



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

Notice is hereby given that a **Regular Meeting** of the Copperas Cove Economic Development Corporation will be held on **August 25, 2021, at 12.00 p.m.**

The public may participate in this meeting by the following method:

- Dial into the tollfree number: **(888) 475-4499** and use **Meeting ID: 338 329 0057**

The public will be permitted to offer public comments telephonically as provided by the agenda and as permitted by the presiding officer during the meeting. Written questions or comments may be submitted up to two hours before the meeting via email to Diane Drussell, Interim Director at [ddrussell@coveedc.com](mailto:ddrussell@coveedc.com).

A recording of the telephonic meeting will be made and will be available to the public in accordance with the Texas Public Information Act upon request.

- 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 Regular Meeting held on July 30, 2021. **Brittany Sanders, Economic Development Specialist, Copperas Cove EDC.****

- G. PUBLIC HEARINGS**

**H. ACTION ITEMS**

1. Presentation and acceptance of the Fiscal Year 2020 Annual Financial Report (AFR). **Velia Key, Director of Financial Services.**
2. Consideration and action on sponsoring the University Research Park & Innovation District Summit hosted by Texas A&M University Central Texas. **Diane Drussell, Interim Director, Copperas Cove EDC.**
3. Consideration and action on accepting the Letter of Intent to purchase property owned by the Copperas Cove Economic Development Corporation (CCEDC) located at 201 S. 2nd Street. **Diane Drussell, Interim Director, Copperas Cove EDC.**

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

1. Update on EDC Activities. **Diane Drussell, Interim Director, Copperas Cove EDC.**
  - Presentation by Kendig Keast Collaborative (KKC) to discuss Copperas Cove Zoning Ordinance
  - Natural Gas extension to the Narrows Business and Technology Park
  - Community Development Strategies (CDS)
  - Defense Community Infrastructure Program (DCIP)
  - Multipurpose Trail

**J. ITEMS FOR FUTURE AGENDAS**

**K. EXECUTIVE SESSION – Convene into Executive Session pursuant to Section 551.071 (Advice of Counsel) and Section 1.05 Texas Disciplinary Rules of Professional Conduct in addition to specific Sections stated below:**

1. Pursuant to §§551.071, 104 and 105, Texas Government Code, the Board will be advised and receive information about potential developer in the Narrows Business Park.

**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.

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. August 20, 2021**, 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.

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Brittany Sanders, ED Specialist  
Copperas Cove EDC

**Economic Development Corporation**

**F.1.**

**Meeting Date:** August 25, 2021

**Contact:** Brittany Sanders, Economic Development Specialist, Copperas Cove EDC

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**Subject:**

Consideration and action on approval of minutes for the Regular Meeting held on July 30, 2021.

**Brittany Sanders, Economic Development Specialist, Copperas Cove EDC**

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**Attachments:**

July 30, 2021 Regular Meeting Minutes



**COPPERAS COVE ECONOMIC DEVELOPMENT CORPORATION**  
**Meeting Minutes for July 30, 2021**

**A. CALL TO ORDER**

*Chairman JC Stubbs called the Regular meeting of the Copperas Cove Economic Development Corporation to order at 8:30 a.m.*

**B. INVOCATION AND PLEDGE OF ALLEGIANCE**

*Vice Chairman Joey Acfalle led the Invocation and the Pledge of Allegiance.*

**C. ROLL CALL**

*Roll call led by Brittany Sanders, Economic Development Specialist*

*Present:*

- JC Stubbs, Chairman*
- Joey Acfalle, Vice Chairman*
- Elizabeth Ruskiewicz, Director*
- Rick Kirkpatrick, Director*
- Jay Jackson, Secretary*
- Jonas Titas, Executive Director-EDC*
- Diane Drussell, Assistant Director -EDC*
- Fred Chavez- Council Liaison*
- Barbara Boulware-Wells, EDC Legal Counsel*

**D. ANNOUNCEMENTS**

*None*

**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 Regular Meeting held on June 23, 2021. **Brittany Sanders, Economic Development Specialist, Copperas Cove EDC.**

*Director Rick Kirkpatrick made a motion to approve Agenda Item F1. Secretary Jay Jackson seconded the motion and with a unanimous vote, motion carried.*

## **G. PUBLIC HEARINGS**

*None*

## **H. ACTION ITEMS**

1. Consideration and action on approving the Design Build Services Agreement with Choice Builders, LLC. **Jonas Titas, Executive Director, Copperas Cove EDC.**

*Vice Chairman Joey Acfalle made a motion to approve Agenda Item H1. Director Rick Kirkpatrick seconded the motion and with a unanimous vote, motion carried.*

2. Discussion and direction on presentation by Community Development Strategies (CDS). **Steve Spillette, President, Community Development Strategies**

*Steven Spillette, President of CDS, presented for discussion and direction, the feasibility bid regarding construction of a spec building. No Direction was given.*

3. Consideration and action on authorizing Executive Director of the Copperas Cove Economic Development Corporation (CCEDC) to sign the Advanced Funding Agreement (AFA) between the CCEDC and the City of Copperas Cove. **Jonas Titas, Executive Director, Copperas Cove EDC.**

*Director Rick Kirkpatrick made a motion to approve Agenda Item H3. Vice Chairman Joey Acfalle seconded the motion and with a unanimous vote, motion carried.*

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

## **J. ITEMS FOR FUTURE AGENDAS**

## **K. EXECUTIVE SESSION CONVENED AT 9:20 A.M.**

Discussion of personnel matters pursuant to Chapter 551.074 of the Texas Government Code regarding the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; and consultation with legal counsel pursuant to Chapter 551.071 of the Texas Government Code regarding the same.

## **L. RECONVENE INTO OPEN SESSION AT 9:46 A.M FOR POSSIBLE ACTION RESULTING FROM ANY ITEM POSTED AND LEGALLY DISCUSSED IN EXECUTIVE SESSION**

*Secretary Jay Jackson made a motion to accept the resignation letter from Jonas Titas effective August 13, 2021. Vice Chairman Joey Acfalle seconded the motion and with a unanimous vote, motion carried.*

*Vice Chairman Joey Acfalle made a motion to appoint Diane Drussell as the Interim Director effective August 13, 2021. Director Elizabeth Ruskiewicz seconded the motion and with a unanimous vote, motion carried.*

*Director Rick Kirkpatrick made a motion to authorize EDC Staff to obtain proposals for solicitation purposes for a new Executive Director. Vice Chairman Joey Acfalle seconded the motion and with a unanimous vote, motion carried*

**M. ADJOURN**

*Chairman JC Stubbs adjourned the meeting at 9:41 a.m.*

ATTEST:

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Brittany Sanders, ED Specialist

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Jay Jackson, Secretary

**Economic Development Corporation**

**H.1.**

**Meeting Date:** August 25, 2021

**Contact:** Velia Key, Director of Financial Services

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**Subject:**

Presentation and acceptance of the Fiscal Year 2020 Annual Financial Report (AFR). **Velia Key, Director of Financial Services**

**Description/Information:**

Per Texas Local Government Code §103.001 a municipality shall have its records and accounts audited annually and shall have an annual financial statement prepared based on the audit.

The accounting firm of Weaver and Tidwell was selected on August 2, 2016, by the City Council to perform the annual audit in compliance with U.S. Generally Accepted Accounting Principles and in accordance with Government Auditing Standards for the City and Economic Development Corporation (EDC). This is the fourth year that Weaver has performed the financial audit for the Corporation.

**Financial Impact:**

TBD

**Action/Recommendation:**

The CCEDC Staff recommends the Board of Directors accept the Annual Financial Report for the Fiscal Year ending September 30, 2020.

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**Attachments:**

Annual Financial Report



**Copperas Cove**  
**Economic Development Corporation**  
**(A Component Unit of the City of Copperas Cove, Texas)**  
Annual Financial Report  
September 30, 2020



**Copperas Cove Economic Development Corporation  
(A Component Unit of the City of Copperas Cove, Texas)**

Annual Financial Report  
September 30, 2020  
Table of Contents

Page

Independent Auditor’s Report .....	1
Management’s Discussion and Analysis.....	3
<b>Basic Financial Statements</b>	
Government-Wide Financial Statements	
Statement of Net Position.....	8
Statement of Activities.....	9
Fund Financial Statements	
Balance Sheet – Governmental Funds .....	12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	13
Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds .....	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	15
Notes to the Basic Financial Statements .....	17
<b>Required Supplementary Information</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund – Budget and Actual .....	32
Schedule of the Corporation’s Proportionate Share of the Net Pension Liability.....	33
Schedule of the Corporation’s Contributions .....	34
<b>Compliance and Internal Control</b>	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	35

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## Independent Auditor's Report

To the Board of Directors of  
Copperas Cove Economic Development Corporation  
Copperas Cove, Texas

We have audited the accompanying financial statements of the governmental activities and the major fund of Copperas Cove Economic Development Corporation, a component unit of the City of Copperas Cove, Texas (the Corporation), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise Copperas Cove Economic Development Corporation's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity's internal control. Accordingly, we express no such opinion. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Copperas Cove Economic Development Corporation as of September 30, 2020, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The Board of Directors of  
Copperas Cove Economic Development Corporation

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule, and pension schedules as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated **June XX, 2021**, on our consideration of the Corporation's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas  
**June XX, 2021**

## Management's Discussion and Analysis

As management of the Copperas Cove Economic Development Corporation (the Corporation), we offer readers of the Corporation's financial statements this narrative overview and analysis of the financial activities for the Corporation for the fiscal year ended September 30, 2020. We encourage readers to consider the information presented here in conjunction with the financial statements that follow this section.

### Financial Highlights

- The assets and deferred outflows of resources of the Corporation exceeded its liabilities and deferred inflows of resources at the close of the 2020 fiscal year by \$6,204,484 (net position), an increase of \$801,333 from the prior year.
- As of the close of fiscal year 2020, the Corporation's governmental fund reported an ending fund balance of \$7,086,191 an increase of \$722,021 from the prior year.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Corporation's basic financial statements. The Corporation's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statement. This report also contains other required supplementary information in addition to the basic financial statement itself.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Corporation's finances, in a format similar to a private-sector business.

The statement of net position presents information on all of the Corporation's assets, liabilities, and deferred outflows and inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Corporation is improving or deteriorating.

The statement of activities presents information showing how the Corporation's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the Corporation that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The Corporation does not have any business-type activities. The Corporation was created for the purpose of promoting economic development within the City of Copperas Cove. The government-wide financial statements can be found on pages 8 and 9 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Corporation, like other state and local government entities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Corporation only utilizes governmental funds in its financial statements.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the Corporation's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations can be found on pages 13 and 15 of this report.

The Corporation adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided to demonstrate compliance with this budget. It can be found on page 32 of this report.

The governmental fund financial statements can be found on pages 12 - 15 of this report.

Notes to the Financial Statements. The notes provided additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 – 29 of this report.

### Government-Wide Financial Analysis

The following table reflects the condensed comparative Statement of Net Position as of September 30, 2020 and 2019:

#### Copperas Cove Economic Development Corporation's Net Position

	2020	2019
Current and other assets	\$ 7,117,837	\$ 6,431,667
Noncurrent assets	614,735	643,719
Total assets	7,732,572	7,075,386
Deferred outflows of resources	70,672	70,672
Long-term liabilities	1,463,016	1,556,954
Other liabilities	123,425	173,634
Total liabilities	1,586,441	1,730,588
Deferred inflows of resources	12,319	12,319
Net position		
Net investment in capital assets	614,735	643,719
Restricted for economic development	5,589,749	4,759,432
<b>Total net position</b>	<b>\$ 6,204,484</b>	<b>\$ 5,403,151</b>



Net position at year-end consists of two components. The first portion of net position (\$614,735, or 10%) reflects the Corporation’s investment in capital assets net of accumulated depreciation and any related outstanding debt used to acquire or construct those assets. The second portion consists of unrestricted net position (\$5,589,749, or 90%).

**Changes in Net Position.** The Corporation’s total revenues for the fiscal year ended September 30, 2020, were \$1,580,567, an increase of \$480,744 (44%) from the prior year. This increase was due to the prior year recognition of loss on the sale of capital assets, as well as the increase in sales tax collected by the City and allocated to the Corporation. The total cost of all programs and services increased by \$109,256 from the prior year. This increase was primarily due to the Corporation hiring full time employees instead of paying third party professionals to perform certain tasks. The following table presents a summary of the changes in net position for the fiscal year ended September 30, 2020 and 2019.

**Copperas Cove Economic Development Corporation’s Changes in Net Position**

	2020	2019
Revenues:		
General revenues:		
Sales taxes	\$ 1,500,249	\$ 1,300,905
Miscellaneous	25,140	-
Gain on sale of land	340	(331,308)
Unrestricted investment earnings	54,838	130,226
<b>Total general revenues</b>	<b>1,580,567</b>	<b>1,099,823</b>
Program revenues:		
Charges for services	-	-
Total program revenues	-	-
Total revenues	1,580,567	1,099,823
Expenses:		
Economic Development	736,346	627,090
Interest on long-term debt	42,888	52,575
Total expenses	779,234	679,665
Change in net position	801,333	420,158
Net position, beginning	5,403,151	4,982,993
<b>Net position, ending</b>	<b>\$ 6,204,484</b>	<b>\$ 5,403,151</b>

**Financial Analysis of the Corporation’s Funds**

As noted earlier, the Corporation uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Corporation's governmental funds is to provide information on near-term inflow, outflows and balances of spendable resources. Such information is useful in assessing the Corporation's financing requirements. At the end of the 2020 fiscal year, the Corporation's governmental funds reported combined ending fund balances of \$7,086,191.

**Budgetary Highlights**

A budgetary comparison is required for the general fund. This schedule (page 32) compares the original adopted budget, the budget as amended throughout the fiscal year, and the actual expenditures. Amendments to the adopted budget may occur throughout the year in a legally permissible manner. There were some budget amendments made during fiscal year 2020, which were presented to both the City Council and the Board of Directors.

During the year, actual revenues exceeded budgeted revenues by \$172,227. Total expenditures did not exceed budgeted amounts.

**Capital Assets and Debt Administration**

Capital Assets. As of September 30, 2020, the Corporation has \$614,735 invested in various capital assets, net of accumulated depreciation.

The following table provides a breakdown of the capital asset balances net of accumulated depreciation at September 30, 2020 and 2019. Additional information on the Corporation's capital assets may be found in the notes to the financial statements.

	Governmental Activities	
	2020	2019
Land	\$ 612,460	\$ 612,460
Equipment	62,966	62,966
Improvements other than buildings	-	246,600
Accumulated depreciation	(60,691)	(278,307)
<b>Total</b>	<b>\$ 614,735</b>	<b>\$ 643,719</b>

Long-Term Debt. At September 30, 2020, the Corporation has total bonds in Sales Tax Revenue Bonds. Further outstanding of \$1,365,000 details can be found in the notes to the financial statements.

Other Commitments. By resolution of the Board of Directors, the Corporation committed funds to the City of Copperas Cove in the amount of at least \$1,100,000 and not to exceed \$1,650,000 in conjunction with debt issued by the City in 2011 to fund the TxDOT Reliever Route Project. The Corporation is making semi-annual payments to the City from August 15, 2011 through September 30, 2021.

**Requests for Information**

The financial report is designed to provide a general overview of the Corporation's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director at [jjitas@coveedc.com](mailto:jjitas@coveedc.com) or in writing at 113 West Avenue D, Copperas Cove, Texas 76522.

# Basic Financial Statements

# Copperas Cove Economic Development Corporation

## Statement of Net Position

September 30, 2020

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments	\$ 6,848,279
Taxes receivable	259,471
Prepaid items	10,087
Capital assets	
Land	612,460
Equipment	62,966
Accumulated depreciation	(60,691)
Total assets	<u>7,732,572</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	<u>70,672</u>
Total deferred outflows of resources	70,672
<b>LIABILITIES</b>	
Accounts payable	5,554
Payroll liabilities	15,082
Accrued interest payable	2,789
Noncurrent liabilities	
Due within one year	100,000
Due in more than one year	<u>1,463,016</u>
Total liabilities	1,586,441
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	<u>12,319</u>
Total deferred inflows of resources	12,319
<b>NET POSITION</b>	
Net investment in capital assets	614,735
Unrestricted	<u>5,589,749</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 6,204,484</u></u>

The Notes to the Basic Financial Statements  
are an integral part of this statement.

# Copperas Cove Economic Development Corporation

## Statement of Activities

Year Ended September 30, 2020

Functions/Programs	Expenses	Program Revenue		Total Governmental Activities
		Charges for Services	Capital Grants and Contributions	
Governmental activities				
Economic development	\$ 736,346	\$ -	\$ -	\$ (736,346)
Interest on long-term debt	42,888	-	-	(42,888)
<b>Total governmental activities</b>	<b>\$ 779,234</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(779,234)</b>
		General revenues		
		Sales taxes		1,500,249
		Unrestricted investment earnings		54,838
		Gain on sale of capital asset		340
		Miscellaneous		25,140
		<b>Total general revenues</b>		<b>1,580,567</b>
		Change in net position		801,333
		Net position, beginning of year		5,403,151
		<b>Net position, end of year</b>		<b>\$ 6,204,484</b>

The Notes to the Basic Financial Statements are an integral part of this statement.

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# Fund Financial Statements

**Copperas Cove Economic Development Corporation**  
 Governmental Funds  
 Balance Sheet  
 September 30, 2020

	<b>General Fund</b>
<b>ASSETS</b>	
Cash and investments	\$ 6,848,279
Taxes receivable	259,471
Prepaid items	10,087
	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ 7,117,837</b>
	<hr/> <hr/>
<b>LIABILITIES AND FUND BALANCES</b>	
Liabilities	
Accrued liabilities	\$ 26,092
Accounts payable	5,554
	<hr/>
Total liabilities	31,646
Fund balances	
Restricted for economic development	7,086,191
	<hr/>
Total fund balances	7,086,191
	<hr/>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 7,117,837</b>
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**Copperas Cove Economic Development Corporation**  
 Reconciliation of the Governmental Funds Balance Sheet  
 to the Statement of Net Position  
 September 30, 2020

<b>Total fund balances - governmental funds balance sheet</b>	\$ 7,086,191
Amounts reported for governmental activities in the statement of net position are different because	
Capital assets (net of accumulated depreciation of \$60,691) used in governmental funds are not current financial resources and, therefore, are not reported in governmental funds.	614,735
Deferred outflows \$70,672 and inflows \$12,319 related to pensions are not recorded in governmental funds.	58,353
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities include:	
Revenue bonds payable	(1,365,000)
Net pension liability	(187,067)
Net OPEB liability	(2,728)
	<hr/>
<b>Net position of governmental activities - statement of net position</b>	<u><u>\$ 6,204,484</u></u>

**Copperas Cove Economic Development Corporation**  
 Governmental Funds  
 Statement of Revenues, Expenditures and  
 Changes in Fund Balances of Governmental Funds  
 Year Ended September 30, 2020

	<b>General Fund</b>
<b>REVENUES</b>	
Sales taxes	\$ 1,500,249
Investment income	54,838
Miscellaneous revenue	25,140
	<hr/>
Total revenues	1,580,227
<b>EXPENDITURES</b>	
Current	
Economic development	709,181
Debt service	
Principal	100,000
Interest	49,025
	<hr/>
Total expenditures	858,206
	<hr/>
<b>NET CHANGE IN FUND BALANCES</b>	722,021
<b>FUND BALANCES, beginning of year</b>	6,364,170
	<hr/>
<b>FUND BALANCES, end of year</b>	\$ 7,086,191
	<hr/> <hr/>

# Copperas Cove Economic Development Corporation

## Governmental Funds

### Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds

#### to the Statement of Activities

Year Ended September 30, 2020

<b>Net change in fund balances - total governmental funds</b>	\$ 722,021
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report all capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the net impact of the current year depreciation expense (\$4,324).	(28,984)
The repayment of principal long-term debt consumes the current financial resources of governmental funds. However, this has no effect on net position.	100,000
Certain expenses reported in the statement of activities are not reported as expenditures in governmental funds. This item reflects the changes in:	
Compensated absences	2,159
Accrued interest payable	6,137
	<hr/>
<b>Change in net position of governmental activities - statement of activities</b>	<b>\$ 801,333</b>

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# Copperas Cove Economic Development Corporation

## Notes to the Basic Financial Statements

### Note 1. Summary of Significant Accounting Policies

#### A. Reporting Entity

The Copperas Cove Economic Development Corporation (the Corporation) was organized by the City of Copperas Cove, Texas (the City) to account for a half-cent sales tax devoted to diversifying and strengthening the City's economy. The results of the City of Copperas Cove November 8, 2016, election to reduce the city sales and use tax for economic and industrial development 1/8% as permitted under the provisions of chapter 504, Type A Corporations of the Texas Local government Code and to adopt 1/8% city sales and use tax for Municipal Street Maintenance as permitted under chapter 327 of the Texas Tax Code. This reduction of sales taxes took effect on June 30, 2017. The Corporation operates under the legislative authority of the State of Texas and is governed by the Development Corporation Act of 1979. The Corporation is a nonprofit corporation organized exclusively for the purpose of promoting, assisting and enhancing economic development activities of the City of Copperas Cove. The City Council appoints and can remove the Corporation's directors and approves its budget.

The Corporation is considered to be a component unit of the City of Copperas Cove, Texas for financial reporting purposes. Component units are entities for which a government is considered to be financially accountable. The basic criteria in defining a component unit are the governing body's ability to exercise oversight responsibility. Manifestations of this ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

The financial statements of the Corporation have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Corporation's accounting policies are described below.

#### B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Corporation. For the most part, the effect of interfund activity has been removed from these statements. The government-wide statement of activities demonstrates the degree to which the direct expenses of given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a given function. Also included in program revenues are grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements. Separate fund based financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The Corporation does not have any proprietary or fiduciary funds.

#### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are prepared using the accrual basis of accounting and the economic resources measurement focus. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all

# Copperas Cove Economic Development Corporation

## Notes to the Basic Financial Statements

taxes. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The fund financial statements use the modified accrual basis of accounting and the current financial resources measurements focus. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Corporation considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Sales taxes and interest revenue are considered to be susceptible to accrual.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences, claims and judgements are recorded only when payment is due.

The Corporation reports the following major governmental fund:

General Fund. The General Fund is used to account for all funds that are not required to be accounted for in another fund.

### D. Assets, Liabilities and Net Position or Equity

#### Deposits and Investments

The Corporation's cash and cash equivalents are considered to be cash on hand and demand deposits. The Corporation's investment balances consist of money market accounts in the form of demand deposits. Investments are made in accordance with the Investment Policy as amended by the Corporation to comply with the Public Funds Investment Act. This policy, which is applicable to all Corporation funds, permits investments in collateralized certificates of deposit, obligations of the U.S. Government or its agencies, obligations of the State of Texas or its agencies, other obligation unconditionally insured or guaranteed by the State or investments, negotiable orders of withdrawal, banker's acceptances, mutual funds, and obligations of other states, agencies, counties, cities or other political subdivisions with a rating of A or better from a nationally recognized investment rating firm.

#### Capital Assets

Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed capital assets are recorded at estimated fair market value at the time received. The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend asset lives, are not capitalized.

Capital assets of the Corporation are depreciated using the straight-line method over the following useful lives:

Assets	Years
Buildings	25
Facilities/Infrastructure	25 - 40
Vehicles	7
Equipment	7
Furniture and fixtures	7

#### Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bond using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

## Copperas Cove Economic Development Corporation

### Notes to the Basic Financial Statements

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing uses.

#### Compensated Absences

The Corporation's vacation policy grants employees vacation depending on longevity. Accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it, which typically is the General Fund. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

#### Pensions and other Post-employment Benefits

For purposes of measuring the net pension liability and net OPEB liability, related deferred outflows and inflows of resources, and pension expense City specific information about its Fiduciary Net Position in the applicable plans and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when the contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Liability and OPEB Liability for life insurance benefits is obtained from TMRS through reports prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with applicable Governmental Accounting Standards Board (GASB) standards. Information regarding the City's OPEB liability for retiree healthcare benefits is obtained through reports prepared for the City by its consulting actuary, Gabriel Roeder Smith & Company, in compliance with applicable GASB standards.

#### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Corporation has the following items that qualify for reporting in this category:

- Pension and OPEB contributions after the measurement date – these contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension and OPEB assets – this difference is deferred and amortized over a closed five year period
- Difference in expected and actual pension and OPEB experience – this difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

In addition to liabilities, the statement of the financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statements element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Corporation has the following items that qualify for reporting in this category:

- Difference in expected and actual pension experience – this difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

# Copperas Cove Economic Development Corporation

## Notes to the Basic Financial Statements

### Fund Balance Classifications

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Corporation is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislations.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by board resolution of the Board of Directors, the Corporation's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- Assigned: This classification includes amounts that are constrained by the Corporation's intent to be used for a specific purpose but are neither restricted nor committed. This classification includes amounts that are constrained by the Corporation's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors or Executive Director.
- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Corporation considers restricted funds to have been spent first.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Corporation considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

### Net Position Flow Assumption

Sometimes the Corporation will fund outlays for a particular purpose from both restricted (e.g., restricted bond) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Corporation's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.



# Copperas Cove Economic Development Corporation

## Notes to the Basic Financial Statements

### Net Position

Net position represents the difference between assets, deferred outflows (inflows) of resources and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back any unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Corporation or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

### Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

## Note 2. Stewardship, Compliance and Accountability

### A. Budgetary Information

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for all governmental funds.

The corporation follows these procedures in establishing budgetary data reflected in the financial statements:

1. Prior to August 15, the Corporation submits a proposed operating budget to the City Council for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Any revisions that alter the total expenditures of any fund must be adopted by the Corporation after a formal public hearing.

## Note 3. Detailed Notes on all Funds

### A. Deposits and Investments

All of the Corporation's demand depository accounts are held in a local banking institution under the terms of a written depository contract. At September 30, 2020, the entire amount of the bank balance at year-end was covered by federal depository insurance or by U.S. Government Securities held as collateral by the Corporation's agent in the Corporation's name.

# Copperas Cove Economic Development Corporation

## Notes to the Basic Financial Statements

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the Corporation to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. Statutes authorize the Corporation to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds.

### B. Capital Assets

Capital asset activity for the year ended September 30, 2020, was as follows:

	Balance 09/30/19	Additions	Deletions	Balance 09/30/20
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 612,460	\$ -	\$ -	\$ 612,460
Total assets not being depreciated	612,460	-	-	612,460
Capital assets, being depreciated				
Equipment	62,966	-	-	62,966
Improvements other than buildings	246,600	-	246,600	-
Total capital assets being depreciated	309,566	-	246,600	62,966
Less accumulated depreciation				
Equipment	56,367	4,324	-	60,691
Improvements other than buildings	221,940	-	221,940	-
Total accumulated depreciation	278,307	4,324	221,940	60,691
Total capital assets being depreciated, net	31,259	(4,324)	24,660	2,275
<b>Governmental activities capital assets, net</b>	<b>\$ 643,719</b>	<b>\$ (4,324)</b>	<b>\$ 24,660</b>	<b>\$ 614,735</b>

Depreciation expense was charged entirely to the economic development function on the statement of activities.

# Copperas Cove Economic Development Corporation

## Notes to the Basic Financial Statements

### C. Fund Balance

As of September 30, 2020, governmental fund balance is composed of the following:

Fund Balance Classification	General Fund
Restricted	
Economic development	\$ 7,086,191
<b>Total governmental fund balance</b>	<b>\$ 7,086,191</b>

### D. Long-term Debt

A summary of general long-term debt, including current portion, for the year ended September 30, 2020, is as follows:

	Balance 09/30/19	Additions	Deletions	Balance 09/30/20	Due Within One Year
Bonds payable	\$ 1,465,000	\$ -	\$ 100,000	\$ 1,365,000	\$ 100,000
Compensated absences	2,159	6,062	-	8,221	-
Net pension liability	187,067	-	-	187,067	-
Net OPEB liability	2,728	-	-	2,728	-
<b>Total</b>	<b>\$ 1,656,954</b>	<b>\$ 6,062</b>	<b>\$ 100,000</b>	<b>\$ 1,563,016</b>	<b>\$ 100,000</b>

In fiscal year 2001, the Corporation issued \$1,000,000 in Series 2001 Sales Tax Revenue Bonds, at an interest rate of 5.98% for the construction of a building. These bonds are scheduled to mature in August 15, 2021.

In fiscal year 2013, the Corporation issued \$1,500,000 in Series 2012 Sales Tax Revenue Bonds, at an interest rate of 3.12%, for the purpose of installing infrastructure such as water and wastewater facilities to promote new and expanded business enterprises in the City of Copperas Cove.

Annual debt service requirements to maturity for the bonds are as follows:

Year Ending September 30,	Principal	Interest
2021	100,000	44,261
2022	110,000	39,426
2023	115,000	35,998
2024	115,000	32,413
Thereafter	925,000	118,746
<b>Total</b>	<b>\$ 1,365,000</b>	<b>\$ 270,844</b>

# Copperas Cove Economic Development Corporation

## Notes to the Basic Financial Statements

### E. Risk Management

The Corporation carries commercial insurance for liability, property, workers' compensation, and employee dishonesty risks. Employee health and accident insurance is provided by the City of Copperas Cove, Texas, for the insurance premiums for its employees.

### F. Defined Benefit Pension Policies

The Corporation is an integral part of the City and as such, provides benefits to its full-time employees through the City's retirement plan. The following covers the City's retirement plan as a whole, unless indicated otherwise.

*Plan Descriptions.* The City participates as one of 866 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agency multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Sections 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmr.com](http://www.tmr.com).

All eligible employees of the City are required to participate in TMRS. Employees of the Corporation also participate in the City's TMRS plan, however management has determined that due to the relative immateriality of the Corporation's portion of the net pension liability, amounts allocable to the Corporation have not been excluded from these disclosures.

*Benefits Provided.* TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in over seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The City has approved an annually repeating (automatic) basis monetary credit referred to as an updated service credit (USC) which is a theoretical amount which takes into account salary increases or plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest at 5% until retirement. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and employer match plus employer-financed monetary credits, such as USC, with interest were used to purchase an annuity. Additionally, the City provides, on an annually repeating (automatic) basis, cost of living adjustments (COLA) for retirees equal to a percentage of the change in the consumer price index (CPI).

# Copperas Cove Economic Development Corporation

## Notes to the Basic Financial Statements

A summary of plan provisions for the City are as follows:

Employee deposit rate	6.0%
Matching ratio (City to Employee)	2 to 1
Years required for vesting	Five
Service retirement eligibility	20 years to any age, five years at age 60 and above
Updated service credit	100% repeating
Annuity increase to retirees	70% of CPI, repeating

### Employees Covered by Benefit Terms

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	239
Inactive employees entitled to but not yet receiving benefits	248
Active employees	<u>266</u>
	<u>753</u>

Contributions. The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contributions rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 6.0% of their annual gross earnings during the fiscal year. The contribution rates for the City were 12.16% and 12.52% in calendar years 2020 and 2019, respectively. The City's contributions to TMRS for the year ended September 30, 2020 were \$1,132,275 and equal to the required contributions.

Net Pension Liability. The City's Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

### Actuarial Assumptions

The Total Pension Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

- Inflation rate: 2.5% per annum
- Payroll growth rate: 3.00% per annum
- Investment rate of return: 6.75% net of expenses

## Copperas Cove Economic Development Corporation

### Notes to the Basic Financial Statements

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a three year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, the actuary focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Domestic equity	17.5%	4.55%
International equity	17.5%	6.35%
Core fixed income	10.0%	1.00%
Non-core fixed income	20.0%	4.15%
Real return	10.0%	4.15%
Real estate	10.0%	4.75%
Absolute return	10.0%	4.00%
Private equity	5.0%	7.75%
<b>Total</b>	<b>100.0%</b>	

# Copperas Cove Economic Development Corporation

## Notes to the Basic Financial Statements

### Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in the statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the Total Pension Liability.

### Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at December 31, 2018	\$ 63,305,388	\$ 53,083,954	\$ 10,221,434
Charges for the year			
Service cost	1,750,675	-	1,750,675
Interest	4,233,954	-	4,233,954
Difference between expected and actual experience	294,712	-	294,712
Changes in assumptions	241,828	-	241,828
Contributions, employer	-	1,478,524	(1,478,524)
Contributions, employee	-	741,288	(741,288)
Net investment income	-	8,203,406	(8,203,406)
Benefit payments, including refunds of employee contributions	(2,910,966)	(2,910,966)	-
Administrative expense	-	(46,371)	46,371
Other changes	-	(1,395)	1,395
<b>Balance at December 31, 2019</b>	<b>\$ 66,915,591</b>	<b>\$ 60,548,440</b>	<b>\$ 6,367,151</b>

### Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 16,360,116	\$ 6,367,151	\$ (1,734,957)

# Copperas Cove Economic Development Corporation

## Notes to the Basic Financial Statements

### Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. The report may be obtained on the internet at [www.tmr.com](http://www.tmr.com).

Pension Expense and Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. For the year ended September 30, 2020, the City recognized pension expense of \$1,674,917

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Differences between expected and actual economic experience	\$ 200,253	\$ (200,417)
Difference between projected and actual investment earnings	-	(1,853,366)
Differences in assumptions	164,319	-
Contributions subsequent to the measurement date	1,132,275	-
	<u>1,132,275</u>	<u>                    </u>
<b>Total</b>	<u>\$ 1,496,847</u>	<u>\$ (2,053,783)</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of \$1,132,275 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2020 (i.e. recognized in the City's financial statements September 30, 2020). Other amounts reported as deferred outflows and inflows or resources related to pensions will be recognized in pension expenses as follows:

	For the Years Ended September 30,
	<u>                    </u>
2021	\$ (532,654)
2022	(405,347)
2023	172,837
2024	(924,047)
	<u>                    </u>
<b>Total</b>	<u>\$ (1,689,211)</u>



# Copperas Cove Economic Development Corporation

## Notes to the Basic Financial Statements

### G. Other Post-Employment Benefits (OPEB)

The Corporation's employees participate in the City of Copperas Cove's OPEB plans, including Life Insurance Benefits and Post-Employment Healthcare. The Corporation's proportionate share of the City's net OPEB liability as of September 30, 2020 was \$2,728, representing less than 1% of the City's net OPEB liability. Detailed information about the OPEB plans and liability of the City as a whole is available in the City's separately-issued comprehensive annual financial report, which may be obtained on the internet at [www.ci.copperas-cove.tx.us](http://www.ci.copperas-cove.tx.us). A summary of the plans follows:

#### Post-Employment Healthcare Plan

The City has established a medical insurance benefit plan for retirees. The City administers this single-employer defined benefit medical plan (the Retiree Medical Plan). The Retiree Medical Plan does not issue a publicly available financial report. Eligible retirees will be provided medical insurance benefits at a set premium rate based on City service at the time of retirement. Eligible retirees may also cover their eligible dependents. Retirees are responsible for paying the premiums. A retiree is defined as someone who is receiving lifetime monthly TMRS retirement pension benefits and who retired directly from active employment with the City. The City will stop insurance coverage on the retiree and dependent on the last day of the month when one of the following occurs: 1) the retiree reaches age 65; or 2) the retiree fails to submit the required set premium rate.

#### Life Insurance Benefits

TMRS administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. It is considered to be a single-employer plan. The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year, to be effective the following January 1.

### H. Commitments

During 2011, the Corporation entered into an agreement with the City of Copperas Cove, in which the Corporation committed funds to be given to the City and used for the TXDOT Reliever Route Infrastructure project in an amount no less than \$1,100,000 and no more than \$1,650,000. These funds will be used by the City to make principal and interest payments on the debt issued in 2011 in conjunction with this project. Payments are scheduled to be made until August 15, 2021. In fiscal year 2019, \$133,125 was paid to the City for this commitment. The payment schedule is presented below:

Year Ending September 30,	Portion Attributable to		Total Payment
	Principal	Interest	
2021	130,000	4,550	134,550
<b>Total</b>	<b>\$ 130,000</b>	<b>\$ 4,550</b>	<b>\$ 134,550</b>

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## **Required Supplementary Information**

# Copperas Cove Economic Development Corporation

## General Fund

### Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual For the Year Ended September 30, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Sales taxes	\$ 1,290,000	\$ 1,290,000	\$ 1,500,249	\$ 210,249
Investment income	-	118,000	54,838	(63,162)
Miscellaneous revenue	-	-	25,140	25,140
Total revenues	1,290,000	1,408,000	1,580,227	172,227
<b>EXPENDITURES</b>				
Current				
Economic development	3,263,725	3,263,725	709,181	2,554,544
Debt services	149,196	149,196	149,025	171
Total expenditures	3,412,921	3,412,921	858,206	2,554,715
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(2,122,921)</b>	<b>(2,004,921)</b>	<b>722,021</b>	<b>2,726,942</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(2,122,921)</b>	<b>(2,004,921)</b>	<b>722,021</b>	<b>2,726,942</b>
FUND BALANCE, beginning of year	3,805,962	3,805,962	6,364,170	2,558,208
<b>FUND BALANCE, end of year</b>	<b>\$ 1,683,041</b>	<b>\$ 1,801,041</b>	<b>\$ 7,086,191</b>	<b>\$ 5,285,150</b>

**Copperas Cove Economic Development Corporation**  
Required Supplementary Information  
Texas Municipal Retirement System  
Schedule of the Corporation's Proportionate Share of the  
Net Pension Liability\*

	Measurement Year 2019	Measurement Year 2018	Measurement Year 2017	Measurement Year 2016	Measurement Year 2015	Measurement Year 2014
Total pension liability						
Service cost	\$ 1,750,675	\$ 1,643,247	\$ 1,634,469	\$ 1,622,451	\$ 1,495,238	\$ 1,410,662
Interest (on the total pension liability)	4,233,954	4,051,570	3,879,541	3,689,620	3,637,340	3,470,336
Difference between expected and actual experience	294,712	(306,882)	(523,669)	(298,002)	(622,765)	(578,465)
Changes of assumptions	241,828	-	-	-	121,574	-
Benefit payments, including refunds of employee contributions	(2,910,966)	(2,568,367)	(2,323,947)	(2,088,899)	(1,903,036)	(2,015,046)
Net change in total pension liability	3,610,203	2,819,568	2,666,394	2,925,170	2,728,351	2,287,487
Total pension liability, beginning of year	63,305,388	60,485,820	57,819,426	54,894,256	52,165,905	49,878,418
<b>Total pension liability, end of year (a)</b>	<b>\$ 66,915,591</b>	<b>\$ 63,305,388</b>	<b>\$ 60,485,820</b>	<b>\$ 57,819,426</b>	<b>\$ 54,894,256</b>	<b>\$ 52,165,905</b>
Plan fiduciary net position						
Contributions, employer	\$ 1,478,524	\$ 1,423,101	\$ 1,411,274	\$ 1,407,493	\$ 1,351,607	\$ 1,352,470
Contributions, employee	741,288	693,280	686,752	686,026	643,113	640,477
Net investment income	8,203,406	(1,653,672)	6,752,596	3,086,727	67,231	2,468,151
Benefit payments, including refunds of employee contributions	(2,910,966)	(2,568,367)	(2,323,947)	(2,088,899)	(1,903,036)	(2,015,046)
Administrative expense	(46,371)	(31,970)	(35,004)	(34,864)	(40,950)	(25,768)
Other	(1,395)	(1,670)	(1,774)	(1,878)	(2,023)	(2,119)
Net change in plan fiduciary net position	7,464,486	(2,139,298)	6,489,897	3,054,605	115,942	2,418,165
Plan fiduciary net position, beginning of year	53,083,954	55,223,252	48,733,355	45,678,750	45,562,808	43,144,643
<b>Plan fiduciary net position, end of year (b)</b>	<b>\$ 60,548,440</b>	<b>\$ 53,083,954</b>	<b>\$ 55,223,252</b>	<b>\$ 48,733,355</b>	<b>\$ 45,678,750</b>	<b>\$ 45,562,808</b>
<b>Net pension liability, end of year (a) - (b)</b>	<b>\$ 6,367,151</b>	<b>\$ 10,221,434</b>	<b>\$ 5,262,568</b>	<b>\$ 9,086,071</b>	<b>\$ 9,215,506</b>	<b>\$ 6,603,097</b>
Plan fiduciary net position as a percentage of total pension liability	90.48%	83.85%	91.30%	84.29%	83.21%	87.34%
Covered payroll	\$ 12,354,799	\$ 11,539,659	\$ 11,445,864	\$ 11,433,764	\$ 10,718,552	\$ 10,674,610
Net pension liability as a percentage of covered payroll	51.54%	88.58%	45.98%	79.47%	85.98%	61.86%

\*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

# Copperas Cove Economic Development Corporation

## Required Supplementary Information

### Texas Municipal Retirement System

#### Schedule of the Corporation's Contributions\*

	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Actuarial determined contribution	\$ 1,561,651	\$ 1,466,586	\$ 1,441,457	\$ 1,413,827	\$ 1,360,243	\$ 1,306,426
Contributions in relation to the actuarially determined contribution	1,561,651	1,466,586	1,441,457	1,413,827	1,360,243	1,306,426
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Covered payroll	\$ 12,765,315	\$ 11,966,485	\$ 11,606,767	\$ 11,433,764	\$ 10,718,552	\$ 10,456,668
Contributions as a percentage of covered payroll	12.23%	12.26%	12.42%	12.37%	12.69%	12.49%

#### Notes to the Schedule of the Corporation's Contributions

Notes Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	26
Asset valuation method	10-Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary increases	3.50% to 10.5% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.

Mortality Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.  
Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other information:

Notes There were no benefit changes during the year.

\*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**Report on Internal Control over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

To the Board of Directors of  
Copperas Cove Economic Development Corporation  
Copperas Cove, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Copperas Cove Economic Development Corporation (the Corporation) as of and for the year ended September 30, 2020, and the related notes to the basic financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated June XX, 2021.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be protected under *Government Auditing Standards*.

The Board of Directors of  
Copperas Cove Economic Development Corporation

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas  
June XX, 2021



**Economic Development Corporation**

**H. 2.**

**Meeting Date:** August 25, 2021

**Contact:** Diane Drussell, Interim Director, Copperas Cove EDC

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**Subject:**

Consideration and action on sponsoring the University Research Park & Innovation District Summit hosted by Texas A&M University Central Texas. **Diane Drussell, Interim Director, Copperas Cove EDC**

**Background/History:**

In the past, the region has collaborated on a variety of events and programs. 14 Forward is a program created for I-14, its expansion and the benefits it will provide to the region, specifically the I-14 corridor.

The I-14 Forward Summit (aka conference) is a whole day event focusing on the research park at TAMUCT which will be an advantage for the region.

**Findings/Current Activity:**

The Copperas Cove EDC was invited to be a sponsor for this event. This event will take place on September 1, 2021. Benefits by being a sponsor include:

- Prominent Recognition from the Podium
- Exclusive Signage at Food location
- 2 seats
- Recognition in printed program
- Logo recognition in Event portal
- Sponsor booth
- Sponsor Link in Attendee Confirmation Email.

**Financial Impact:**

\$1,000

**Action/Recommendations:**

EDC staff requests the CCEDC Board of Directors approve the sponsorship of this event as a partner for the 14 Forward program.

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**Attachments:**

**Sponsorship information**



TEXAS A&M  
UNIVERSITY  
CENTRAL TEXAS

University Research Park & Innovation District Summit  
At Texas A&M University-Central Texas  
September 1, 2021 (9:00AM to 3:30PM) Warrior Hall - Bill Yowell Conference Center  
**Agenda**

Last updated 8.16.21

- 9:00AM Sign-In and Light Refreshments
- 9:30AM Col (Ret.) Keith Sledd - Moderator for Summit  
Welcome and Introduction of President Nigliazzo & Chancellor Yeonopolus
- Update: Virtual & Physical University Research Parks and Innovation District
- Dr. Marc Nigliazzo - President - A&M Central Texas
  - Mr. Jim Yeonopolus - Chancellor – Central Texas College
- 10:00AM Dr. Patrick Baker, Director DEVCOM Army Research Laboratory
- 10:45AM Break
- 11:00AM Panel One: Expanding University Research Parks and Innovation District  
Why/What
- Mr. Favio Lopez – President – Trideum Corporation
  - Dr. Jonn Kim – CEO/CTO Geeks and Nerds
  - Mr. Doug Babb – Army G6 Senior Program Lead for 5G
  - Dr. Russ Porter – Vice President Research & Economic Development – A&M Central Texas
  - Dr. Joe Elabd – Interim Vice Chancellor for Research – Texas A&M University System
  - Derrick Hinton – Scientific Research Corporation
- Q&A
- 12:15 AM Lunch
- 1:00PM Panel Two: Research Collaboration and Growth to Support Military & Industry Partners  
*Where/ When/How?*
- Mr. Stephen Coulston, Principal Perkins & Will
  - Mr. John Diem – SES Executive Director – U.S. Army Operational Test Command
  - Dr. Taylor Harvey – Chancellor’s Assistant Research Professor – A&M Central Texas
  - LTC Vito Errico – Co-Director - U.S. Army Futures Command
- Dr. Tina Ady – Deputy Chancellor Instruction & Workforce Initiatives – Central Texas College
  - Mr. Charley Ayres - Director of Industry-Education Partnerships – Central Texas Workforce Solutions

- Mr. Tyrone McLaurin –President - Solution One Q&A

2:30PM Closing Remarks & Q&A

- Dr. Marc Nigliazzo - President - A&M Central Texas

3:00PM Tour of Texas A&M University-Central Texas Research Labs

**Contact Information for Presenters**

**Sponsors**

**Trideum Corporation – Lunch Sponsor**  
**Geeks and Nerds – Breakfast Sponsor**  
**CENTEX Technologies – Silver Sponsor**

**Economic Development Corporation**

**H.3.**

**Meeting Date:** August 25, 2021

**Contact:** Diane Drussell, Interim Director, Copperas Cove EDC

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**Subject:**

Consideration and action on accepting the Letter of Intent to purchase property owned by the Copperas Cove Economic Development Corporation (CCEDC) located at 201 S. 2<sup>nd</sup> Street. **Diane Drussell, Interim Director, Copperas Cove EDC**

**Background/History:**

This property originally belonged to Coryell County and housed some of their offices. In 2017, the City Manager facilitated a land swap between this building and the building the CCEDC owned located at 210 S 1<sup>st</sup> Street.

The Board of Directors determined the CCEDC had no plans to move into that building due to many reasons, to include the cost of renovation. In 2019 the building was demolished per the decision of the Board of Directors. Currently only the slab remains.

**Findings/Current Activity:**

The CCEDC was approached regarding the purchase of the slab. The potential buyer was told to "make an offer" as there was no set price for the property.

**Financial Impact:**

Increase of \$40,000

**Action/Recommendations:**

Staff requests the CCEDC Board of Directors accept this Letter of Intent submitted by Angela J. Schwausch to purchase the property located at 201 S. Main Street, Copperas Cove, TX

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**Attachments:**

Letter of Intent

## LETTER OF INTENT TO PURCHASE

Copperas Cove EDC C/O  
Diane Drussell and Board of Directors  
113 W Ave D  
Copperas Cove, TX 76522

Re: 201 South 2<sup>nd</sup> Street, Copperas Cove, Texas 76522

Dear Diane and Board Members:

This letter shall serve as Letter of Intent to Purchase submitted by Angela J. Schwausch or assigns (hereinafter referred to as "Buyer") to enter into an agreement with Copperas Cove EDC (hereinafter referred to as "Seller") to purchase the following parcel in Copperas Cove, TX;

ORIGINAL TOWN COPPERAS COVE, BLOCK 1, LOT 5-10, ACRES .475

**Site:** Seller to deliver to buyer AS IS

**Purchase Price:** \$40,000.00

**Earnest Money:**

Purchaser, within Three (3) business days after the effective date of an Earnest Money Contract (the "Contract"), shall place the sum of \$1,000.00 (One Thousand dollars and no/100s) together with a fully executed copy of the Contract in escrow with a Title Company of the Sellers Choice. All Earnest Money shall be applied to the Purchase Price at Closing.

**Feasibility Study:**

Buyer shall have a period of Sixty (60) days from mutual execution of the Contract to conduct and review all due diligence, inspections, engineering and other studies deemed necessary by Buyer, in its sole discretion. Buyer shall have the right to terminate the Contract for any reason during the Feasibility Period and receive a refund of the Escrow Deposit less \$250.00 which will be retained by the Seller (as hereinafter defined), and neither party shall have any further liabilities or obligations thereafter.

**Contingency:**

This purchase is contingent upon obtaining a written confirmation or variance for the sale and/or consumption of alcohol on the subject property. Buyer shall have the right to terminate the Contract if this contingency is not met and receive a full refund of the Escrow Deposit, and neither party shall have any further liabilities or obligations thereafter.

**Warranties and Representations**

Seller agrees to make certain warranties and representations as of the effective date of the Contract including 1) Seller's ownership of the Property; 2) No other entities nor persons required to join in Contract or conveyance; 3) no actions pending or threatened which would limit, change or deny access, ingress or egress to the Property; 4) no notice of any threatened or

pending proceeding which would affect or change the zoning of the Property; 5) Seller has and will convey to Purchaser at Closing, good, indefeasible fee simple title to the Property, free and clear of all conditions, exceptions or reservations, except the Permitted Exceptions; 6) there are no parties claiming adverse possession of the Property. Seller is the only party in possession of the Property, and there are no outstanding oral leases or agreements relating to the use or possession of the Property; 7) Seller has no knowledge of the existence of any special assessments of any kind presently pending against the Property and Seller has not received written notice of any special assessments being contemplated; 8) there are no pending or threatened condemnation proceedings affecting the Property and no litigation or threatened litigation affecting Seller or the Property which could constitute a lien, claim or encumbrance against the Property or which could prevent Seller from performing its obligations under this Agreement.

**Title Policy:**

Seller will provide a Title Insurance Commitment from a Title Company of the Sellers choice (hereinafter referred to as "Title Company") within Forty-five (45) days of the Effective Date of the Contract. Buyer will have Ten (10) business days from the receipt of the Title Commitment to make objections.

**Survey:**

Within Forty-five (45) days after the title company has received a copy of the formal contract, Seller shall furnish a new survey of the subject property. Within Ten (10) business days after the receipt of the survey buyer may object in writing to any matters shown on the survey which constitutes a defect or encumbrance on the title.

**Closing:**

Closing to occur on or before 30 days after completion of the Feasibility Study Period.

**Closing Costs**

Current ad valorem taxes will be prorated as of the Closing. All other closing costs will be allocated between Seller and Purchaser in the manner customary for transactions of this nature. Each party will pay the fees and expenses of the attorneys, accountants, and other consultants that it employs.

**Facsimile Signatures**

A facsimile signature of a party shall be binding on such party to the same extent as an original signature. If this Letter of Intent, or any future amendment to this Letter of Intent, is signed by the parties or a party and delivered by means of facsimile transmission, the parties agree promptly to thereafter exchange original, executed counterparts thereof, provided that the failure to do so shall not render the facsimile signature unenforceable or non-binding on the signatory thereof.

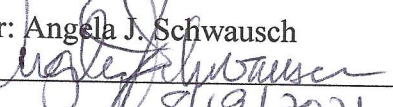
**Conditions to Obligations of Purchaser**

Purchaser's obligation to consummate this transaction and close shall be expressly conditioned upon the satisfaction of the following conditions:

- 1) Seller has not breached any one or more of its obligations under the Contract; 2) no litigation has been commenced affecting the Property which in Purchaser's opinion affect the value or marketability thereof; 3) no adverse changes in the Title Commitment have occurred; and 4) Seller's warranties and representations are true; Purchaser reserves the right to waive such conditions in writing.
- 2) While it is agreed that this letter of intent is not a final binding agreement, both parties agree to negotiate in good faith in a sincere effort to enter into a final binding contract. Upon Receipt thereof, Buyer will prepare and present to Seller a formal contract of purchase and sale incorporating the above provisions therein.

If the foregoing meets with your approval, please indicate Seller's acceptance of the offer herein set forth by having the appropriate and authorized Seller's representative sign this letter in the space provided below and returning it to the Buyer.

Dated this 19<sup>th</sup> day of August, 2021

Buyer: Angela J. Schwausch  
By:   
Date: 8/19/2021

Seller:  
By: \_\_\_\_\_  
Date: \_\_\_\_\_

**Economic Development Corporation**

**I.1.**

**Meeting Date:** August 25, 2021

**Contact:** Diane Drussell, Interim Director, Copperas Cove EDC

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### **UPDATE**

1. Information on EDC Activities. **Diane Drussell, Interim Director, Copperas Cove EDC.**
    - Presentation by Kendig Keast Collaborative (KKC) to discuss Copperas Cove Zoning Ordinance
    - Natural Gas extension to the Narrows Business and Technology Park
    - Community Development Strategies (CDS)
    - Defense Community Infrastructure Program (DCIP)
-