiance.

C. ROLL CALL

Roll call led by Administrative Assistant, Brittany Sanders.

*Present: Adam Martin, Chairman
Joey Acfalle, Vice Chairman
Jeremy Tate, Secretary
Jay Jackson, Director*

*Others Present: Jonas Titas- Executive Director-EDC
Diane Drussell, Assistant Director – EDC*

D. ANNOUNCEMENTS

Administrative Assistant provided information on the following items:

- Director Marcie Lowery resigned as the EDC Board Director*
- Business After Hour Mixer-June 27, 2019*
- Ribbon Cutting of the Five Hills Art Gallery- July 5, 2019*
- Coffee and Commerce- July 12, 2019*
- Ambassador Bingo Night- July 18, 2019*
- Chicken Dinner Fundraiser- July 22, 2019*
- Independence Day Celebration- July 22, 2019*

E. CITIZENS FORUM

At this time, citizens will be allowed to speak on any matter other than personnel matters, matters under litigation, or matters on the regular agenda, for a length of time not to exceed five minutes per person. Thirty minutes total has been allotted for this section.

None at this time

F. CONSENT AGENDA - All matters listed under this item are considered to be routine by the EDC Board of Directors and will be enacted by one motion. There will not be separate discussion of these items. If discussion is desired, that item will be removed from the consent agenda and considered separately.

1. Consideration and action on approval of minutes for the Regular Board Meeting held on June 26, 2019. **Brittany Sanders, Administrative Assistant, Copperas Cove Economic Development Corporation.**

Secretary Jeremy Tate made a motion to approve Agenda Items F1. Vice Chairman Joey Acfalle seconded that motion and with a unanimous vote, motion carried

G. PUBLIC HEARINGS

None at this time

H. ACTION ITEMS

1. Presentation and acceptance of the Fiscal Year 2018 Annual Financial Report (AFR). **Velia Key, Director of Financial Services**

FY 2018 Audit presented by Adam McCane of Weaver Assurance, Tax & Advisory Firm. Director Jeremy Tate made a motion to approve Agenda Item H1. Vice Chairman Joey Acfalle seconded that motion and with a unanimous vote, motion carried.

2. Discussion and consideration on submitting the FY 2019-2020 Proposed Budget to the City of Copperas Cove City Council on July 2, 2019. **Jonas Titas, Executive Director, Copperas Cove EDC**

Jonas Titas, Executive Director of the Copperas Cove EDC, presented Agenda Item H2. Secretary Jeremy Tate made motion to approve FY 2019-2020 Proposed Budget to be presented to the City of Copperas Cove City Council on July 2, 2019. Vice Chairman Joey Acfalle seconded that motion, and with a unanimous vote, motion carried.

3. Consideration and action on authorizing the release of funds to the City of Copperas Cove for charges to the CCEDC for services rendered, as agreed upon, by various City employees for the month of May 2019. **Velia Key, Director of Financial Services**

Vice Chairman Joey Acfalle made a motion to approve Agenda Item H3. Secretary Jeremy Tate seconded that motion and with a unanimous vote, motion carried.

- 4. Consideration and action on approving the unaudited financial report of the Copperas Cove Economic Development Corporation for the month of April 2019. **Velia Key, Director of Financial Services**

Secretary Jeremy Tate made a motion to approve Agenda Item H4. Vice Chairman Joey Acfalle seconded that motion and with a unanimous vote, motion carried.

5. REPORTS FROM STAFF, OUTSIDE ENTITIES, ADVISORY COMMITTEES AND BOARDS

None at this time

6. ITEMS FOR FUTURE AGENDAS

None at this time

7. TIME CONVENE INTO EXECUTIVE SESSION: 12:32PM

Pursuant to §551.087 of the Texas Government Code, the Economic Development Corporation Board will meet in Executive Session for discussion regarding the offer of a financial or other incentive to a business prospect referenced as **Project Coral**.

Pursuant to §551.087 of the Texas Government Code, the Economic Development Corporation Board will meet in Executive Session for discussion regarding the offer of a financial or other incentive to a business prospect referenced as **Project Bullwhacker**.

8. TIME RECONVENE INTO OPEN SESSION FOR POSSIBLE ACTION RESULTING FROM ANY ITEM POSTED AND LEGALLY DISCUSSED IN EXECUTIVE SESSION: 1:04PM

9. ADJOURN

Chairman Adam Martin adjourned the meeting at 1:04 P.M.

Jeremy Tate, Secretary

ATTEST:

Brittany Sanders, Administrative Assistant

Economic Development Corporation

H.1.

Meeting Date: July 24, 2019

Contact: Velia Key, Director of Financial Services.

Subject:

Consideration and action on authorizing the release of funds to the City of Copperas Cove for charges to the CCEDC for services rendered, as agreed upon, by various City employees for the month of June 2019. **Velia Key, Director of Financial Services**

Description/Information:

Effective October 1, 2018, the CCEDC transitioned away from being under the direction of the City Manager. The CCEDC and the City have an agreement to pay City staff for services performed, to include the financials. Furthermore, several members of City staff performed services directly benefiting the CCEDC and its operations during the month of June 2019. State law requires the CCEDC to reimburse the City for services rendered on behalf of the Corporation.

Financial Impact:

The invoice is attached for Board review represents hours for services performed by City Staff as per an agreement between the CCEDC and the City. The total invoiced amount is \$476.06 for the month of June 2019.

Action/Recommendation:

EDC staff recommends the Board authorize the release of funds to the City for services rendered directly benefiting the CCEDC during the month of June 2019.

Attachments:

EDC June 2019 Invoice

INVOICE

REMIT TO: CITY OF COPPERAS COVE, TX
P.O. BOX 1449
COPPERAS COVE, TX 76522-2241
PHONE (254) 547-4221

ECONOMIC DEVELOPMENT CORPORATION
113 W. AVE D
COPPERAS COVE, TX 76522

INVOICE# 201906
INVOICE DATE 7/8/2019

CHARGE DETAIL

ITEM DESCRIPTION	AMOUNT
JUNE 2019 HOURS WORKED	\$ 476.06

HOURS WORKED IN THE MONTH OF JUNE FOR THE FOLLOWING PERSONNEL: VELIA KEY 7 HRS; STEPHANIE POTVIN .25 HRS; ROBERT BROWNING 2.0 HRS; SILVIA RHOADS .25 HRS.

TOTAL DUE	\$ 476.06
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Economic Development Corporation

H.2.

Meeting Date: July 24, 2019

Contact: Velia Key, Director of Financial Services.

Subject:

Consideration and action on approving the unaudited financial report of the Copperas Cove Economic Development Corporation for the month of June 2019. **Velia Key, Director of Financial Services**

Description/Information:

The Financial report for June 2019 has been prepared by the Finance Department as per the agreement between the CCEDC and the City. The report is attached for review by the Board.

Financial Impact:

See the attached unaudited financial report.

Action/Recommendation:

EDC staff recommends the Board approved the unaudited financial report for June 2019 as presented by Velia Key, Director of Financial Services.

Attachments:

June 2019 Unaudited Financial Report



“The City Built for Family Living”

Finance Department

July 16, 2019

Mayor, City Council Members and Board of Directors of the Copperas Cove Economic Development Corporation:

The Finance Department is pleased to submit the Unaudited Monthly Financial Report for the month of June 2019. The Finance Department performs all financial services for the Economic Development Corporation. The month of June includes two payroll runs for the employees. The employees received their payroll checks on June 14, 2019 and June 28, 2019. Total expenditures for the month of June 2019, include 30 disbursements to various vendors. All supporting documentation is available for review at the City's Finance Department.

As of June 30, 2019, the Economic Development Corporation investment portfolio consisted of bank deposits with National United Bank and Texpool. Total cash available at month end was \$6,222,282. Interest earned during this month equals to \$11,232, which is an increase of \$3,396 in comparison to \$7,836 earned in prior year 2018.

We anticipate regular monitoring of the Economic Development Corporation's financial position and we will continue to provide the City Council and the Board of Directors with information that is useful for making sound policy decisions.

Respectfully submitted,

Velia Key- Dir. of Financial Services

P.O. Drawer 1449 914 South Main Street Copperas Cove, Texas 76522
(254) 547-4221 (254) 547-2800
www.copperascovetx.gov

Copperas Cove Economic Development Corporation

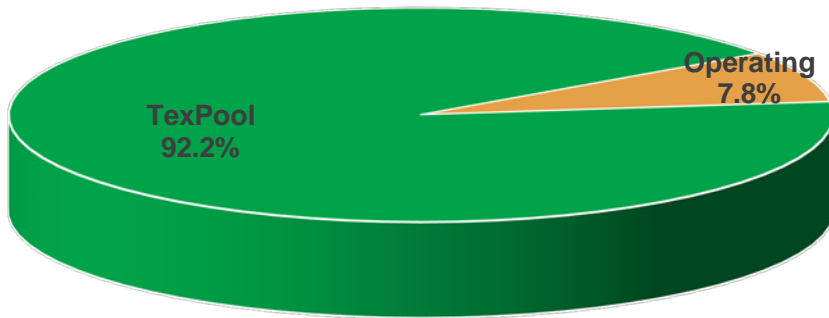
Portfolio Summary Management Report For the Month Ended June 30, 2019

All cash balances were deposited at National United Bank and TexPool

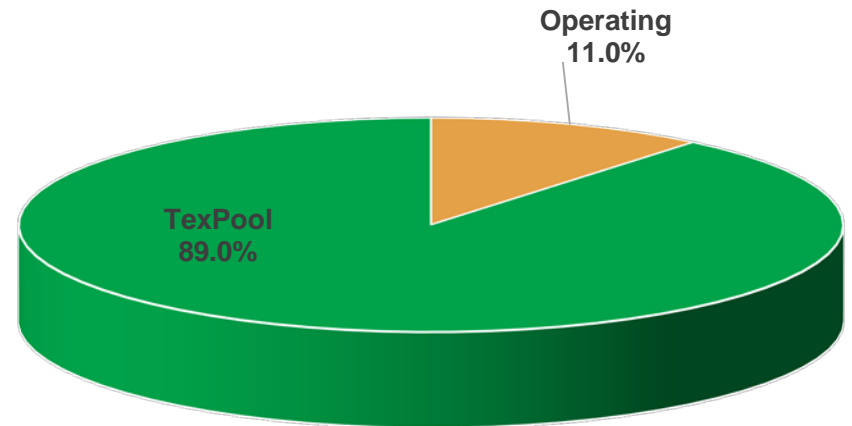
<u>Portfolio as of June 30, 2018</u>	<u>Portfolio as of June 30, 2019</u>
Operating Account.....\$430,173	Operating Account..... \$682,002
Texpool.....\$5,097,801	TexPool Account.....\$5,540,280

Copperas Cove Economic Development Corporation Portfolio Allocation Analysis

Fiscal Year 2017-18
June 2018



Fiscal Year 2018- 2019
June 2019



Copperas Cove Economic Development Corporation
 Unaudited Financial Report
 June 30, 2019

OPERATING REVENUES AND EXPENDITURES

- Year-to-date total revenue exceeded expenditures by \$729,751.
- Total Sales Tax Allocation received from the City was \$103,053.
- Interest earnings received for the month of June were \$11,232.
- Total Operating and Debt Service Expenditures for the month of June amount to \$41,322.
- Salary and benefits for the month of June 2019 amounted to \$25,098. This amount includes the salaries and benefits for three full time employees.
- The A/P runs during the month of June 2019 include the following disbursements:

Check #	Payee	Amount	Description
000341	McMullin Property Management	\$1,600.00	June Rent
000342	Quill Corporation	\$58.16	Office Supplies
000343	TXU Energy	\$330.69	March Invoice
000344	Konica Minolta	\$166.63	Copier
000345	TBS	\$395.00	Web Maintenance and G-Suite Setup
000346	City of Copperas Cove	\$941.84	Medical Benefits
000347	City of Copperas Cove	\$1,627.30	TMRS
000348	Fathom	\$37.70	Service Period: 05/01/19-06/03/19
000349	Kevin Alan Keller	\$100.00	Lawn care for 113 W Ave. D & 201 S. 2 nd Street
000350	The Knight Law Firm LLP	\$702.85	April 2019 Invoice
000351	Jerry L. Jackson	\$3,000.00	Mowing the Narrows
000352	Gregory A. Harn	\$350.00	Lawn Service
000353	Avalanche Consulting Inc	\$2,400.00	Strategic Planning
000354	Card Service Center	\$4,104.76	Advertisement, Electronic Equipment & Community Relations
000355	Diane Drussell	\$335.82	Mileage Reimbursement

000356	City of Copperas Cove	\$941.84	Medical Benefits
000357	City of Copperas Cove	\$1,533.78	TMRS
000358	CenturyLink	\$208.63	Service Period: 6/10/19-7/9/19
000359	Chamber of Commerce	\$25.00	Military Affairs Dues
000360	Pristine Building Maintenance	\$322.50	Janitorial Services
000361	Konica Minolta	\$39.43	Service Period: 5/24/19-6/23/19
000362	McMullin Property Management	\$1,600.00	July Rent
000363	Spectrum	\$115.42	Service Period: 6/12/19-7/11/19
000364	Walmart	\$62.00	Office Supplies
000365	Killeen Pest Control	\$55.00	Pest Control
000366	CTCOG	\$75.00	Leadership Central Texas 2019
000367	InHouse System, Inc	\$39.99	Alarm System Monitoring`
000368	United Way	\$10.00	EE Contribution
000369	Kevin Alan Keller	\$100.00	Lawn care for 113 W Ave. D & 201 S. 2 nd Street
000370	Jonas Titas	\$3,399.32	Moving Expenses

ECONOMIC DEVELOPMENT CORPORATION
MONTHLY FINANCIAL REPORT
AS OF JUNE 30, 2019 (FY 2018-2019)

Description	Current Budget	Current Month Jun 2019	Total Year to Date
BEGINNING FUND BALANCE			
Unassigned	\$ 5,700,796	\$ 6,357,584	\$ 5,700,796
TOTAL BEG. FUND BALANCE	<u>\$ 5,700,796</u>	<u>\$ 6,357,584</u>	<u>\$ 5,700,796</u>
REVENUES:			
Taxes			
Sales Tax	\$ 1,279,871	\$ 103,053	\$ 971,758
Subtotal Taxes	<u>\$ 1,279,871</u>	<u>\$ 103,053</u>	<u>\$ 971,758</u>
Investment Earnings			
Interest Revenue	\$ 46,800	\$ 11,232	\$ 97,714
Subtotal Investment Earnings	<u>\$ 46,800</u>	<u>\$ 11,232</u>	<u>\$ 97,714</u>
TOTAL REVENUES	<u>\$ 1,326,671</u>	<u>\$ 114,285</u>	<u>\$ 1,069,472</u>
TOTAL FUNDS AVAILABLE	<u>\$ 7,027,467</u>	<u>\$ 6,471,869</u>	<u>\$ 6,770,268</u>
EXPENDITURES			
Administration			
Personnel Services			
Salaries	\$ 280,205	\$ 16,725	\$ 94,126
Longevity	361	22	199
Fica Tax	21,463	1,261	7,010
Employee Insurance	29,304	914	4,755
Workers Compensation	856	-	-
Retirement	35,723	2,117	11,840
Other Personnel Expenses	14,480	4,059	6,310
Total Personnel Services	<u>\$ 382,392</u>	<u>\$ 25,098</u>	<u>\$ 124,240</u>
Supplies & Materials			
Office Supplies	\$ 1,707	\$ 331	\$ 1,708
Cleaning Supplies	180	-	58
Printing Cost	1,400	39	792
Postage	400	55	247
Recruiting/Hiring Cost	24,784	-	24,784
Furniture & Fixture	2,474	-	2,473
Minor Equipment-Software	3,106	3,105	3,105
Total Supplies & Materials	<u>\$ 34,051</u>	<u>\$ 3,530</u>	<u>\$ 33,167</u>
Maintenance & Repairs			
Repair & Maintenance Building	\$ 6,700	\$ 588	\$ 4,585
Repair & Maintenance Facility	350	-	350
Repair & Maintenance software	17,961	32	17,958
Total Maintenance & Repairs	<u>\$ 25,011</u>	<u>\$ 620</u>	<u>\$ 22,893</u>

ECONOMIC DEVELOPMENT CORPORATION
MONTHLY FINANCIAL REPORT
AS OF JUNE 30, 2019 (FY 2018-2019)

Description	Current Budget	Current Month Jun 2019	Total Year to Date
Expenditures (cont.)			
Contractual Services			
Consulting Services	\$ 36,000	\$ 3,103	\$ 13,548
Bank Analysis Charge	1,200	-	-
Communication	4,175	324	4,172
Rental of Equipment	2,004	167	1,368
Rental of Property	19,200	3,200	14,400
Dues & Subscription	5,500	25	4,613
Contract Labor	2,795	595	2,795
Professional Development	21,200	411	7,952
Professional Services	7,700	377	741
Provided City Services	15,646	-	5,662
Utilities	5,400	368	3,209
Total Contractual Services	\$ 120,820	\$ 8,570	\$ 58,460
Designated Expenses			
Insurance	\$ 8,327		\$ 5,199
Public Relations	4,750	424	4,038
Total Designated Expenses	\$ 13,077	\$ 424	\$ 9,237
TOTAL ADMINISTRATION EXPENDITURES	\$ 575,351	\$ 38,242	\$ 247,997
Non-Departmental			
Supplies & Materials			
Program/Project Supply	\$ 4,200	\$ -	\$ 28
Total Supplies & Materials	\$ 4,200	\$ -	\$ 28
Contractual Services			
Advertising	\$ 5,400	\$ 80	\$ 1,441
Dues and Subscriptions	7,750	-	7,750
Contract Labor	1,698	-	1,698
Business Attraction	81,704	-	1,014
Professional Services	51,000	3,000	46,348
Total Contractual Services	\$ 147,552	\$ 3,080	\$ 58,251
Capital Outlay			
Land	\$ 2,000,000	\$ -	\$ -
Total Capital Outlay	\$ 2,000,000	\$ -	\$ -
TOTAL NON-DEPARTMENTAL EXPENDITURES	\$ 2,151,752	\$ 3,080	\$ 58,279

ECONOMIC DEVELOPMENT CORPORATION
MONTHLY FINANCIAL REPORT
AS OF JUNE 30, 2019 (FY 2018-2019)

Description	Current Budget	Current Month Jun 2019	Total Year to Date
Expenditures (cont.)			
Debt Service			
Capital Outlay			
Reliever Route Infrastructure	\$ 133,125	\$ -	\$ 6,563
Total Capital Outlay	\$ 133,125	\$ -	\$ 6,563
Other			
Principal 01 Sales Tax	\$ 60,000	\$ -	\$ -
Principal 12 Sales Tax	35,000	-	-
Interest 01 Sales Tax	10,764	-	5,377
Interest 12 Sales Tax	43,012	-	21,505
Total Other	\$ 148,776	\$ -	\$ 26,882
TOTAL DEBT SERVICE EXPENDITURES	\$ 281,901	\$ -	\$ 33,445
TOTAL EXPENDITURES	\$ 3,009,004	\$ 41,322	339,721
ENDING FUND BALANCE	\$ 4,018,463	\$ 6,430,547	\$ 6,430,547

SUBJECT

Consideration and action on authorizing the Executive Director to enter into an agreement with Weaver and Tidwell L.L.P. for the 2019 Fiscal Year audit. **Velia Key, Director of Financial Services**

BACKGROUND/HISTORY

Each fiscal year the Economic Development Corporation (EDC) is required to have an audit completed by an independent certified public accountant. On August 2, 2016 the City Council selected Weaver and Tidwell LLP to perform the audit services for the City and the Corporation. Weaver has performed the audit for the EDC for the past three years.

FINDINGS/CURRENT ACTIVITY

Management's responsibilities are outlined in the attached engagement letter (see page 3 & 4) and include the following:

- Preparation and fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America.
- Design, implementation, and maintenance of internal control relevant to the preparation and fair preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to error fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grants agreements, or contractual agreements.
- Provide external auditors with access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters.
- Provide additional information that the external auditors may request for the purpose of the FY 2019 financial audit.
- Adjusting the basic financial statements to correct material misstatements and confirming with external auditors in the management representation letter.

ACTION OPTIONS/RECOMMENDATION

EDC staff recommends the Board of Directors authorize the Executive Director to enter into an agreement with Weaver and Tidwell L.L.P. to perform the audit services for FY 2019 for a total amount not to exceed \$8,500.

Attachments:

FY 2019 Agreement Letter

July 15, 2019

To the Management of
Copperas Cove Economic Development Corporation
914 South Main Street
Copperas Cove, Texas 76522

You have requested that we audit the governmental activities and the major fund, of Copperas Cove Economic Development Corporation (the Corporation), as of September 30, 2019 and for the year then ended, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

Accounting principles generally accepted in the United States of America (U.S. GAAP), as promulgated by the Governmental Accounting Standards Board (GASB) require that management's discussion and analysis and budgetary comparison information, among other items, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS). These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by U.S. GAAP. This RSI will be subjected to certain limited procedures but will not be audited:

1. Management's discussion and analysis
2. Budgetary comparison schedule
3. Retirement plans – supplemental information
4. Post-employment benefits other than pensions – supplemental information

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material aspects, in conformity with U.S. GAAP and to report on the fairness of the supplementary information referred to above when considered in relation to the basic financial statements as a whole. The objective also includes reporting on internal control related to the basic financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the basic financial statements in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States of America (GAGAS). We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions, add emphasis-of-matter, or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or withdraw from this engagement.

Auditor Responsibilities

We will conduct our audit in accordance with U.S. GAAS and GAGAS. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. If appropriate, our procedures will therefore include tests of documentary evidence that support the transactions recorded in the accounts, tests of the physical existence of assets, and direct confirmation of cash, investments, and certain other assets and liabilities by correspondence with creditors and financial institutions. As part of our audit process, we may request written representations from your attorneys, and they may bill you for responding. At the conclusion of our audit, we will also request certain written representations from you about the basic financial statements and related matters.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements (whether caused by errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations) may not be detected exists, even though the audit is properly planned and performed in accordance with U.S. GAAS and GAGAS.

In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

In making our risk assessments, we consider internal control relevant to the Corporation's preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the basic financial statements that we have identified during the audit.

As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we will perform tests of the Corporation's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service provider.

Management Responsibilities

Our audit will be conducted on the basis that management acknowledge and understand that they have responsibility:

- a. For the preparation and fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America;
- b. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements; and
- c. To provide us with:
 - i. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
 - ii. Additional information that we may request from management for the purpose of the audit; and
 - iii. Unrestricted access to persons within the Corporation from whom we determine it necessary to obtain audit evidence.
- d. For including the auditor's report in any document containing the basic financial statements that indicates that such financial statements have been audited by the Corporation's auditor;
- e. For identifying and ensuring that the Corporation complies with the laws and regulations applicable to its activities; and
- f. For adjusting the basic financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year under audit are immaterial, both individually and in the aggregate, to the basic financial statements as a whole; and
- g. With respect to any nonaudit/nonattest services we perform, including preparation of the financial statements, for (a) making all management decisions and performing all management functions; (b) assigning an individual with suitable skills, knowledge, and experience, preferably within senior management, to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities. These nonaudit/nonattest services do not constitute an audit under GAGAS and such services will not be conducted in accordance with GAGAS.

- h. With regard to the supplementary information referred to above: (a) for the preparation of the supplementary information in accordance with the applicable criteria; (b) to provide us with the appropriate written representations regarding supplementary information; (c) to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information; and (d) to present the supplementary information with the audited basic financial statements, or if the supplementary information will not be presented with the audited basic financial statements, to make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon.

GAGAS require that we document an assessment of the skills, knowledge, and experience of management, should we participate in any form of preparation of the basic financial statements and related schedules or disclosures as these actions are deemed a nonaudit/nonattest service.

During the course of our engagement, we will request information and explanations from management regarding the Corporation's operations, internal controls, future plans, specific transactions and accounting systems and procedures. At the conclusion of our engagement, we will require, as a precondition to the issuance of our report, that management provide certain representations in a written representation letter. The Corporation agrees that as a condition of our engagement to perform an audit that management will, to the best of its knowledge and belief, be truthful, accurate and complete in all representations made to us during the course of the audit and in the written representation letter. The procedures we perform in our engagement and the conclusions we reach as a basis for our report will be heavily influenced by the written and oral representations that we receive from management. False or misleading representations could cause us to expend unnecessary efforts in the audit; or, worse, could cause a material error or a fraud to go undetected by our procedures.

Reporting

We will issue a written report upon completion of our audit of the Corporation's basic financial statements. Our report will be addressed to the governing body of the Corporation. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

In accordance with the requirements of GAGAS, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance over financial reporting will not be an objective of the audit and, therefore, no such opinion will be expressed.

Engagement Fees

We estimate that the fee for our audit will be \$8,500. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. We understand that your employees will prepare all confirmations we request and will locate any documents or support for any other transactions we select for testing.

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Copperas Cove Economic Development Corporation
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Our engagement fees do not include any time for post-engagement consultation with your personnel or third parties, inquiries from regulators or testimony or deposition regarding any subpoena. Charges for such services will be billed separately.

Our engagement fees do not include consulting on the adoption of new accounting standards and any increased duties because of any future regulatory body, auditing standard or an unknown or unplanned significant transaction. We will consult with you in the event any of these take place that may affect our fees.

Our invoices for these fees will be rendered each month as work progresses. Our fee is based upon the complexity of the work to be performed and the tasks required. Payments are due in compliance with the Texas Local Government Code.

Other

In the unlikely event that circumstances occur which we in our sole discretion believe could create a conflict with either the ethical standards of our firm or the ethical standards of our profession in continuing our engagement, we may suspend our services until a satisfactory resolution can be achieved or we may resign from the engagement. We will notify you of such conflict as soon as practicable, and will discuss with you any possible means of resolving them prior to suspending our services.

The hiring of or potential employment discussions with any of our personnel could impair our independence. Accordingly, you agree to inform the engagement partner prior to any such potential employment discussions taking place.

Both of us agree that any dispute between you and Weaver and Tidwell, L.L.P., arising from the engagement, this agreement, or the breach of it, may, if negotiations and other discussions fail, be first submitted to mediation in accordance with the provisions of the Commercial Mediation Rules of the American Arbitration Association (AAA) then in effect. Both of us agree to conduct any mediation in good faith and make reasonable efforts to resolve any dispute by mediation. We agree to conduct the mediation in Austin, Texas or another mutually agreed upon location. The prevailing party in any litigation shall be entitled to recover from the other party court costs and reasonable attorneys' and expert witness fees incurred in the litigation in addition to any other relief that may be awarded.

If any term of this engagement letter is declared illegal, unenforceable, or unconscionable, that term shall be severed and the remaining terms of the engagement letter shall remain in force. Both of us agree that the Court should modify any term declared to be illegal, unenforceable, or unconscionable in a manner that will retain the intended term as closely as possible. If a dispute arising from the engagement or from this agreement or any term of it or any alleged breach of it is submitted to a Court for interpretation or adjudication, both of us irrevocably waive right to trial by jury and agree that the provisions of this engagement letter regarding damages, attorneys' fees, and expenses shall be applied and enforced by the Court.

You agree to inform us of facts that may affect the basic financial statements of which you may become aware during the period from the date of the auditor's report to the date the basic financial statements are issued.

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During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

Adam McCane is the engagement partner for the audit services specified in this letter. His responsibilities include supervising our services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report. We expect to begin our audit procedures in October 2019, and issue our report by March 2020.

During the course of the audit we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

The audit documentation for this engagement is the property of Weaver and Tidwell, L.L.P. and constitutes confidential information. However, we may be requested to make certain audit documentation available to regulators or other outside parties pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of Weaver and Tidwell, L.L.P.'s personnel. Furthermore, upon request, we may provide copies of selected audit documentation to regulators or other outside parties. The regulators or other outside parties may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies. We agree to retain our audit documentation or work papers for a period of at least five years from the date of our report.

In accordance with the requirements of GAGAS, we have attached a copy of our latest external peer review of our firm for your consideration and files.

Please sign and return a copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the basic financial statements including our respective responsibilities.

We appreciate the opportunity to be your financial statement auditors and look forward to working with you and your staff.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

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RESPONSE:

This letter correctly sets forth the understanding.

Acknowledged and agreed on behalf of Copperas Cove Economic Development Corporation:

Signature: _____

Title: _____

Date: _____



System Review Report

To the Partners of Weaver and Tidwell, L.L.P.
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Weaver and Tidwell, L.L.P. (the “firm”) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2016. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm’s compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, audits of employee benefit plans, audits performed under FDICIA, and examinations of service organizations [Service Organizations Control (SOC) 1 and 2 engagements].

In our opinion, the system of quality control for the accounting and auditing practice of Weaver and Tidwell, L.L.P. applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2016, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Weaver and Tidwell, L.L.P. has received a peer review rating of *pass*.

Eide Bailly LLP
October 7, 2016

www.eidebailly.com

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Economic Development Corporation

H.4.

Meeting Date: July 24, 2019

Contact: Jonas Titas, Executive Director, Copperas Cove EDC.

Subject:

Consideration and direction for posting and submission of applications for board position vacated by Marcie Lowery in June 2019. **Jonas Titas, Executive Director, Copperas Cove EDC**

Description/Information:

EDC Board Member Marcie Lowery resigned from the Board in June 2019, leaving her position vacant.

Financial Impact:

None

Action/Recommendation:

EDC staff seeks direction from the Board regarding Board vacancy.

Attachments:

None