



NOTICE OF MEETING OF COPPERAS COVE ECONOMIC DEVELOPMENT CORPORATION

Notice is hereby given that a Regular Meeting of the Copperas Cove Economic Development Corporation will be held on July 26, 2023, at 12:00 p.m. in the Technology Center at 508 S. 2nd Street, Copperas Cove, Texas 76522 at which time the following agenda will be discussed.

- 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 a 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 28, 2023. **Brittany Sanders, Workforce Development Specialist, Copperas Cove EDC.**

- G. PUBLIC HEARINGS**

- H. ACTION ITEMS**

- 1. Consideration and action on approving the Profit and Loss report for the month of June 2023. **Fred Welch, Executive Director, Copperas Cove EDC.**
 - 2. Consideration and action on approving Resolution # EDC 2023-10 accepting the Quarterly Investment Report as presented for the quarter ending June 30, 2023, per the Investment Policy. **Fred Welch, Executive Director, Copperas Cove EDC**

3. Consideration and action on approving Resolution #EDC 2023-07, amending the 2021/2022 Budget for the Copperas Cove Economic Development Corporation. **Fred Welch, Executive Director, Copperas Cove EDC.**
4. Consideration and action on approving Resolution #EDC 2023-09, adopting the Investment Policy of the Copperas Cove Economic Development Corporation. **Fred Welch, Executive Director, Copperas Cove EDC.**
5. Discussion and direction on usage of EDC property in the Narrows Business and Technology Park for the Solar Eclipse event in April 2024. **Fred Welch, Executive Director, Copperas Cove EDC.**

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

1. Update on EDC Activities. **Diane Drussell, Assistant Director, Copperas Cove EDC.**
2. Executive Directors Report. **Fred Welch, Executive Director, Copperas Cove EDC.**

J. ITEMS FOR FUTURE AGENDAS

K. EXECUTIVE SESSION

1. Pursuant to §551.072 of the Texas Government Code, the Economic Development Corporation Board will meet in Executive Session to discuss deliberation regarding the purchase, exchange, lease, or value of real property.

L. RECONVENE INTO AN OPEN SESSION FOR POSSIBLE ACTION RESULTING FROM ANY ITEM POSTED AND LEGALLY DISCUSSED IN THE 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. on July 21, 2023.**

Brittany Sanders, Workforce Development Specialist
Copperas Cove EDC

Economic Development Corporation

F.1.

Meeting Date: July 26, 2023

Contact: Brittany Sanders, Workforce Development Specialist, Copperas Cove EDC

Subject:

Consideration and action on approval of minutes for the Regular Meeting held on June 28, 2023.

Brittany Sanders, Workforce Development Specialist, Copperas Cove EDC

Attachments:

Regular Meeting Minutes – June 28, 2023

1. Consideration and action on approval of minutes for the Regular Meeting held on May 24, 2023. **Brittany Sanders, Workforce Development Specialist, Copperas Cove EDC.**

Treasurer Bradi Diaz made a motion to approve Agenda Item F1. Chairman JC Stubbs seconded the motion and with a unanimous vote, the motion carried.

G. PUBLIC HEARINGS

None

H. ACTION ITEM

1. Consideration and action on approving the Profit and Loss report for the month of May 2023. **Fred Welch, Executive Director, Copperas Cove EDC.**

Treasurer Bradi Diaz a motion to approve agenda item H1. Director Ted Gonzalez seconded the motion and with a unanimous vote, the motion carried.

2. Consideration and action on approving Resolution #EDC 2023-08, approving the 2023/2024 Proposed Budget for the Copperas Cove Economic Development Corporation. **Fred Welch, Executive Director, Copperas Cove EDC.**

Treasurer Bradi Diaz made a motion to approve agenda item H2. Director Ted Gonzalez seconded the motion and with a unanimous vote, the motion carried.

Executive Director Fred Welch informed the Board of Directors that there will be a Public Hearing held on July 27, 2023, following approval of the Proposed Budget.

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

1. Update on EDC Activities. **Diane Drussell, Assistant Director, Copperas Cove EDC.**

- *Assistant Director Diane Drussell gave an update on the following topics listed below:*
 - *Business visits for the month of June.*
 - *Quarterly Pop-up Market event held on June 10th.*
 - *Mixer held on June 27th at the Taste of Cove Food Truck Park*
 - *Mid-Year Conference held in Dallas on June 20th.*
 - *Texas Travel Recovery Program*
 - *Film-Friendly Project*
- *Workforce Development Specialist Brittany Sanders gave an update on the following topics listed below:*
 - *#HireCove Facebook Page*
 - *Quarterly Pop-up Job Fair event held on June 10th.*

2. Executive Director Report. Fred Welch, Executive Director, Copperas Cove EDC.

- *Executive Director Fred Welch gave an update on the following topics listed below:*
 - International Black Chamber of Commerce Summit on May 30th.
 - Rail Project
 - EDA Grant
 - CCEDC Plan of Work

J. ITEM FOR FUTURE AGENDAS

- *CCEDC Plan of Work for fiscal year 2023-2024*

K. EXECUTIVE SESSION CONVENED AT 12:30 P.M

1. Pursuant to §551.072 of the Texas Government Code, the Economic Development Corporation Board will meet in Executive Session to discuss deliberation regarding the purchase, exchange, lease, or value of real property. **Project Black Dragon.**
2. Pursuant to §551.072 of the Texas Government Code, the Economic Development Corporation Board will meet in Executive Session to discuss deliberation regarding the purchase, exchange, lease, or value of real property. **Project Bear.**
3. Pursuant to §551.072 of the Texas Government Code, the Economic Development Corporation Board will meet in Executive Session to discuss deliberation regarding the purchase, exchange, lease, or value of real property. **Project C-Rail.**

L. RECONVENE INTO OPEN SESSION AT 1:06 P.M. FOR POSSIBLE ACTION RESULTING FROM ANY ITEM POSTED AND LEGALLY DISCUSSED IN THE EXECUTIVE SESSION

1. *No action was taken on Executive Session Item 1. **Project Black Dragon.***
2. *Director Ted Gonzales made a motion to authorize Executive Director Fred Welch to execute an agreement with Kimley Horn for engineering services to support Project Bear. Treasurer Bradi Diaz seconded the motion and with a unanimous vote, the motion carried. **Project Bear.***
3. *Director Ted Gonzales made a motion to authorize Executive Director Fred Welch to work with Knight Law Firm to develop a contract for real property in support of the C-Rail Project. Treasurer Bradi Diaz seconded the motion and with a unanimous vote, the motion carried. **Project C-Rail.***

M. ADJOURN

Chairman JC Stubbs adjourned the meeting at 1:07 p.m.

ATTEST:

Brittany Sanders, Workforce Development Specialist

Elizabeth Ruszkiewicz, Secretary

Economic Development Corporation

H.1.

Meeting Date: July 26, 2023

Contact: Fred Welch, Executive Director, Copperas Cove EDC

Subject:

Consideration and action on approving the Profit and Loss report for the month of June 2023. **Fred Welch, Executive Director, Copperas Cove EDC**

Description/Information:

The Profit and Loss report for June 2023, has been prepared by Donkbuilt Service Exchange "Donkbuilt" as per the agreement between the CCEDC and Donkbuilt. The report is attached for review by the Board.

Financial Impact:

See attached.

Action/Recommendation:

EDC staff recommends the Board approve the Profit and Loss report for June 2023, as presented by Fred Welch.

Attachments:

June 2023, Financials:

Profit and Loss
Profit and Loss Performance Budget
Bancorp South Reconciliation
TexPool Reconciliation

Copperas Cove Economic Development Corporation
Profit & Loss

June 2023

Jun 23

Ordinary Income/Expense

Income

Revenues

Sales Tax Income 93,635.55

Interest Income 31,299.21

Total Revenues 124,934.76

Total Income 124,934.76

Expense

EXPENDITURES

EDC ADMINISTRATION

PERSONNEL

00-1150 - Phone Reimbursement 588.00

00-1100 - Car Allowance 500.00

00-1000 - Staff Salary 26,931.09

00-1200 - Longevity 55.38

00-1500 - FICA Tax 1,861.00

00-1600 - Employee Insurance 1,331.94

00-1800 - Retirement 3,408.79

00-1901 - Other Personnel Expenses 345.32

Total PERSONNEL 35,021.52

SUPPLIES AND MATERIALS

00-2030 - Office Supplies 209.92

00-2200 - Postage/Shipping 126.98

Total SUPPLIES AND MATERIALS 336.90

REPAIRS AND MAINTENANCE

00-4100 - Repairs & Maint. - Bldg 1,006.79

00-4200 - Repairs & Maint. - Facility 2,508.22

00-4400 - Repairs & Maint. - Equipment 160.00

Total REPAIRS AND MAINTENANCE 3,675.01

CONTRACTUAL SERVICES

00-6000 - Bank Analysis Fees 160.03

00-6200 - Communication 331.33

00-6300 - Rental of Equip / Copier Lease 289.99

00-6350 - Rental of Property 2,600.00

00-6400 - Dues and Subscriptions 916.10

00-6550 - Contract Labor 388.26

00-6600 - Professional Development 425.00

00-6800 - Professional Services 600.00

00-6900 - Utilities 212.26

Total CONTRACTUAL SERVICES 5,922.97

DESIGNATED EXPENSES

00-1998 - Board Related Expenses 93.97

00-1999 - Public Relations 60.30

Total DESIGNATED EXPENSES 154.27

Total EDC ADMINISTRATION 45,110.67

Copperas Cove Economic Development Corporation
Profit & Loss

June 2023

	<u>Jun 23</u>
DEBT SERVICES	
10-9326 · 2012 Sales Tax Bond Note Int	2,999.82
Total DEBT SERVICES	<u>2,999.82</u>
EDC NON-DEPARTMENTAL	
CONTRACTUAL SERVICES	
90-6400 · Dues and Subscriptions	450.00
90-6100 · Advertising	90.35
90-6550 · Contract Labor	2,650.00
90-6610 · Business Attraction	1,404.35
Total CONTRACTUAL SERVICES	<u>4,594.70</u>
90-9100 · BUSINESS RETENTION	
90-9101 · Flyers / Design	561.62
Total 90-9100 · BUSINESS RETENTION	<u>561.62</u>
Total EDC NON-DEPARTMENTAL	<u>5,156.32</u>
OTHER EXPENDITURES	
90-8600 · CAPITAL OUTLAY	
90-8607 · New Business Park Study	115,812.09
90-8601 · Constitution	3,058.76
90-8602 · Land Exchange	1,000.00
Total 90-8600 · CAPITAL OUTLAY	<u>119,870.85</u>
Total OTHER EXPENDITURES	<u>119,870.85</u>
Total EXPENDITURES	<u>173,137.66</u>
Total Expense	<u>173,137.66</u>
Net Ordinary Income	<u>-48,202.90</u>
Net Income	<u><u>-48,202.90</u></u>

Copperas Cove Economic Development Corporation
Profit & Loss Budget Performance
October 2022 through June 2023

	<u>Oct '22 - Jun 23</u>	<u>YTD Budget</u>	<u>Annual Budget</u>
Ordinary Income/Expense			
Income			
Revenues			
Sales Tax Income	1,209,918.22	1,049,999.99	1,400,000.00
Interest Income	238,433.85	149,999.99	200,000.00
Total Revenues	1,448,352.07	1,199,999.98	1,600,000.00
Total Income	1,448,352.07	1,199,999.98	1,600,000.00
Expense			
EXPENDITURES			
EDC ADMINISTRATION			
PERSONNEL			
00-1150 · Phone Reimbursement	2,868.00	2,880.00	3,840.00
00-1100 · Car Allowance	4,500.00	4,500.00	6,000.00
00-1000 · Staff Salary	231,695.60	239,250.01	319,000.00
00-1200 · Longevity	459.74	648.00	864.00
00-1500 · FICA Tax	17,210.04	18,479.25	24,639.00
00-1600 · Employee Insurance	8,752.38	15,870.01	21,160.00
00-1700 · Worker's Comp Insurance	726.00	600.02	800.00
00-1800 · Retirement	30,240.53	31,937.99	42,584.00
00-1901 · Other Personnel Expenses	696.90	1,049.99	1,400.00
PERSONNEL - Other	0.00	0.00	0.00
Total PERSONNEL	297,149.19	315,215.27	420,287.00
SUPPLIES AND MATERIALS			
00-2030 · Office Supplies	2,550.67	3,375.00	4,500.00
00-2035 · Cleaning Supplies	-30.73		
00-2040 Printing Costs	0.00	225.00	300.00
00-2200 · Postage/Shipping	297.98	225.00	300.00
00-2300 · Minor Tools	0.00	0.00	0.00
00-2820 · Furniture and Fixtures	1,205.61	4,500.00	6,000.00
00-2842 · Minor Equipment/Electronics	1,072.64	4,125.01	5,500.00
00-2844 · Minor Equipment - Software	0.00	0.00	0.00
Total SUPPLIES AND MATERIALS	5,096.17	12,450.01	16,600.00
REPAIRS AND MAINTENANCE			
00-4100 · Repairs & Maint. - Bldg	9,657.69	7,500.01	10,000.00
00-4200 · Repairs & Maint. - Facility	3,827.07	2,880.00	3,840.00
00-4400 · Repairs & Maint. - Equipment	2,120.00	3,375.00	4,500.00
00-4600 · Repairs & Mant. - Software	0.00	0.00	0.00
Total REPAIRS AND MAINTENANCE	15,604.76	13,755.01	18,340.00
CONTRACTUAL SERVICES			
00-6012 · Consulting Fees (Legal)	2,345.00	5,625.00	7,500.00
00-6000 · Bank Analysis Fees	560.18	637.51	850.00
00-6100 · Advertising	975.83	750.01	1,000.00
00-6200 · Communication	5,064.04	5,549.99	7,400.00
00-6300 · Rental of Equip / Copier Lease	2,609.91	2,610.00	3,480.00

Copperas Cove Economic Development Corporation
Profit & Loss Budget Performance
October 2022 through June 2023

	<u>Oct '22 - Jun 23</u>	<u>YTD Budget</u>	<u>Annual Budget</u>
00-6350 · Rental of Property	28,200.00	27,000.00	36,000.00
00-6400 · Dues and Subscriptions	11,051.81	9,374.99	12,500.00
00-6550 · Contract Labor	7,641.58	6,750.00	9,000.00
00-6600 · Professional Development	15,814.92	15,750.00	21,000.00
00-6800 · Professional Services	7,257.64	6,793.51	9,058.00
00-6801 · Recruiting/Executive Search	0.00	0.00	0.00
00-6810 · Provided City Services	0.00	266.99	356.00
00-6900 · Utilities	5,637.25	6,899.99	9,200.00
Total CONTRACTUAL SERVICES	87,158.16	88,007.99	117,344.00
DESIGNATED EXPENSES			
00-7000 · Insurance Expense	3,514.00	2,700.00	3,600.00
00-1998 · Board Related Expenses	1,091.05	1,875.01	2,500.00
00-1999 · Public Relations	5,634.16	5,250.01	7,000.00
Total DESIGNATED EXPENSES	10,239.21	9,825.02	13,100.00
Total EDC ADMINISTRATION	415,247.49	439,253.30	585,671.00
DEBT SERVICES			
10-9325 · 2001 Sales Tax Bond Note Int	0.00	0.00	0.00
10-9226 · 2012 Sales Tax Bond Principal	0.00	86,249.95	115,000.00
10-9326 · 2012 Sales Tax Bond Note Int	29,998.20	26,998.45	35,998.00
Total DEBT SERVICES	29,998.20	113,248.40	150,998.00
EDC NON-DEPARTMENTAL			
SUPPLIES AND MATERIAL			
90-2060 · Program / Project Supplies	261.29	195.75	261.00
Total SUPPLIES AND MATERIAL	261.29	195.75	261.00
CONTRACTUAL SERVICES			
90-6400 · Dues and Subscriptions	22,150.00	16,312.50	21,750.00
90-6100 · Advertising	1,411.08	750.01	1,000.00
90-6550 · Contract Labor	12,202.50	14,999.99	20,000.00
90-6610 · Business Attraction	28,099.17	33,750.00	45,000.00
90-6800 · Professional Services	54,366.84	36,000.00	48,000.00
Total CONTRACTUAL SERVICES	118,229.59	101,812.50	135,750.00
90-9000 · ENTREPRENEUR CENTER			
90-9001 · Start Up	0.00	9,750.01	13,000.00
90-9002 · Operations	0.00	6,375.01	8,500.00
Total 90-9000 · ENTREPRENEUR CENTER	0.00	16,125.02	21,500.00
90-9100 · BUSINESS RETENTION			
90-9101 · Flyers / Design	641.52	374.99	500.00
90-9102 · Workshops	291.70	450.00	600.00
90-9103 · Retention	338.42	900.00	1,200.00
90-9104 · Travel	0.00	1,125.00	1,500.00
90-9105 · Visits	18.81	900.00	1,200.00
Total 90-9100 · BUSINESS RETENTION	1,290.45	3,749.99	5,000.00
Total EDC NON-DEPARTMENTAL	119,781.33	121,883.26	162,511.00
OTHER EXPENDITURES			

Copperas Cove Economic Development Corporation
Profit & Loss Budget Performance
 October 2022 through June 2023

	<u>Oct '22 - Jun 23</u>	<u>YTD Budget</u>	<u>Annual Budget</u>
90-8600 · CAPITAL OUTLAY			
90-8607 · New Business Park Study	140,527.09	938,250.00	1,251,000.00
90-8601 · Constitution	34,958.24	1,736,830.52	2,315,774.00
90-8602 · Land Exchange	21,502.59	56,250.00	75,000.00
90-8605 · Infrastructure	0.00	0.00	0.00
Total 90-8600 · CAPITAL OUTLAY	<u>196,987.92</u>	<u>2,731,330.52</u>	<u>3,641,774.00</u>
Total OTHER EXPENDITURES	<u>196,987.92</u>	<u>2,731,330.52</u>	<u>3,641,774.00</u>
Total EXPENDITURES	<u>762,014.94</u>	<u>3,405,715.48</u>	<u>4,540,954.00</u>
Total Expense	<u>762,014.94</u>	<u>3,405,715.48</u>	<u>4,540,954.00</u>
Net Ordinary Income	<u>686,337.13</u>	<u>-2,205,715.50</u>	<u>-2,940,954.00</u>
Net Income	<u><u>686,337.13</u></u>	<u><u>-2,205,715.50</u></u>	<u><u>-2,940,954.00</u></u>

Copperas Cove Economic Development Corporation
Reconciliation Summary
Cash- BANCORPSOUTH, Period Ending 06/30/2023

	<u>Jun 30, 23</u>
Beginning Balance	1,566,836.81
Cleared Transactions	
Checks and Payments - 42 items	-168,454.54
Deposits and Credits - 5 items	95,488.83
Total Cleared Transactions	<u>-72,965.71</u>
Cleared Balance	<u>1,493,871.10</u>
Uncleared Transactions	
Checks and Payments - 5 items	-6,180.84
Total Uncleared Transactions	<u>-6,180.84</u>
Register Balance as of 06/30/2023	<u>1,487,690.26</u>
New Transactions	
Checks and Payments - 16 items	-27,403.20
Total New Transactions	<u>-27,403.20</u>
Ending Balance	<u>1,460,287.06</u>

2:34 PM

07/21/23

Copperas Cove Economic Development Corporation
Reconciliation Summary
TEXPOOL ACCOUNT, Period Ending 06/30/2023

	<u>Jun 30, 23</u>
Beginning Balance	6,856,827.25
Cleared Transactions	
Deposits and Credits - 1 item	<u>28,484.66</u>
Total Cleared Transactions	<u>28,484.66</u>
Cleared Balance	<u>6,885,311.91</u>
Register Balance as of 06/30/2023	6,885,311.91
Ending Balance	6,885,311.91

Economic Development Corporation

H.2.

Meeting Date: July 26, 2023

Contact: Fred Welch, Executive Director, Copperas Cove EDC.

Subject:

Consideration and action on approving Resolution # EDC 2023-10 accepting the Quarterly Investment Report as presented for the quarter ending June 30, 2023, per the Investment Policy.
Fred Welch, Executive Director, Copperas Cove EDC

Description/Information:

The Public Funds Investment Act of Chapter 2256, Texas Government Code, requires investment management reports to be accepted by the Board. The Copperas Cove Economic Development Corporation's Investment Policy requires that the Investment Officer shall report a detailed listing of all purchases, sales, and payments, and a description of each security held as well as management summary information.

Financial Impact:

See attached Quarterly Investment Report for the month ending June 30, 2023.

Action/Recommendation:

EDC staff recommends the Board approves Resolution # EDC-2023-10 accepting the Quarterly Investment Report as presented for the quarter ending June 30, 2023, per the Investment Policy.

Attachments:

Resolution # EDC-2023-10
Quarterly Investment Report

RESOLUTION NO. EDC- 2023-10

**A RESOLUTION OF THE COPPERAS COVE ECONOMIC DEVELOPMENT CORPORATION,
APPROVING THE INVESTMENT REPORT FOR THE QUARTER ENDING JUNE 2023.**

WHEREAS, Chapter 2256 of the Texas Government Code, commonly known as the “Public Funds Investment Act,” requires the Investment Officer of the City to present s written report of investment transactions for all Economic Development Corporation’s accounts covered for the preceding reporting period to the Board of Directors; and

WHEREAS, this reporting is authorized by the Public Funds Investment Act; and

WHEREAS, the Public Funds Investment Act requires the Quarterly Investment Report be presented to the Board of Directors; and

WHEREAS, the attached Quarterly Investment Report complies with the Public Funds Investment Act.

**NOW, THEREFORE, BE IT RESOLVED AND ORDERED BY THE BOARD OF DIRECTORS OF THE
COPPERAS COVE ECONOMIC CORPORATION:**

SECTION I.

That the Copperas Cove Economic Development Corporation has complied with the requirements of the Public Funds Investment Act, and the Quarterly Investment Report for the quarter ending June 30, 2023, attached hereto as “Exhibit A,” is hereby approved as the quarterly investment report for the quarter ending June 30, 2023, of the Corporation effective July 26, 2023.

PASSED, APPROVED, AND ADOPTED on this 26th day of July 2023 at a regular meeting of the Economic Development Corporation which meeting was held in compliance with the Open Meetings Act, *Tex. Gov’t Code*, §551.001, et. seq. at which meeting a quorum was present and voting.

ATTEST:

Bradi Diaz, Treasurer

JC Stubbs, Chairman

APPROVED AS TO FORM:

The Knight Law Firm
Copperas Cove Economic Development Corporation Attorney



Quarterly Investment Report

April 1, 2023 – June 30, 2023

3rd Quarter 2022-2023

The following report is submitted in accordance with the Public Funds Investment Act (Chapter 2256). The report also offers a supplement not required by the Act to fully inform the Board of Directors of the position and activity within the Copperas Cove Economic Development's portfolio of investments. The report includes a management summary overview, detailed holdings report for the end of the period and a transaction report as well as graphic representations of the portfolio to provide full disclosure to the Board.

The Copperas Cove EDC's portfolio is managed in full compliance with the Public Funds Investment Act, the Corporations' Investment Policy and Strategy and under the strictest safety parameters as set by the Board.

Copperas Cove Economic Development Corporation

Operating Fund Quarterly Investment Report

March 31, 2023 - June 30, 2023

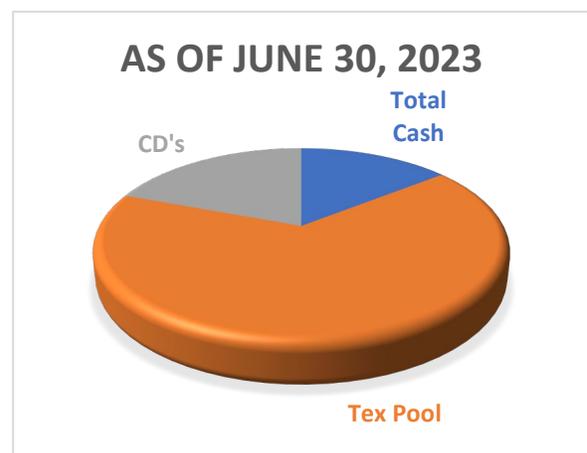
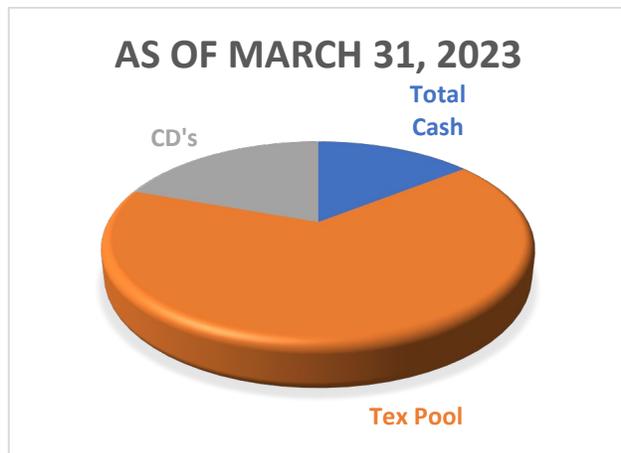
Compared to previous Quarter

Portfolio Summary Management Report

This Quarterly Report is in compliance with the investment policy and strategy as established by the Board

and the Public Funds Investment Act (Chapter 2256, Texas Govt. Code)

	<u>As of March 31, 2023</u>	<u>As of June 30, 2023</u>
Operating Account	\$ 1,472,539	\$ 1,487,690
Tex Pool	\$ 6,800,989	\$ 6,885,312
CD's	\$ 2,002,761	\$ 2,003,889
	<u>\$ 10,276,289</u>	<u>\$ 10,376,891</u>



Fred Welch , Executive Director

Annette Donker, DonkBuilt Service Exchange

Economic Development Corporation

H.3.

Meeting Date: July 26, 2023

Contact: Fred Welch, Executive Director, Copperas Cove EDC.

Subject:

Consideration and action on approving Resolution #EDC 2023-07, amending the FYE 2021/2022 Budget for the Copperas Cove Economic Development Corporation. **Fred Welch, Executive Director, Copperas Cove EDC.**

Description/Information:

This auditor recommended budget adjustment/amendment reflects expenditures for items made in FY 2022/2023 that were budgeted in the previous fiscal year. This created an overage, in which an amendment should be made.

The 2021/2022 CCEDC Budget was approved by City Council on August 3, 2021 (City Resolution # 2021-23)

Per Article V, Section 9, of the CCEDC Bylaws, "Capital Project Funds may be used in a manner prescribed by the Board of Directors for a major capital outlay, capital improvement, land acquisition or other items allowed by Texas Law". As per Article V, Section 10, "If at any time the budget needs to be amended through an increase, a majority vote of the Board of Directors and approval of the Unit will be required".

Financial Impact:

\$284,919

Action/Recommendation:

EDC staff requests BOD approve Resolution #EDC 2023-07. Upon approval, this item will be presented to City Council for final approval.

Attachments:

Resolution #EDC 2023-07
FY 2021/2022 Amended Budget

RESOLUTION NO. EDC 2023-07

**A RESOLUTION OF THE COPPERAS COVE ECONOMIC DEVELOPMENT CORPORATION
APPROVING AND AMENDING THE BUDGET FOR THE COPPERAS COVE ECONOMIC
DEVELOPMENT CORPORATON FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2021, AND
ENDING ON SEPTEMBER 30, 2022; AND ESTABLISHING A SAVINGS CLAUSE AND AN
EFFECTIVE DATE.**

WHEREAS, the Copperas Cove Economic Development Corporation desires to amend the operating budget of the Economic Development Corporation for the fiscal year October 1, 2021 to September 30, 2022; and

WHEREAS, said budget amendments have been submitted to the Economic Development Corporation Board by the Economic Development Director in accordance with the bylaws.

WHEREAS, if such amendments are approved by the Board of Directors, said budget amendments will be submitted for ratification to the City Council of the City of Copperas Cove, Texas.

NOW, THEREFORE, BE IT RESOLVED BY THE COPPERAS COVE ECONOMIC DEVELOPMENT CORPORATION:

SECTION I.

That the Copperas Cove Economic Development Corporation approve and adopt the amendments to the budget considered for the fiscal year of October 1, 2021, to September 30, 2022, as identified in "Exhibit A" of this resolution. This auditor recommended adjustment reflects expenditures made in Fiscal Year 2022-2023 that should were budgeted in the previous fiscal year.

SECTION II.

That the amendments to the budget approved and adopted hereby will be forwarded for consideration and approval by the City Council of the City at their next available meeting.

SECTION III.

That all resolutions for which provision has heretofore been made are hereby expressly repealed if in conflict with the provisions of this resolution.

SECTION IV.

That should any part, portion, or section of this resolution be declared invalid or inoperative or void for any reason by a court of competent jurisdiction, such decision, opinion or judgment shall in no way affect the remaining portions, parts, or sections or parts of section of this resolution, which provisions shall be, remain and continue to be in full force and effect.

SECTION V.

That this resolution shall take effect and be in full force and effect from and after its passage and approval of the City Council.

PASSED, APPROVED, AND ADOPTED this day of _____, 2023, at a meeting of the Copperas Cove Economic Development Corporation, which meeting was held in compliance with the Open Meetings Act, *Tex. Gov't Code* 551.001, et.seq., at which meeting a quorum was present and voting.

ATTEST:

JC Stubbs, Chairman

Bradi Diaz Treasurer

APPROVED AS TO FORM:



Barbara Boulware-
Wells Knight- Law Firm
Copperas Cove Economic Development Corporation Attorney

Row Labels	Sum of Balance	
4100 - Cash and Investments	9,824,341	
4200 - Taxes Receivable	302,145	
4210 - Accounts Receivable	1,089	
4501 - Capital Assets - Land	349,902	
4504 - Capital Assets - Equipment	89,542	
4510 - Capital Assets - Accumulated Depreciation	(66,763)	
4900 - Deferred Outflows of Resources - Pension	35,011	
4905 - Deferred Outflows of Resources - OPEB	6,143	
5100 - Accounts payable	(144,910)	
5105 - Accrued Liabilities	(16,726)	
5140 - Accrued Interest Payable	(4,600)	
5170 - Compensated Absences, Noncurrent	(12,843)	
5180 - Bonds Payable, Noncurrent	(1,155,000)	
5185 - Net Pension Liability, Noncurrent	(44,263)	
5190 - OPEB Liability, Noncurrent	(32,965)	
5900 - Deferred Inflows of Resources - Pension	(63,701)	
5905 - Deferred Inflows of Resources - OPEB	(3,454)	
6100 - Net Position / Fund Balance	(7,612,298)	
7110 - Taxes	(1,751,450)	
7190 - Interest	(46,521)	
8060 - Interest	42,215	Expenses
8120 - Depreciation (Proprietary)	3,797	Expenses
8200 - Economic Development	845,053	Expenses
9040 - Sale of Capital Assets	(543,742)	
Grand Total	2	

Statement of Activities (expenses on full accrual)	\$	845,053
Conversion from full accrual to modified accrual:		
<i>Reverse capital asset additions</i>		26,576
<i>Compensated Absences Adjustment</i>		(1,604)
<i>Pension Liability Adjustment</i>		55,760
<i>OPEB Liability Adjustments</i>		(27,548)
General Fund I/S (expenditures on modified accrual)	\$	898,237
Non-debt service expenditures per budget		613,318
Budget Overage		(284,919)

**COPPERAS COVE EDC
ACTUAL VS. BUDGET
FY 2021/2022**

EXHIBIT "A"

	Oct '21 - Sep 22	BUDGET FY 2021/2022
Ordinary Income/Expense		
Income		
Revenues		
Sales Tax Income	\$1,735,020.51	\$1,290,000.00
Interest Income	\$46,521.45	\$1,000.00
Total Revenues	\$1,781,541.96	\$1,291,000.00
Proceeds from Land Sales	\$543,742.30	
Total Income	\$2,325,284.26	\$1,291,000.00
Expense		
EXPENDITURES		
EDC ADMINISTRATION		
PERSONNEL		
00-1000 · Staff Salary	\$211,063.68	\$254,825.00
00-1200 · Longevity	\$561.32	\$720.00
00-1500 · FICA Tax	\$16,581.10	\$19,421.00
00-1600 · Employee Insurance	\$8,547.23	\$18,400.00
00-1700 · Worker's Comp Insurance	\$483.19	\$600.00
Retirement	\$28,828.64	\$33,000.00
Other Personnel Expenses	\$10,686.52	\$13,522.00
PERSONNEL - Other	\$0.00	\$0.00
Total PERSONNEL	\$276,751.68	\$340,488.00
SUPPLIES AND MATERIALS		
Office Supplies	\$2,174.82	\$1,650.00
Cleaning Supplies	\$214.93	\$300.00
Printing Costs	\$0.00	\$300.00
Postage	\$220.25	\$400.00
Minor Tools	\$0.00	\$150.00
Furniture and Fixtures	\$75.76	\$100.00
Minor Equipment/Electronics	\$1,300.26	\$1,200.00
Minor Equipment/Software	\$0.00	\$0.00
Total SUPPLIES AND MATERIALS	\$3,986.02	\$4,050.00
REPAIRS AND MAINTENANCE		
Repairs & Maint. - Bldg	\$13,383.16	\$5,240.00
Repairs & Maint. - Facility	\$1,390.00	
Repairs & Maint. - Equipment	\$1,206.25	\$500.00
Repairs & Mant. - Software	\$0.00	\$0.00
Total REPAIRS AND MAINTENANCE	\$15,979.41	\$5,740.00
CONTRACTUAL SERVICES		
Consulting Fees (Legal)	\$3,692.50	\$9,000.00
Bank Analysis Fees	\$729.85	
Advertising	\$388.50	\$500.00
Communication	\$5,710.41	\$4,700.00
Rental of Equipment	\$3,798.87	\$3,340.00

	Oct '21 - Sep 22	BUDGET FY 2021/2022
Rental of Property	\$21,800.00	\$19,200.00
Dues and Subscriptions	\$10,605.26	\$12,500.00
Contract Labor	\$8,926.50	\$600.00
Professional Development	\$22,871.47	\$11,700.00
Professional Services	\$50,673.96	\$10,000.00
Recruiting/Executive Search	\$30,659.41	\$29,325.03
Provided City Services	\$293.56	\$1,000.00
Utilities	\$6,076.58	\$6,000.00
CONTRACTUAL SERVICES - Other	\$0.00	\$0.00
Total CONTRACTUAL SERVICES	\$166,226.87	\$107,865.03
DESIGNATED EXPENSES		
Insurance Expense	\$3,494.00	\$5,000.00
Board Related Expenses	\$1,330.00	\$1,700.00
Public Relations	\$3,604.40	\$1,200.00
Total DESIGNATED EXPENSES	\$8,428.40	\$7,900.00
Total EDC ADMINISTRATION	\$471,372.38	\$466,093.03
DEBT SERVICES		
2001 Sales Tax Bond Principal	\$0.00	\$0.00
2001 Sales Tax Bond Note Int	\$0.00	\$0.00
2012 Sales Tax Bond Principal	\$0.00	\$129,713.00
2012 Sales Tax Bond Note Int	\$45,003.81	\$19,713.00
Reliever Route Commit Interest	\$0.00	\$0.00
Total DEBT SERVICES	\$45,003.81	\$149,426.00
EDC NON-DEPARTMENTAL		
SUPPLIES AND MATERIAL		
Program / Project Supplies	\$86.90	\$300.00
Total SUPPLIES AND MATERIAL	\$86.90	\$300.00
CONTRACTUAL SERVICES		
Advertising	\$994.20	\$1,200.00
Dues and Subscriptions	\$455.11	\$200.00
Contract Labor	\$42,995.00	\$25,000.00
Business Attraction	\$47,603.35	\$146,500.00
Professional Services	\$0.00	\$4,000.00
Total CONTRACTUAL SERVICES	\$92,047.66	\$176,900.00
Total EDC NON-DEPARTMENTAL	\$92,134.56	\$177,200.00
OTHER EXPENDITURES		
CAPITAL OUTLAY		
Land Exchange	\$160,690.00	\$160,690.00
Gas Lines to Narrows	\$0.00	\$0.00
Sidewalk	\$124,163.00	\$124,163.00
Total CAPITAL OUTLAY	\$284,853.00	\$284,853.00
Total OTHER EXPENDITURES	\$284,853.00	\$0.00
Total EXPENDITURES	\$893,363.75	\$1,077,572.00
Business Attraction	\$12,062.50	
Total Expense	\$905,426.25	\$1,077,572.00
Net Ordinary Income	\$1,419,858.01	\$499,430.97
Net Income	\$1,419,858.01	\$499,430.97

Approved/Adopted
by Council 8-3-2021



EXHIBIT "A"

**PROPOSED BUDGET FY 2021/2022
SUMMARY**

	<u>ACTUAL FY2019/2020</u>	<u>Approved/ Amended FY2020/2021</u>	<u>PROJECTED Y/E 2020/2021</u>	<u>PROPOSED FY 2021/2022</u>
BEGINNING FUND BALANCE:				
Unreserved, Undesignated	\$ 6,364,170	\$ 5,622,907	\$ 5,624,710	\$ 7,088,148
REVENUES:				
Sales Tax	\$ 1,500,249	\$ 1,290,000	\$ 1,300,000	\$ 1,290,000
Interest Revenue	\$ 54,838	\$ 36,000	\$ 2,000	\$ 1,000
Land Sale	\$ -	\$ -	\$ 919,565	
Misc.	\$ 25,140	\$ -	\$ -	
TOTAL REVENUES	\$ 1,580,227	\$ 1,326,000	\$ 2,221,565	\$ 1,291,000
TOTAL FUNDS AVAILABLE	\$ 7,944,397	\$ 6,948,907	\$ 7,846,275	\$ 8,379,148
EXPENDITURES				
EDC Administration	\$ 418,170	\$ 439,586	\$ 416,016	\$ 436,118
Non-Departmental	\$ 160,531	\$ 179,185	\$ 63,300	\$ 177,200
OPERATING EXPENDITURES	\$ 578,701	\$ 618,771	\$ 479,316	\$ 613,318
OTHER EXPENDITURES				
Land Swap	\$ -	\$ 2,000,000	\$ -	\$ -
DEAAG Grant - Multimodal	\$ -	\$ 500,000	\$ -	\$ -
Debt Services	\$ 282,949	\$ 278,811	\$ 278,811	\$ 149,426
Capital Projects - Gas Line	\$ -	\$ 405,102	\$ -	\$ -
Constitution			\$ -	\$ -
Multi-use trail			\$ -	\$ -
TOTAL OTHER EXPENDITURES	\$ 282,949	\$ 3,183,913	\$ 278,811	\$ 149,426
TOTAL EXPENDITURES	\$ 861,650	\$ 3,802,684	\$ 758,127	\$ 762,744
ENDING FUND BALANCE				
Unreserved, Undesignated	\$ 7,082,747	\$ 3,146,223	\$ 7,088,148	\$ 7,616,404
TOTAL ENDING FUND BALANCE	\$ 7,082,747	\$ 3,146,223	\$ 7,088,148	\$ 7,616,404
IDEAL FUND BALANCE	\$ 144,675	\$ 154,693	\$ 119,829	\$ 153,330
OVER/(UNDER) IDEAL FUND BALANCE	\$ 6,938,072	\$ 2,991,530	\$ 6,968,319	\$ 7,463,075

Approved/Adopted
by Council 8-3-2021



Proposed Budget FY 2021/2022

	<u>Approved / Amended FY2020/2021</u>	<u>Projected Y/E FY2020/2021</u>	<u>Proposed FY2021/2022</u>
REVENUES			
Income Sources:			
Sales Tax	\$1,290,000	\$1,300,000	\$1,290,000
Interest Revenue	\$36,000	\$2,000	\$1,000
Misc	\$0	\$0	\$0
Land sales	\$0	\$919,565	\$0
TOTAL INCOME SOURCES	<u>\$1,326,000</u>	<u>\$2,221,565</u>	<u>\$1,291,000</u>
EXPENDITURES			
EDC ADMINISTRATION			
Personnel:			
Staff Salary	\$254,825	\$254,825	\$254,825
Longevity	\$375	\$493	\$720
FICA Tax	\$18,303	\$19,606	\$19,421
Employee Insurance	\$16,404	\$16,035	\$18,400
Worker's Comp Insurance	\$1,000	\$500	\$600
Retirement	\$29,525	\$32,975	\$33,000
Other Personnel Expenses	\$21,034	\$9,000	\$13,522
Total Personnel	<u>\$341,466</u>	<u>\$333,434</u>	<u>\$340,488</u>
SUPPLIES AND MATERIALS			
Office Supplies	\$1,300	\$500	\$500
Cleaning Supplies	\$300	\$300	\$300
Printing Cost	\$857	\$150	\$300
Postage	\$615	\$200	\$400
Minor Tools	-	\$100	\$150
Furniture and Fixtures	-	\$100	\$100
Minor Equipment - Electronic	-	\$1,200	\$1,200
Minor Equipment - Software	\$100	-	-
Total Supplies and Materials	<u>\$3,172</u>	<u>\$2,550</u>	<u>\$2,950</u>

	<u>Approved / Amended FY2020/2021</u>	<u>Projected Y/E FY2020/2021</u>	<u>Proposed FY2021/2022</u>
REPAIRS AND MAINTENANCE			
Repairs & Maint. - Bldg.		\$5,400	\$5,240
Repairs & Maint. - Facility	\$7,150	\$600	\$500
Repairs & Maint. - Equipment	\$700	\$100	\$500
Repairs & Maint. - Software	\$0		\$0
Total Repairs and Maintenance	<u>\$7,850</u>	<u>\$6,100</u>	<u>\$6,240</u>
CONTRACTUAL SERVICES			
Consulting Fees (legal)	\$10,000	\$6,000	\$9,000
Advertisement	\$300	\$40	\$500
Communication	\$4,450	\$4,450	\$4,700
Rental of Equipment	\$2,208	\$3,000	\$3,340
Rental of Property	\$19,200	\$19,200	\$19,200
Dues & Subscriptions	\$12,342	\$12,342	\$12,500
Contract Labor	\$640	\$600	\$600
Professional Development	\$11,700	\$7,500	\$11,700
Professional Services	\$12,800	\$10,000	\$10,000
Provided by City	\$0	\$0	\$1,000
Utilities	\$5,760	\$5,800	\$6,000
Total Contractual Services	<u>\$79,400</u>	<u>\$68,932</u>	<u>\$78,540</u>
DESIGNATED EXPENSES			
Insurance			
Liability/Building / D&O	\$4,559	\$4,000	\$5,000
Board Related Expenses		\$250	\$1,700
Public Relations	\$3,140	\$750	\$1,200
Total Designated Expenses	<u>\$7,699</u>	<u>\$5,000</u>	<u>\$7,900</u>
TOTAL EDC ADMINISTRATIVE EXPENSES	<u><u>\$439,587</u></u>	<u><u>\$416,016</u></u>	<u><u>\$436,118</u></u>

	Approved / Amended FY2020/2021	Projected Y/E FY2020/2021	Proposed FY2021/2022
DEBT SERVICES			
2001 Sales Tax Bond Principal	\$60,000	\$60,000	\$0
2012 Sales Tax Bond Principal	\$40,000	\$40,000	\$129,713
2001 Sales Tax Bond Note Interest	\$3,588	\$3,588	\$0
2012 Sales Tax Bond Note Interest	\$40,673	\$40,673	\$19,713
Reliever Route Commit Interest	\$134,550	\$134,550	\$0
Total Debt Services	\$278,811	\$278,811	\$149,426
TOTAL OPERATING EXPENDITURES	\$718,398	\$694,827	\$585,544
EDC NON DEPARTMENTAL			
SUPPLIES AND MATERIALS			
Program/Project Supplies	\$600	\$100	\$300
Total Supplies and Materials	\$600	\$100	\$300
CONTRACTUAL SERVICES			
Advertising	\$1,620	\$1,000	\$1,200
Dues and Subscriptions	\$540	\$200	\$200
Contract Labor	\$27,925	\$10,000	\$25,000
Business Attraction	\$146,500	\$50,000	\$146,500
Professional Services	\$ 2,000	\$2,000	\$ 4,000
Total Contractual Services	\$178,585	\$63,200	\$176,900
TOTAL NON DEPT. EXPENDITURES	\$179,185	\$63,300	\$177,200
OTHER EXPENDITURES			
CAPTIAL OUTLAY			
Land Exchange	\$2,000,000	\$0	\$0.00
Gas lines to Narrows	\$405,102	\$0	\$0.00
Spec Building	-	\$0	\$0.00
Trail	-	\$0	\$0.00
Constitution Drive (\$2.1 M)	-	\$0	\$0.00
Total Capital Outlay	\$2,405,102	\$0	\$0
OTHER EXPENDITURES			
DEEAG GRANT MATCH (\$500,000)	\$500,000	\$0	\$0
Total Grant Matches	\$500,000	\$0	\$0
TOTAL OTHER OP EXPENDITURES	\$2,905,102	\$0	\$0
TOTAL EXPENDITURES	\$3,802,685	\$758,127	\$762,744

Economic Development Corporation

H.4.

Meeting Date: July 26, 2023

Contact: Fred Welch, Executive Director, Copperas Cove EDC

Subject:

Consideration and action on approving Resolution #EDC 2023-09, adopting the Investment Policy of the Copperas Cove Economic Development Corporation. **Fred Welch, Executive Director, Copperas Cove EDC**

According to the Texas Government Code, Chapter 2256, also known as the “Public Funds Investment Act”, the Board of Directors is required to review and adopt, by resolution, a formal investment policy on an annual basis.

The attached policy may be updated at any time during the year but must be updated annually to satisfy the statutory requirements of the Texas Government Code 2256.005(e), which states, “The Board of Directors of an investment entity shall review its investment policy and investment strategies not less than annually. The Board shall adopt a written instrument by rule, order, ordinance, or resolution stating that it has reviewed the investment policy and investment strategies and that the written instrument so adopted shall record any changes made to either the investment policy or investment strategies.”

The committee shall meet to review the current Investment Policy and bring any necessary changes and recommendations to the Board of Directors for approval at a future meeting.

Financial Impact:

None

Action/Recommendation:

EDC Staff recommends that the Board of Directors approve Resolution #EDC 2020-09, adopting the Investment Policy of the Corporation.

Attachments:

Investment Policy

RESOLUTION NO. EDC 2023-09

A RESOLUTION ADOPTING THE INVESTMENT POLICY AND INVESTMENT STRATEGIES FOR THE COPPERAS COVE ECONOMIC DEVELOPMENT CORPORATION, TEXAS.

WHEREAS, Chapter 2256 of the Texas Government Code, commonly known as the “Public Funds Investment Act,” requires the Corporation to adopt an investment policy by rule, order, ordinance, or resolution; and

WHEREAS, This investment policy and investment strategies must be approved annually; and

WHEREAS, The review is authorized by the Public Funds Investment Act; and

WHEREAS, Each investing entity shall designate, by rule, order, ordinance, or resolution, as appropriate, one or more officers or Executive Director of the state agency, local government, or investment pool as investment officer to be responsible for the investment of its funds consistent with the investment policy adopted by the entity.

WHEREAS, The Public Funds Investment Act requires the treasurer; chief financial officer, if not the treasurer; and the investment officer of the Copperas Cove Economic Development Corporation (the “Corporation”) to attend investment training; and

WHEREAS, The attached investment policy complies with the Public Funds Investment Act and authorizes the investment of Copperas Cove Economic Development Corporation funds in safe and prudent investments.

NOW, THEREFORE, BE IT RESOLVED BY THE COPPERAS COVE ECONOMIC DEVELOPMENT CORPORATION:

Section I.

That the Copperas Cove Economic Development Corporation has complied with the requirements of the Public Funds Investment Act, and the investment policy attached hereto as “Exhibit A,” is hereby adopted as the investment policy of the Corporation effective July 26, 2023.

PASSED, APPROVED, AND ADOPTED on this 26th day of July 2023 at a regular meeting of the Corporation which meeting was held in compliance with the Open Meetings Act, *Tex. Gov’t Code*, §551.001, et.seq. at which meeting a quorum was present and voting.

ATTEST:

Bradi Diaz, Treasurer

JC Stubbs, Chairman

APPROVED AS TO FORM:

Barbara Boulware Wells
Knight- Law Firm
Copperas Cove Economic Development Corporation Attorney



COPPERAS COVE, Texas

ECONOMIC DEVELOPMENT CORPORATION

INVESTMENT POLICY

Copperas Cove Economic Development Corporation Investment Policy

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I. INVESTMENT AUTHORITY AND SCOPE OF POLICY

The investment policy applies to the investment activities of the Copperas Cove Economic Development Corporation (CCEDC). It is the policy of the CCEDC to invest public funds in a manner which will provide the highest investment return with the maximum security. This policy serves to satisfy the statutory requirements of Local Government Code 116.112 and Texas Government Code Chapter 2256 to define and adopt a formal investment policy. This policy will be reviewed and adopted by resolution at least annually according to Section 2256.005(e), Texas Government Code.

Effective cash management is recognized as essential to good fiscal management. A comprehensive and effective cash management system will be pursued to optimize investment interest as viable and material revenue to all operating and capital funds. The CCEDC's portfolio shall be designed and managed in a manner responsive to the public trust and consistent with local, state, and federal law.

Funds Included. Except as set forth below, all financial assets of all funds of the CCEDC and all other funds that may be created from time to time, unless expressly prohibited by law or unless it is in contravention of any depository contract between the CCEDC and any depository bank shall be included.

Funds Excluded. This policy, according to Texas Government Code, Section 2256.004, shall not govern funds which are managed under separate investment programs. Such funds include the following:

- Funds established by the CCEDC for deferred employee compensation plans
- CCEDC's participation in the Texas Municipal Retirement System
- Defeased bonds held in trust escrow accounts

II. INVESTMENT OBJECTIVES

The primary objectives, in priority order, of the CCEDC's investment activities shall be according to section 2256.006, Texas Government Code:

Safety. Safety of principal is the foremost objective of the CCEDC. Investments of the CCEDC shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

Liquidity. The CCEDC's investment portfolio will remain sufficiently liquid to enable the CCEDC to meet all operating requirements which might be reasonably anticipated. Portfolio maturities will be structured to meet the obligations of the CCEDC first, and then to achieve the highest return of interest consistent with the objectives of this policy. When the CCEDC has funds that will not be needed to meet current-year obligations, maturity restraints will be imposed based upon the investment strategy for each fund. The CCEDC shall invest in instruments with scheduled maturity or duration not to exceed two (2) years at the time of purchase. In the event coupon security maturity exceeds the specified limit with a calculated duration of two (2) years, the instrument will satisfy this policy requirement. For pooled funds, the weighted maximum average dollar maturity shall be limited to a maximum

of ninety (90) days, with the maximum maturity for any individual security in the portfolio not exceeding thirteen (13) months.

Yield. It will be the objective of the CCEDC to earn the maximum rate of return allowed on its investments within the policies imposed by its safety and liquidity objectives, investment strategies for each fund, and state and federal law governing investment of public funds.

III. INVESTMENT COMMITTEE

Members. The CCEDC Investment Committee will consist of the CCEDC Executive Director, Chairman of the Board and Treasurer. The Investment Committee shall receive quarterly reports, as outlined in this policy, and monitor the results and performance of the investment portfolio. The Investment Committee shall ratify all investments made by the Executive Director.

Auditor. The Investment Committee shall select qualified independent accountants to perform an annual compliance audit of management controls on investments and adherence to the CCEDC's established investment policies in accordance with Tex. Gov. Code 2256.005(m). The results of such audit shall be presented to the Investment Committee in conjunction with the CCEDC's annual audit.

Scope. The Investment Committee shall include in its deliberations such topics: investment strategy, return on investments, market risk, economic outlook, portfolio diversification, maturity structure, potential risk to the CCEDC's fund, and authorized broker dealers.

IV. RESPONSIBILITY AND CONTROL

Delegation. Authority to manage the CCEDC's investment program is derived from the Corporate Bylaws Article 4, Section 11. All books and records of the CCEDC will be maintained by the CCEDC in a secure location. Pursuant to Section 501.073, Texas Local Government Code, the City will approve all programs and expenditures of the CCEDC and annually review any financial statements of the CCEDC.

Management responsibility for the investment program is hereby delegated to the Executive Director. This person is responsible for all investment decisions and activities and shall be the CCEDC's investment officer. The Executive Director may designate deputies to assist with the management of the investment portfolio. The Executive Director shall be responsible for all transactions and compliance with the internal control, insure the safekeeping, custodial, and collateral duties, consistent with this investment policy.

Management and Internal Controls. Pursuant to Texas Government Code Section 2256.005, the Executive Director shall establish a system of internal controls, which shall be documented in writing. The internal controls shall be reviewed by the independent auditor. The controls shall be designed to reasonably prevent losses of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the CCEDC. Dual control of all investment activities will consistently be maintained by the Executive Director.

Transaction Authority. Certain signatory responsibilities are required to transact

investments. Positions authorized as depository signatories shall be the CCEDC Executive Director and Board's President and Treasurer. The persons holding these positions are also designated as authorized to transact wire transfers, buy/sell, and trade investments in accord with the goals and objectives of the CCEDC's investment strategy. Bonding of all those individuals authorized to place, purchase, or sell investment instruments shall be required.

Prudence. In accordance with Texas Government Code, Section 2256.006, investments shall be made with the exercise of due care, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment considering the probable safety of their own capital as well as the probable income to be derived. Investment of funds shall be governed by the following investment objectives, in order of priority: preservation and safety of principal; liquidity; and yield. This investment principle shall be applied in the context of managing the overall investment portfolio.

Personal Responsibility. The Executive Director when acting in accordance with written procedures and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price dangers, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments. In determining whether the Executive Director has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration: (1) the investment of all funds, or funds under the control of the CCEDC, over which the Executive Director had responsibility rather than a consideration as to the prudence of a single investment; and (2) whether the investment decision was consistent with the written investment policy of the CCEDC.

Training, Quality and Capability of Investment Management. It is the CCEDC's policy to provide training as required by the Public Funds Act, Sec. 2256.008, Tex. Government Code, and periodic training in investments for the Executive Director, and the designated investment officers. Authorized officers will be required to complete ten (10) hours of training within twelve (12) months of assuming duties. Training shall be provided through courses and seminars offered by independent sources to ensure the quality, capability and competency of the Executive Director and Investment Officers in making investment decisions. At a minimum, the Executive Director and Investment Officers must attend a training session once every two (2) years and receive eight (8) hours of training.

Monitoring of Investments. Market value of all securities in the portfolio will be determined on a quarterly basis. The CCEDC's current investment strategy is active. Given this strategy, the basis used by the Executive Director to determine whether market yields are being achieved shall be the six-month U.S. Treasury Bill and the Average Fed Funds Rate. These rates may be obtained from the Wall Street Journal or other similar investment periodicals or journals.

V. ETHICS

Conflicts of Interest. CCEDC officers and employees directly involved in the investment process, and those authorized as depository signatories, shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

Disclosure. Such employees shall disclose to the CCEDC Executive Director or the Board's President or Treasurer any material financial interests they have in financial institutions that conduct business with the CCEDC and shall further disclose any large personal financial or investment positions that could be related to the performance of the CCEDC's portfolio. Such employees shall subordinate their personal investment transactions to those of the CCEDC, particularly with regard to the timing of purchases and sales.

If the Executive Director, Board President or Treasurer have a personal business relationship with an entity or is related within the second degree by affinity or consanguinity to an individual seeking to sell an investment to the CCEDC, the Executive Director, President or Treasurer must file a statement disclosing that personal business interest or relationship with the Texas Ethics Commission in accordance with Texas Government Code 2256.005 (i).

VI. REPORTING INVESTMENT EARNING EVALUATION

Quarterly Reports. In accordance with Texas Government Code 2256.023, not less than quarterly, the investment officer shall prepare and submit to the CCEDC's Board of Directors a written report of investment transactions for all funds for the preceding reporting period within a reasonable time after the end of the period. The report must:

- (1) describe in detail the investment position of the CCEDC on the date of the report;
- (2) be prepared jointly by all investment officer(s);
- (3) be signed by each investment officer of the entity;
- (4) contain a summary statement of each pooled fund group that states the:
 - A. beginning market value for the reporting period;
 - B. additions and changes to the market value during the period; and
 - C. ending market value for the period;
 - D. fully accrued interest for the period
- (5) state the book value and market value of each separately invested asset at the beginning and end of the reporting period by the type of asset and fund type invested; market value shall be determined by reference to published prices in the Wall Street Journal or by reference to other commonly recognized source of market information;
- (6) state the maturity date of each separately invested asset that has a maturity date;
- (7) state the account or fund or pooled group fund in the CCEDC for which each individual investment was acquired;
- (8) state the compliance of the investment portfolio of the CCEDC as it relates to:
 - A. the investment strategy expressed in the CCEDC's investment policy; and
 - B. relevant provisions of the Public Funds Investment Act;
- (9) state the total rate of return on the investment portfolio; and
- (10) note that the quarterly investment reports shall be reviewed by the CCEDC's independent auditors, as part of the CCEDC's annual audit and the result of this review shall be reported to the CCEDC Board.

Annual Report. Within 120 days of the end of the fiscal year, the Executive Director shall present an annual report on the investment program activity. The annual report shall include 12-month performance information and shall suggest improvements that might be made in the investment program.

Notification of Investment Changes. It shall be the duty of the Executive Director to notify the CCEDC Board of any significant changes in current investment methods and procedures prior to their implementation, regardless of whether they are authorized by this policy or not.

VII. INVESTMENT TYPES

Active Portfolio Management. The CCEDC intends to pursue an active vs. a passive portfolio management philosophy, including that CCEDC securities may be sold before they mature if market conditions present an opportunity for the CCEDC to benefit from the trade.

Eligible Investments. Financial assets of the government of the CCEDC may be invested in:

- A. Obligations of the United States or its agencies and instrumentalities, which have a stated maturity on the date of purchase of two years or less.
- B. Direct obligations of the State of Texas or its agencies and instrumentalities;
- C. Certificates of deposit if issued by a state or national bank domiciled in the State of Texas or a savings and loan association domiciled in the State of Texas and:
 - (1) is guaranteed or insured by the Federal Deposit Insurance Corporation or its successor;
 - (2) secured by obligations that are described by Texas Government Code, Section 2256.009(a) Public Funds Investment Act, but excluding those mortgages backed securities of the nature described by Section 2256.009(b). Texas Government Code; or
 - (3) secured in any other manner and amount provided by law for deposits of the CCEDC.
- D. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, which have a stated maturity on the date of purchase of two years or less.
- E. Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm of not less than A or its equivalent, which have a stated maturity on the date of purchase of two years or less.
- F. A fully collateralized repurchase agreement, as defined in the Public Funds Investment Act, if it:
 - (1) has a defined termination date;
 - (2) is secured by obligations described by Section 2256.009 (a) (1), Texas Government Code; and
 - (3) requires the securities being purchased by the CCEDC to be pledged to the CCEDC, held in the CCEDC's name, and deposited at the time the investment is made with the CCEDC or with a third party selected and approved by the CCEDC; and,
 - (4) is placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in this State. Notwithstanding any law, the term of any reverse security repurchase agreement may not exceed 90 days after the date the reverse security repurchase agreement is delivered. Money received by the CCEDC under the terms of a reverse security repurchase agreement shall be used to acquire additional authorized investments, but the term of the authorized investments acquired

must mature not later than the expiration date stated in the reverse security repurchase agreement.

- G. Eligible investment pools (as discussed in the Public Funds Investment Act, Tex. Gov. Code, Sec.2256.016-2256.019) if the CCEDC Board's resolution authorizes investment in the particular pool. An investment pool shall invest the funds it receives from the CCEDC in authorized investments permitted by the Public Funds Investment Act.
- H. Any other securities which may be added by the State of Texas as permissible investments for municipal governments which are following the Public Funds Investment Act. Texas Government Code, Section 2256.019 Investment pools must be continuously rate triple-AAA or AAA-m by at least one nationally recognized rating service or no lower than investment grade by at least one nationally recognized service with weighted average maturity not greater than ninety (90) days. Market mutual funds must be registered with and regulated by the Securities Exchange Commission and must provide the CCEDC with a prospectus and other information required by federal law. All prudent measures will be taken to liquidate an investment that is downgraded to less than the required minimum rating.
- I. Texas Government Code, Section 2256.0208, "Local Government Investment of Bonds Proceeds and Pledged Revenue," to the Act. Local government investment officers are authorized to invest bonds proceeds or revenue pledge to the payment of the debt obligation only to the extent permitted by the Act, in accordance with provisions governing the debt issuance, as applicable, and the local government's approved investment policy regarding the debt issuance, as applicable.

Length of Investments. The CCEDC shall invest in instruments with scheduled maturity or duration not to exceed two (2) years at the time of purchase. In the event a coupon security maturity exceeds the specified limit with a calculated duration of two (2) years, the instrument will satisfy this policy requirement.

Diversification. It shall be the policy of the CCEDC to diversify the investment portfolio. Diversification strategies shall be determined and revised periodically by the Executive Director. In establishing specific diversification strategies, the following general constraints shall apply:

- A. Portfolio maturities shall be staggered to avoid concentration of assets in a specific maturity sector.
- B. Portfolio investment instruments shall be diversified by type.
- C. Competitive bidding of all investments must accompany diversification among security dealers.

Prohibited Investments. As outlined under Texas Government Code, Section 2256.009, the Executive Director has no authority to use any of the following investment instruments, which are strictly prohibited:

- (1) Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;
- (2) Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest;

- (3) Collateralized Mortgage Obligations;
- (4) Any investment instrument which has a scheduled maturity or duration in excess of two (2) years at the time of purchase; or
- (5) The CCEDC investment portfolio will not invest in derivatives. For the purposes of this Investment Policy, the definition of derivatives includes instruments which have embedded features that alter their character or income stream or allow holders to hedge or speculate on a market or spreads between markets that are external to the issuer or are not correlated on a one-to-one basis to the associated index or market.

Prohibited derivatives include the following:

- (1) Arrangements in which an investor has swapped the natural cash flows or some portion of the natural cash flows of an instrument for a different set of cash flows. (I.e., Interest Rate Swaps).
- (2) Over the Counter/Exchange traded options or futures. (I.e., Option Contracts, Futures Contracts).
- (3) Instruments explicitly specified as follows: Collateralized Mortgage Obligations, Inverse Floating Rate Notes, Range Index Notes, Non-Money Market Index based Notes, Dual Index Notes, Index Amortizing Notes, Inverse Multi-index Bonds, Stepped Inverse Index Bonds, Inverse Index Bonds.
Allowable instruments which are not considered derivatives by the preceding definition are authorized investments listed as follows:
Treasury Bills, Treasury Notes, Treasury Bonds, Treasury Strips, Repurchase Agreements, Reverse Repurchase Agreements, Agency Notes with a defined maturity and fixed upon rate, Money Market Index variable rate Notes (i.e., floating rate notes tied to money market indices defined as Treasury Bills, London Interbank Offering Rate (LIBOR), Fed Funds, and Cost of Funds Index), Step-up notes, and Certificates of Deposit.

VIII. SELECTION OF BANKS AND DEALERS

Bidding Process. Depositories shall be selected through the CCEDC's banking services procurement process, which shall include a formal request for proposal (RFP) issued every five (5) years in accordance with Local Government Code Chapter 105 section 105.017. In selecting depositories, the credit worthiness of institutions shall be considered, and the Executive Director shall conduct a comprehensive review of prospective depository's credit characteristics and financial history.

Insurability. Banks seeking to establish eligibility for the CCEDC's depository contract shall submit financial statements, evidence of Federal insurance and other information as required by the Executive Director.

Primary Dealers and Approved List. In accordance with Texas Government Code, Sec. 2256.005(k), a written copy of this investment policy shall be presented to any person seeking to sell to the CCEDC an authorized investment. The registered principal of the business organization seeking to sell an authorized investment shall execute a written instrument substantially to the effect that the registered principal has:

- (1) Received and thoroughly reviewed the investment policy of the CCEDC; and

- (2) Acknowledged that the organization has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities arising out of investment transactions conducted between the CCEDC and the organization. The Executive Director may not buy any securities from a person who has not delivered to the CCEDC an instrument in substantially the form provided above according to Tex. Gov. Code, Section 2256.005(1).

All dealers and brokers who desire to become qualified bidders for investment transactions with the CCEDC, must be recommended by the Executive Director and approved by the CCEDC President or Treasurer. Applications will be reviewed on a periodic basis and submitted for approval. The Executive Director will maintain a list of primary dealers and brokers authorized to provide investment services to the CCEDC. The authorized list of primary dealers and brokers will be reviewed on an annual basis, and any broker/dealers who fail to meet the standards of this policy shall be removed from the list. All dealers and brokers who desire to become qualified bidders for investment transactions must supply the following:

- (1) Completed broker dealer questionnaire.
- (2) Proof of registration with the Texas State Securities Board.
- (3) Proof of National Association of Securities Dealers (NASD) certification.
- (4) Audited financial statements.
- (5) Written acknowledgment that the entity has read the CCEDC Investment Policy and has reasonable procedures and controls to preclude imprudent investment activities arising out of investment transactions conducted between the entity and the CCEDC (Securities Broker Dealer Acknowledgment Form - Section XV).

Brokers and dealers who desire to transact business with the CCEDC must be approved, in advance of any business transactions, by the CCEDC Executive Director and President or Treasurer. For brokers and dealers of government securities, the CCEDC Executive Director shall select only those dealers reporting to the Market Reports Division of New York, also known as the "primary government securities dealers," unless a broker/dealer comprehensive questionnaire and certification reveals that other firms are adequately financed to conduct public business. The Executive Director will annually review the financial condition and registration of qualified dealers and brokers. The Executive Director shall not conduct business with any firm which has been removed from the approved list by the CCEDC Executive Director.

Competitive Bidding of Investments. All trades, purchases and sales made for the CCEDC will be done through a documented competitive bidding process. Competitive quotes must be taken from at least three qualifying institutions for any investment transaction. The broker/dealers used for the CCEDC will be those approved by and in compliance with the rules of this investment policy.

Broker/dealers are neither required nor encouraged to contact the CCEDC on current securities that the broker/dealers believe are items that require CCEDC attention.

IX. SAFEKEEPING AND CUSTODY

Insurance or Collateral. All deposits and investments of CCEDC funds with commercial banks shall be secured by pledged collateral with a market value equal to no less than 100% of the deposits or investments. If the maturity date of the pledged collateral exceeds two (2) years, 102% of market value shall be maintained by the Executive Director or a third-party financial institution. Repurchase agreements shall be documented by a specific agreement noting the collateral pledged in each agreement. Collateral shall be reviewed monthly to assure the market value of the securities pledged equals or exceeds the related bank balances.

Pledged Collateral Safekeeping Agreement. All safekeeping arrangements shall be in accordance with a Safekeeping Agreement approved by the Executive Director which clearly defines the procedural steps for gaining access to the collateral should the CCEDC determine that the CCEDC's funds are in jeopardy. The safekeeping institution, or Trustee, shall be the Federal Reserve Bank or an institution not a branch of the firm pledging the collateral. The safekeeping agreement shall include the signatures of the CCEDC, the firm pledging the collateral, and the Trustees.

Collateral Defined. The CCEDC shall accept only the following securities as collateral:

- A. U.S. Treasury securities maturing in less than two (2) years;
- B. Short-term obligations of U.S.-Government Agencies which are guaranteed by the full faith and credit of the United States of America as to principal and interest;
- C. Federal Deposit Insurance (FDIC) coverage of principal invested;
- D. Direct or unconditionally guaranteed obligations of the State of Texas except that the CCEDC will not accept Industrial Revenue Bonds or Private Activity Bonds as pledged securities;
- E. Bonds of States, government agencies, counties, cities, or political subdivisions nationally rated "A" or above; and
- F. Eligible collateral for repurchase agreements (Tex. Gov. Code, Section 2256.011) is expanded from a combination of cash and obligations of the United States, its agencies, or instrumentalities to include commercial paper and corporate bonds, if applicable. Any restrictions associated with the investment of public funds in either commercial paper or corporate bonds as authorized in section 22565.013 or section 2256.0204, respectively, by the Act also apply to the use of these obligations as repurchase agreement collateral.

Subject to Audit. All collateral shall be subject to inspection and audit by the Executive Director or the CCEDC's independent auditors.

Delivery vs. Payments. Texas Government Code, Section 2256.005(b) (4) (e) requires Treasury Bills, Notes, Bonds and Government Agencies or other securities shall be purchased using the delivery vs. payment basis method. That is, funds shall not be wired or paid until verification has been made that the collateral was received by the CCEDC Agent or the Trustee. The collateral shall be held in the name of the CCEDC. The Trustee's or Agent's records shall assure the notation of the CCEDC's ownership of our explicit claim on the securities. The original copy of all safekeeping receipts shall be delivered to the CCEDC.

Standards of Operation. The Executive Director shall develop and maintain written administrative procedures for the operation of the investment-program, consistent with this investment policy.

X. INTERNAL CONTROLS

Internal Controls. The Executive Director is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the entity are protected from loss, theft, or misuse according to section 2256.005(m), Texas Government Code. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. Accordingly, the Executive Director shall establish a process for an annual independent review by an external auditor to ensure compliance with policies and procedures. The internal controls shall address the following points:

- (1) Control of collusion. Collusion is a situation where two or more employees are working in conjunction to defraud their employer.
- (2) Separation of transaction authority from accounting and record keeping. By separating the person who authorizes or performs the transaction from the people who record or otherwise account for the transaction, a separation of duties is achieved.
- (3) Custodial safekeeping. Securities purchased from any bank or dealer including appropriate collateral (as defined by State Law) shall be placed with an independent third party for custodial safekeeping.
- (4) Avoidance of physical delivery securities. Book entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with physically delivered securities.
- (5) Clear delegation of authority to subordinate staff members. Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.

- (6) Written confirmation or telephone transactions for investments and wire transfers. Due to the potential for error and improprieties arising from telephone transactions, all telephone transactions should be supported by written communications and approved by the appropriate person. Written communications may be via fax if on letterhead and the safekeeping institution has a list of authorized signatures.
- (7) Development of a wire transfer agreement with the lead bank or third-party custodian. This agreement should outline the various controls, security provisions, and delineate responsibilities of each party making and receiving wire transfers.
- (8) Documentation of transactions and strategies. By recording this necessary information, certification of investment procedures processing is accomplished.
- (9) Any security requiring a credit rating by the Act and this policy will not be authorized during the time that the security does not hold that rating. The Executive Director will monitor, on at least a monthly basis the credit rating and should the rating fall below accepted levels, the Executive Director will immediately advise the CCEDC of the loss of rating, the possible loss of principal. The CCEDC Executive Director and Board President and/or Treasurer will decide on the prudent liquidation of the security.

XI. INVESTMENT STRATEGIES

Investment Strategies. In accordance with the Public Funds Investment Act, Section 2256.005(d), Texas Government Code, a separate written investment strategy will be developed for each of the funds under the CCEDC's control. Each investment strategy must describe the investment objectives for the particular fund using the following priorities of importance:

- (1) Understanding of the suitability of the investment to the financial requirements of the entity;
- (2) Preservation and safety of principal;
- (3) Liquidity;
- (4) Marketability of the investment if the need arises to liquidate the investment before maturity;
- (5) Diversification of the investment portfolio;
- (6) Yield; and
- (7) Maturity restrictions.

The investment strategies to be employed by the CCEDC are:

- (1) The Roll-Over Approach. This strategy shall be referred to as Strategy A. This approach means that, despite the excess funds available early in the tax collection season and the requirements of the remaining months, you choose to place the excess funds outside a theoretical short-term period. Instead, the excess funds are held in daily liquidity fund such as a bank money market account, a short-term liquidity interlocal pool, or in an eligible SEC registered mutual money market fund (90-day maximum maturity) \$1.00 stable net asset value. The funds continue to roll-over or remain accessible on a daily basis for the entire cycle and the funds are disbursed as liabilities occur.
- (2) The Matching Approach. This strategy shall be referred to as Strategy B. This approach uses excess funds to fill future shortfalls or to match maturing investments with liabilities,

matching relies on accurate forecasting of liabilities matched with maturity investments. The Matching Approach generally requires holding investments to maturity.

- (3) The Extension Approach. This strategy shall be referred to as Strategy C. This is an aggressive approach because it is a one-sided bet on the market and disregards liability requirements. The expectation is that long-term investments can be liquidated at cost or a profit to cover short-term needs. The Extension Method is risky and makes an aggressive statement about the direction of interest rates. Use of this method can reduce liquidity and create losses. Section XIV includes investment strategies for all funds. In accordance with the Public Funds Investment Act, Texas Government Code, Section 2256.005(e), investment strategies will be reviewed and adopted by resolution at least annually.

XII. INVESTMENT STRATEGY BY POOLED FUND GROUP

Operating Pooled Fund Group: The objective of the Operating Pooled Fund Group is to maximize earnings on short term idle cash (needed to meet obligations in less than one year) while preserving the safety of the principal invested.

Liquidity must be maintained to ensure adequate access to meet operating requirements. Investments of this Pooled Fund Group shall not exceed a maturity of greater than one (1) year and must maintain a weighted average maturity of not more than 90 days. This Group shall invest in the types of investments authorized under this Investment Policy to maximize earnings with emphasis on safety of Principal and liquidity. Any CCEDC fund may participate in the Short-Term Pooled Fund Group.

Non-Operating Pooled Fund Group: The objective of the Non-Operating Pooled Fund Group is to maximize earnings on idle cash not needed for operating activities within one year while maintaining the safety of the principal invested. The maturity of any investment by the Non-Operating Pooled Fund Group may not exceed five (5) years. Investment transactions will be conducted in a manner to create a laddering of maturities to prevent maturity bubbles and reduce the risks of changing markets. This Group shall invest in the types of investments authorized under this Investment Policy to maximize earnings with

emphasis on safety of principal. Only CCEDC with idle cash not required to meet obligations within one year may participate in this fund group

Capital Project Fund Group: The objective of the Capital Project Fund Group is to maximize earnings on idle cash that is not needed in the short term to meet obligations to fund capital project fund activities while maintaining the safety of the principal. The maturity of any investment by the Capital Project Fund Group may not exceed three years, but any investment over one year must be scrutinized to ensure liquidity of funds to meet all obligations for payments of capital projects. This Group shall invest in the types of investments authorized under this Investment Policy to maximize earnings with emphasis on safety of principal and timing of liquidity. Only capital project funds which are primarily funded with debt proceeds may participate in this fund group.

XIII. POLICY

Exemption. Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

Amendment. This policy shall be reviewed on an annual basis. Any changes must be approved by the CCEDC Executive Director and presented to the Board of Directors at a public meeting.

Glossary. The Glossary is provided in section XV of this policy.

XV. GLOSSARY

AGENCIES: Federal agency securities.

ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR): The official annual report for the CCEDC. It includes five combined statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

ASKED: The price at which securities are offered.

BANKER'S ACCEPTANCE (BA): A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

BID: The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See offer.

BROKER: A broker brings buyers and sellers together for a commission.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced- by a certificate. Large-denomination CDs are typically negotiable.

COLLATERAL: Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COUPON: (a) The annual rate of interest that a bond issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DEBENTURE: A bond secured only with the general credit of the issuer.

DELIVERY VERSUS PAYMENT: There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

DISCOUNT: The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below the original offering price shortly after the sale also is considered to be at a discount.

DISCOUNT SECURITIES: Non-interest-bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g., U.S. Treasury Bills.

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

FEDERAL CREDIT AGENCIES: Agencies of the Federal government are set up to supply credit to various classes of institutions and individuals. E.g., S&L's, small business firms, students, farmers, farm cooperatives, and exporters.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A deferral agency that insures bank deposits, currently up to \$250,000 per deposit.

FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS (FHLB): The institutions that regulate and lend to savings and loan associations. The Federal Home Loan Banks play a role analogous to that played by the Federal Reserve Banks vis-à-vis member commercial banks.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA): FNMA like GMNA was chartered under the Federal National mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mac, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans. In addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven-member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA OR Ginnie Mae):

Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA or FMHM mortgages. The term "pass through" is often used to describe Ginnie Mae.

INVESTMENT OFFICER: One or more employees or officers who, by rule, order, ordinance, or resolution of the CCEDC is designated as investment officer to be responsible for the investment of its funds consistent with the investment policy adopted by the entity.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL GOVERNMENT INVESTMENT POOL (LCIP): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and **reinvestment**.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase-reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

OFFER: The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid.

OPEN MARKET OPERATIONS: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

PORTFOLIO: Collection of securities held by an investor.

PRIMARY DEALER: A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary

Dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

PRUDENT PERSON RULE: An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities by the custody state-the-so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person in discretion and intelligence who is seeking a reasonable income and preservation of capital.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its the Public Deposit Protection Commission to hold public deposits.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

REPURCHASE AGREEMENT (RP OR REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: when the Fed is said to be doing RP, it is lending money, that is, increasing bank reserves.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES & EXCHANGE COMMISSION: Agency created by Congress to protect investors in securities and sale of outstanding issues following the initial distribution. **SEC RULE 15C3-1:** See Uniform Net Capital Rule.

TREASURY BILLS: A non-interest-bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BONDS: Long-term U.S. Treasury securities having initial maturities of more than 10 years.

TREASURY NOTES: A non-interest-bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months or one year.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitment to purchases securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes Cash and assets easily converted into cash.

YIELD: The rate of annual income returns of an investment, expressed as a percentage. (a) **INCOME YIELD** is obtained by dividing the current dollar income by the current market price for the security. (b) **NET YIELD TO MATURITY** is current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

XVI.

***‘COPPERAS COVE ECONOMIC DEVELOPMENT CORPORATION, TEXAS
SECURITIES BROKER/DEALER ACKNOWLEDGEMENT***

In compliance with the Texas Government Code (Public Funds Investment Act) Section 2256.005 (k)-(1), acknowledges that the registered principal and all sales personnel conducting investment transactions with the Copperas Cove Economic Development Corporation (“CCEDC”) have received and have thoroughly reviewed the Investment Policy of the CCEDC. Broker acknowledges that Broker has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities arising out of investment transactions conducted between the CCEDC and Broker. Transactions between this firm and the CCEDC will be directed toward protecting the CCEDC from credit and market risk. This firm pledge due diligence in informing the CCEDC of foreseeable risks with financial transactions connected with this firm.

Primary Representative, Title Date

Economic Development Corporation

H.5.

Meeting Date: July 26, 2023

Contact: Fred Welch, Executive Director, Copperas Cove EDC

Subject:

Discussion and direction on possible land use (Narrows) for the 2024 Solar Eclipse festivities. **Fred Welch, Executive Director, Copperas Cove EDC**

History/Information:

The City of Copperas Cove will be opening the city to create a 3-day festival in celebration of the 2024 Solar Eclipse. Copperas Cove is in the direct path of the 2024 Solar Eclipse, which will bring many people to the city to witness. The City is predicting anywhere between 30,000 – 50,000 people will be arriving in the city at that time.

Clarification is needed on the use of public property or EDC owned land and liability to the CCEDC. Scenarios for this discussion:

1. Take no action and do nothing for the eclipse - always then the possibility of trespassers on the land someone slips and breaks a leg or gets run over by a car - what is the liability?
2. We work with a partner (chamber perhaps) to use some of the land owned by the EDC for observation, have porta potties, food trucks etc. - what kind of event liability should we have
3. Some combination 1 and 2 - also there is property owned by the industrial foundation along Patriot Circle that could be used for viewing.

Financial Impact:

TBD

Action/Recommendation:

EDC Staff recommends that the Board of Directors give direction on the CCEDC involvement and use of the Narrows for the 2024 Solar Eclipse.
