



**NOTICE OF MEETING  
OF THE  
GOVERNING BODY OF  
COPPERAS COVE, TEXAS**

*An agenda information packet is available for public inspection  
in the Copperas Cove Public Library, City Hall and  
on the City's Web Page, [www.ci.copperas-cove.tx.us](http://www.ci.copperas-cove.tx.us)*

Notice is hereby given that a **Regular Council Meeting** of the City of Copperas Cove, Texas, will be held on the **17th day of November 2009** at **7:00 p.m.** in the City Hall Council Chambers at 507 South Main Street, Copperas Cove, Texas 76522, at which time the following subjects will be discussed:

- A. CALL TO ORDER**
- B. INVOCATION AND PLEDGE OF ALLEGIANCE**
- C. ROLL CALL**
- D. ANNOUNCEMENTS**
- E. PUBLIC RECOGNITION**
- F. CITIZENS FORUM** – At this time, citizens will be allowed to speak for a length of time not to exceed five minutes per person. Thirty minutes total has been allotted for this section.
- G. CONSENT AGENDA** – All matters listed under this item are considered to be routine by the City Council 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 approving the minutes from the regular council meeting on November 3, 2009. **Stefanie Brown, Deputy City Secretary**
  - 2. Consideration and action on approving the minutes from the workshop council meeting on November 3, 2009. **Stefanie Brown, Deputy City Secretary**
  - 3. Consideration and action on authorizing the City Manager to enter into a depository agreement with The National Banks of Central Texas. **Wanda Bunting, Director of Financial Services**

4. Consideration and action on an emergency purchase for the west clarifier and miscellaneous modifications at the South Wastewater Treatment Plant. **Wanda Bunting, Director of Financial Services**
5. Consideration and action on a resolution authorizing the City Manager to execute documents in support of an application to the Texas Emergency Shelter Grants Programs by the Refuge Corporation. **Andrea M. Gardner, City Manager**
6. Consideration and action on authorizing the City Manager to submit a ballot form for the election of the Cities Aggregation Power Project, Inc. (CAPP) 2010 Board of Directors. **Wanda Bunting, Director of Financial Services**
7. Consideration and action on authorizing the City Manager to execute an agreement with Calence, LLC, of Austin, Texas for the installation of the communications, security, and data package for the new police facility. **Tim Molnes, Police Chief**

#### **H. PUBLIC HEARINGS/ACTION**

1. Public hearing on designating a reinvestment zone for purposes of granting a tax abatement per the Texas Property Tax Code. **Andrea M. Gardner, City Manager**

#### **I. ACTION ITEMS**

1. Consideration and action on approving a contract between the City of Copperas Cove and the Copperas Cove Country Opry concerning the use of hotel occupancy tax. **Wanda Bunting, Director of Financial Services**
2. Consideration and action on a resolution setting the public hearing dates and times for the annexation of a 20.51 acre tract of land known as Taylor Creek Elementary School to the City of Copperas Cove, Texas. **Andrea M. Gardner, City Manager**
3. Consideration and action on a resolution calling for the election of a candidate(s) to serve on the Coryell County Appraisal District Board of Directors. **Wanda Bunting, Director of Financial Services**
4. Consideration and action on a resolution calling for the election of a candidate(s) to serve on the Lampasas County Appraisal District Board of Directors. **Wanda Bunting, Director of Financial Services**
5. Consideration and action on an ordinance adding Section 18-17 (12) to the City Code of Ordinances and establishing a school zone on Big Divide Road for Taylor Creek Elementary School. **Wesley Wright, P.E., City Engineer**

6. Consideration and action on establishing and appointing members to a Hotel/Motel Tax Committee. **Andrea M. Gardner, City Manager**
7. Consideration and action on authorizing the City Manager to enter into an agreement with Pattillo, Brown, and Hill for the fiscal year 2008-09 audit engagement. **Wanda Bunting, Director of Financial Services**
8. Consideration and action upon authorizing the City Manager to enter into an Agreement with the Lampasas Independent School District for signage on Big Divide Road. **Wesley Wright, P.E., City Engineer**
9. Consideration and action on approving the updated Copperas Cove Economic Development Corporation bylaws. **Andrea M. Gardner, City Manager**

**J. REPORTS FROM OUTSIDE ENTITIES, ADVISORY COMMITTEES AND BOARDS – None.**

**K. ITEMS FOR FUTURE AGENDAS**

**L. EXECUTIVE SESSION**

1. Pursuant to §551.087 of the Open Meetings Act. *Tex. Gov't Code*, Council will meet in Executive Session to deliberate the offer of a financial or other incentive to a business prospect that the governmental body seeks to have locate, stay, or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiations – Stoney Brook Assisted Living Center.

**M. RECONVENE INTO OPEN SESSION FOR POSSIBLE ACTION RESULTING FROM ANY ITEMS POSTED AND LEGALLY DISCUSSED IN EXECUTIVE SESSION**

**N. ADJOURNMENT**

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

City Hall is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to the meeting. Please contact the City Secretary at (254) 547-4221, (254) 547-6063 TTY, or FAX (254) 547-5116 for information or assistance.

I, the undersigned authority, do hereby certify that the above Notice of Meeting of the Governing Body of the City of Copperas Cove was posted at \_\_\_\_\_, November 13, 2009, on the glass front door of City Hall, a place convenient and readily accessible to the general public at all times.

\_\_\_\_\_  
Jane Lees, TRMC, CMC, City Secretary



**NOTICE OF WORKSHOP  
OF THE  
GOVERNING BODY OF  
COPPERAS COVE, TEXAS**

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City's Web Page [www.ci.copperas-cove.tx.us](http://www.ci.copperas-cove.tx.us)*

Notice is hereby given that a **Workshop** of the City of Copperas Cove, Texas will be held on the **17th day of November 2009**, at **6:00 p.m.**, in the City Hall Council Chambers at 507 South Main Street, Copperas Cove, Texas 76522 at which time the following subjects will be discussed:

**A. CALL TO ORDER**

**B. ROLL CALL**

**C. WORKSHOP ITEMS**

1. Discussion and possible action on traffic light cameras. **Andrea M. Gardner, City Manager**
2. Provide direction to city staff regarding traffic light cameras. **Andrea M. Gardner, City Manager**
3. Presentation and discussion on tax abatement application and the proposed project identified as Stoney Brook of Copperas Cove. **Mike Beevers, Developer Representative, Stoney Brook Assisted Living Center**

**D. ADJOURNMENT**

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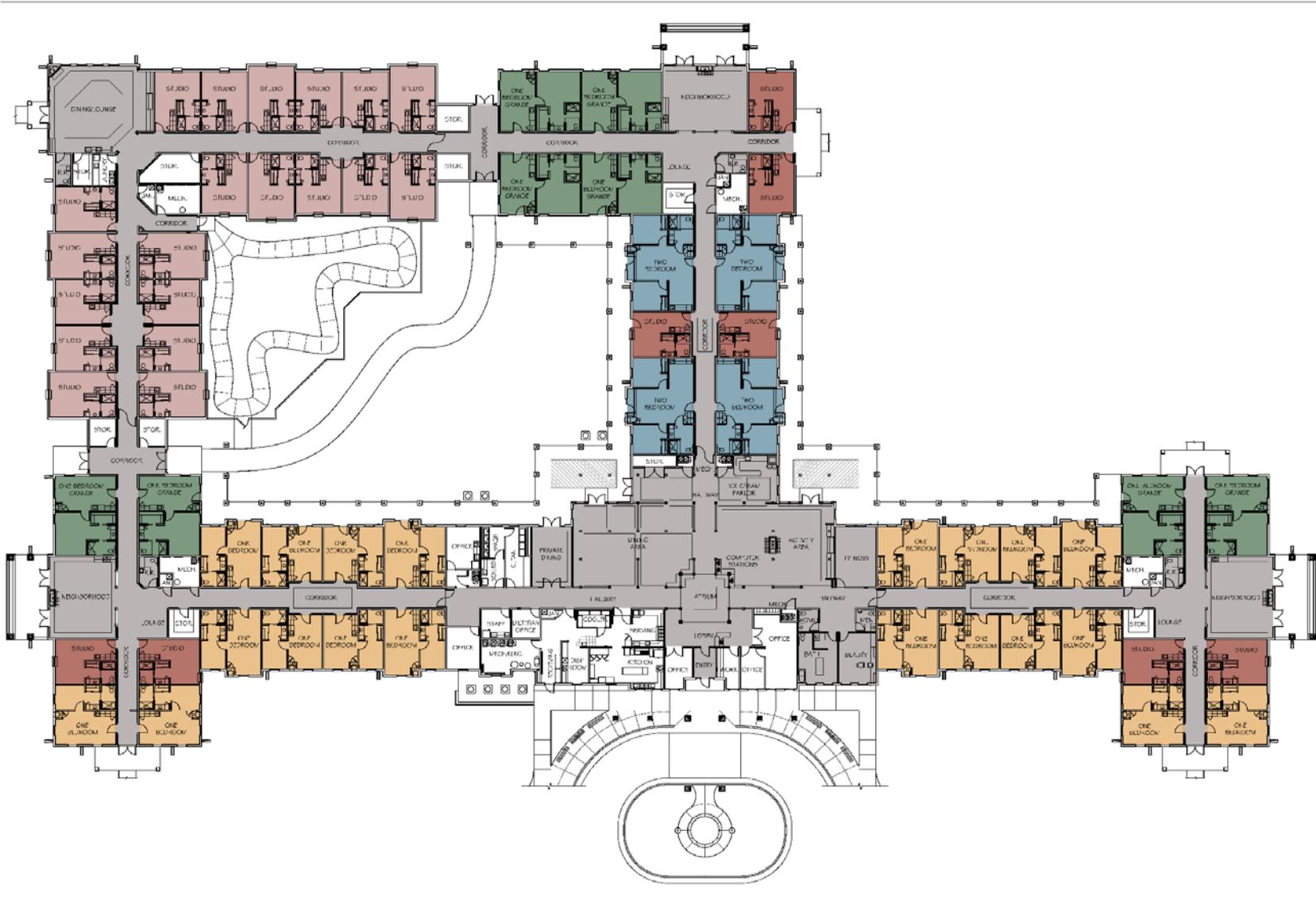
*Enriching Your Life*

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**Copperas Cove City Council workshop: November 17, 2009**



# Floorplan




**Design Alliance Inc.**  
 14275 Green Valley Ave.  
 Suite 110  
 Waco, Texas 76788  
 P: 817-675-0468  
 F: 817-675-0468  
 COMPANY ID: 2000

**STONEY BROOK  
 OF COPPERAS COVE**  
 M. L. K. JR. DRIVE  
 COPPERAS COVE, TEXAS 76822

File:  
**OVERALL  
 FLOOR PLAN**

Project Number:  
 2006019  
 Title:  
 Drawings:  
 A1.0

**A1.0**

# Site Plan



  
**Design Alliance Inc.**  
6425 University Ave.  
Suite 110  
Houston, Texas 77057  
P: 281.225.0982  
F: 281.225.2942  
COPYRIGHT 2019

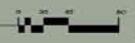
**STONE BROOK  
OF COPPERAS COVE**  
M.L.K. JR. DRIVE  
COPPERAS COVE, TEXAS 76822

TITLE  
SITE PLAN

Project Number:  
205019  
Date:

Revisions:  
A  
B

1 SITE PLAN (BORINGS)  
SCALE: 1" = 40'-0"



PROPOSED PROPERTY:  
219,132 SF

**C2.2**



Stoney Brook of Copperas Cove is a 60 apartment residential assisted living and memory care facility wishing to locate on 5.02 acres in eastern Copperas Cove.

An estimated \$8.2 million dollar project: \$483,000 for land, \$6.3 million for improvements (buildings, FFE, etc.), \$1.4 million in soft costs.

Estimated property Tax Impact: \$6.3 million, .0074 tax rate generates \$46,620 tax/year



*Enriching Your Life*

Time Line:	Hoping to begin construction:	December 2009
	Facility Opening:	November 2010
	Facility on Tax Rolls:	January 1, 2011
	Initial Improved Tax due:	January 31, 2012
	2nd year Improved Tax due:	January 31, 2013
	3rd year Improved Tax due:	January 31, 2014

Tax Abatement Request:

95% for taxes due	January 2012
90% for taxes due	January 2013
85% for taxes due	January 2014

Based on the request/estimates above the cash flow offset would be for years:

2012:	\$44,289
2013:	\$41,958
2014:	\$39,627

Property Tax abatements are critical to the expense carry of a new business until time that the facility has achieved stabilized cash flow, in our industry, three years.



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*Enriching Your Life*

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**Copperas Cove City Council workshop: November 17, 2009**





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**CITY OF COPPERAS COVE  
CITY COUNCIL REGULAR MEETING MINUTES  
November 3, 2009 – 7:00 P.M.**

**A. CALL TO ORDER**

Mayor John Hull called the regular meeting of the City Council of the City of Copperas Cove Texas to order at 7:00 p.m.

**B. INVOCATION AND PLEDGE OF ALLEGIANCE**

Rev. Thomas Edwards, Clear Creek Baptist Church, gave the Invocation and Mayor Hull led the Pledge of Allegiance.

**C. ROLL CALL**

John Hull  
Cheryl L. Meredith  
Charlie D. Youngs  
Chuck Downard  
Danny Palmer  
Bill L. Stephens - Absent  
Willie C. Goode  
Frank Seffrood

**ALSO PRESENT**

Andrea M. Gardner, City Manager  
Charles E. Zech, City Attorney  
Stefanie Brown, Deputy City Secretary

**D. ANNOUNCEMENTS**

Council Member Seffrood informed the citizens that Second Chance Animal Shelter suffered a fire over the weekend and encouraged the community to help out.

Council Member Goode stated he checked the storage of the EDC sign and the only thing left is when and where the sign will be placed.

Council Member Downard announced that the Mount Hiram Lodge No. 595 was conducting a leveling ceremony for the New Police Department on Thursday morning at 10:00 a.m. and invited the public to come.

Mayor Hull wished Tim Molnes, Police Chief, a Happy Birthday!

**E. PUBLIC RECOGNITION**

1. Employee Service Awards – November 2009. **Andrea M. Gardner, City Manager**

Andrea M. Gardner, City Manager, presented the November 2009 recipient with his pin: Frank Haase, Drainage Laborer – 10 years.

2. Employee of the Quarter Recognitions – 2nd Quarter 2009. **Andrea M. Gardner, City Manager**

Andrea M. Gardner, City Manager, presented the 2nd Quarter 2009 recipients with a certificate and pins: Public Safety Division – Robert Martin, Division Chief of Prevention, Community Services Division – Gene Williams – Parks Supervisor, Public Works Division – Robert Mitchell – Solid Waste Driver, and Administrative Services Division – Donna Baker, Public Affairs/Volunteer Coordinator.

**F. CITIZENS' FORUM** At this time, citizens will be allowed to speak for a length of time not to exceed five minutes per person. Thirty minutes total has been allotted for this section.

Chad Pritchard, 4507 Mallard Lane, Killeen, Texas. Mr. Prichard owns the pizzeria on 212 South 2nd Street. He would like to see the City install more lighting in the downtown area.

**G. CONSENT ITEMS**

1. Consideration and action on approving the minutes from the workshop council meeting on October 26, 2009. **Jane Lees, City Secretary**

2. Consideration and action on approving the minutes from the regular council meeting on October 26, 2009. **Jane Lees, City Secretary**

Council Member Downard made a motion to approve items G-1 and G-2 as presented. Council Member Palmer seconded the motion, and with a unanimous vote, motion carried.

**H. PUBLIC HEARINGS/ACTION**

1. Public Hearing and action on an ordinance amending the 2009-10 fiscal year budget for the City of Copperas Cove. **Wanda Bunting, Director of Financial Services**

Wanda Bunting, Director of Financial Services, gave an overview of agenda item H-1.

Mayor Hull opened the public hearing at 7:18 p.m.

Speaking for: Betty Price, 747 Armadillo. Ms. Price gave a brief overview of the C.H.A.M.P.S Heart of Texas Bowl and introduced Peter Simpson, Chairman of the Finance Committee.

Speaking Against: None.

Mayor Hull closed the public hearing at 7:21 p.m.

Council Member Downard made a motion to approve Ordinance No. 2009-41 amending Ordinance 2009-10 as presented. Council Member Meredith seconded the motion, and with a unanimous vote, motion carried.

The ordinance caption is as follows:

**ORDINANCE NO. 2009-41**

**AN ORDINANCE APPROVING AND ADOPTING AN AMENDMENT TO THE BUDGET FOR OPERATING THE MUNICIPAL GOVERNMENT OF THE CITY OF COPPERAS COVE FOR THE FISCAL YEAR BEGINNING OCTOBER 1,**

**2009, AND ENDING ON SEPTEMBER 30, 2010; REPEALING ALL ORDINANCES AND APPROPRIATIONS IN CONFLICT WITH THE PROVISIONS OF THIS ORDINANCE; AND ESTABLISHING A SAVINGS CLAUSE AND AN EFFECTIVE DATE.**

**I. ACTION ITEMS**

1. Consideration and action on appointment of new members to the Keep Copperas Cove Beautiful Commission. ***Silvia Rhoads, Executive Director, Keep Copperas Cove Beautiful***

Silvia Rhoads, Executive Director, gave an overview of agenda item I-1.

Council Member Goode made a motion to appoint Alan Weavodou to the Keep Copperas Cove Beautiful Commission. Council Member Seffrood seconded the motion, and with a unanimous vote, motion carried.

2. Discussion and possible action on establishing a date to hold a public hearing and designation of a reinvestment zone for purposes of granting tax abatement per the Texas Property Tax Code. ***Andrea M. Gardner, City Manager***

Andrea M. Gardner, City Manager, gave an overview of agenda item I-2.

Council Member Meredith made a motion to set a public hearing for the designation of a reinvestment zone for November 17, 2009. Council Member Downard seconded the motion, and with a unanimous vote, motion carried.

Mike Beavers, 5101 FM 439, Belton, Texas. Mr. Beavers is a representative for Stony Brook Assisted Living and requests the council set the earliest possible date to set a public hearing for this project.

Council Member Downard made a motion to designate the 5.02 acres as the reinvestment zone that was attached to the abatement application. Council Member Goode seconded the motion, and with a unanimous vote, motion carried.

**J. REPORTS FROM OUTSIDE ENTITIES, ADVISORY COMMITTEES AND BOARDS – None.**

**K. ITEMS FOR FUTURE AGENDAS – None.**

**L. EXECUTIVE SESSION – None.**

**M. RECONVENE INTO OPEN SESSION FOR POSSIBLE ACTION RESULTING FROM ANY ITEMS POSTED AND LEGALLY DISCUSSED IN EXECUTIVE SESSION**

**N. ADJOURNMENT**

There being no further business, Mayor Hull adjourned the meeting at 7:36 p.m.

**ATTEST:**

\_\_\_\_\_  
John Hull, Mayor

\_\_\_\_\_  
Stefanie Brown, Deputy City Secretary

**CITY OF COPPERAS COVE  
CITY COUNCIL WORKSHOP MEETING MINUTES  
November 3, 2009 – 7:30 P.M.**

**A. CALL TO ORDER**

Mayor John Hull called the workshop meeting of the City Council of the City of Copperas Cove Texas to order at 7:45 p.m.

**B. ROLL CALL**

John Hull  
Cheryl L. Meredith  
Charlie D. Youngs  
Chuck Downard  
Danny Palmer  
Bill L. Stephens - Absent  
Willie C. Goode  
Frank Seffrood

Andrea M. Gardner, City Manager  
Charles E. Zech, City Attorney  
Stefanie Brown, Deputy City Secretary

**C. WORKSHOP ITEMS**

1. Discussion and possible action on the CCEDC Bylaws. **Andrea M. Gardner, City Manager.**

Andrea M. Gardner, City Manager, gave a brief overview of the CCEDC Bylaws and reminded Council the Bylaws were discussed at the September 1, 2009 workshop.

The Council discussed the CCEDC Bylaws.

2. Provide direction to CCEDC regarding the Bylaws. **Dan Yancey, Board Chairman, CCEDC**

The Council provided direction to the City Manager and requested that the CCEDC Bylaws be a consent item on the November 17, 2009 agenda.

**D. ADJOURNMENT**

There being no further business, Mayor Hull adjourned the meeting at 8:36 p.m.

\_\_\_\_\_  
John Hull, Mayor

ATTEST:

\_\_\_\_\_  
Stefanie Brown, Deputy City Secretary

# City of Copperas Cove

## City Council Agenda Item Report

November 17, 2009

### Agenda Item No. G-3

Contact – Wanda Bunting, Director of Financial Services, 547-4221  
wbunting@ci.copperas-cove.tx.us

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**SUBJECT: Consideration and action on authorizing the City Manager to enter into a depository agreement with The National Banks of Central Texas.**

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#### 1. BACKGROUND/HISTORY

The City of Copperas Cove is required by its investment policy and State Law to complete request for proposals when selecting a depository for City funds. Currently, The National Banks of Central Texas has the depository contract.

#### 2. FINDINGS/CURRENT ACTIVITY

The Contract with The National Banks of Central Texas expired on September 30, 2009. The City sent request for proposals to seven banks of which five are within the City limits. The request for proposals was advertised in accordance with Texas Local Government Code on September 4, 2009 and September 11, 2009. The City received responses from Wells Fargo Bank, N.A. and The National Banks of Central Texas.

Wells Fargo Bank, N.A. does not currently have a local branch within 15 miles of the City of Copperas Cove and did not provide a suitable arrangement to accommodate the City's needs for a local branch office for timely deposit of funds and payroll check cashing privileges for employees. The recommendation for the City to have a secondary local bank relationship for the purpose of maintaining a payroll account and a cash collection account does not meet the needs of the City, therefore City staff is recommending The National Banks of Central Texas as the City's Depository for local funds.

#### 3. FINANCIAL IMPACT

None.

#### 4. ACTION OPTIONS/RECOMMENDATION

City staff recommends that the City Council authorize the City Manager to enter into a depository agreement with The National Banks of Central Texas.

## **BANK DEPOSITORY AGREEMENT**

This Bank Depository Agreement (the "Agreement") is made and entered into the 17th of November, 2009, by and between the City of Copperas Cove, Texas (the "City") and National Bank (the "Bank") a bank chartered by the State of Texas.

This Agreement, along with the "Request for Proposals for Depository Services" due by September 22, 2009, which is attached hereto as Exhibit A and incorporated by reference for all intent and purposes, the proposal submitted by the Bank on September 22, 2009, which is attached hereto as Exhibit B and incorporated by reference for all intent and purposes, the Safekeeping Agreement in the Investment Policy, which is attached hereto as Exhibit C and incorporated by reference for all intent and purposes shall constitute the entire Agreement between parties. The City may at its discretion add additional services after the agreement between the parties have been executed.

The Agreement represents the entire and integrated agreement between the parties hereto and supersedes prior negotiations, representations or agreements, either written or oral. The Agreement may be amended only by written modifications signed by both parties after execution of the Agreement.

**DESIGNATION OF DEPOSITORY:** The City, through action of its Governing Body, hereby designates the Bank as its depository for banking services for a two-year period commencing October 1, 2009 and ending September 30, 2011.

**DESIGNATION OF CUSTODIAN:** The City and Bank hereby designate the National Bank \_\_\_\_\_ (the "Custodian") to hold in trust, according to the terms and conditions of the City Request for Proposal, RFP No. 2009-13-31; due by September 22, 2009, (the "RFP") and pursuant to a separate Safekeeping Agreement, attached as Exhibit C, all securities pledged as depository collateral in accordance with the City's Investment Policy.

Any and all fees from the Custodian associated with the safekeeping of securities pledged to the benefit of the City shall be borne by the Bank.

**FINANCIAL POSITION:** The Bank will provide a statement of its financial position on at least a quarterly basis. The Bank will provide an annual statement audited by its independent auditors including a letter as to its "fair presentation" within 180 days following the end of its fiscal year.

**AUTHORIZED SIGNATURES:** Only the City Manager and the Director of Financial Services or other person as authorized by the City Manager and Director of Financial Services are authorized to sign any check, draft, warrant, or written order drawn on said Funds. The Bank shall not honor any check, draft, warrant, or written order drawn on said Fund unless such instrument is signed by the City Manager and the Director of Financial Services or their Assistant. The Director of Financial Services is hereby authorized to certify to the Bank the genuineness of the signatures of the above referenced staff members, any personnel change in those positions, and the genuineness of the signatures of any new staff, and the Bank is authorized to accept and rely upon such certifications.

**COLLATERAL:** The Bank shall, no later than the fifth of every month pledge to the City,

securities as defined by The Public Funds Collateral Act [Article 2529d, V.T.C.S.], for the municipal funds deposited with the Bank. The value of approved securities must be maintained at the level required by The Public Funds Collateral Act and in accordance with provisions set out in Exhibit A. The value of the approved securities is determined by the Director of Financial Services, and that determination is final and binding on the Bank.

If at any time the funds deposited exceed the amount of security pledged, the Bank shall, immediately pledge additional securities with the City. The City may require the Bank to pledge additional securities at any time the Director of Financial Services considers it advisable or necessary for the protection of the City, in accordance with the Texas Local Government Code, Section 105.051.

The Bank shall have the privilege of exchanging or substituting the approved securities deposited and pledged; provided however, the securities exchanged or substituted must be first approved by the Director of Financial Services. In addition, the Bank shall have the privilege of releasing securities pledged by the Bank in excess of the amount required by Chapter 105 of the Texas Local Government Code; provided however, the securities released must be first approved by the Director of Financial Services.

**INVESTMENTS:** All monies in the Fund may be invested and reinvested from time to time in certificates of deposit at the Bank, or in obligations of the United States of America, the State of Texas, or any county, city, agencies or other political subdivision of the State of Texas. Certificates of deposit may also be purchased at other banks. The Director of Financial Services or their authorized representative is the individual authorized to receive statements of the City's account(s) and to provide instructions to the Bank concerning investment and reinvestment of the City's funds. A copy of the Investment Policy adopted in Resolution form by the Copperas Cove City Council on October 13, 2009 is provided as amended.

**SCOPE OF SERVICES:** The Bank shall execute and perform those duties and services described in the Agreement. The Bank shall faithfully do and perform all of the duties and obligations required by the laws of the State of Texas. The Bank shall, upon representation, pay all checks drawn on it by the duly authorized representatives of the City against funds of the City on demand deposit. Upon termination of its designation as depository of the City, the Bank shall promptly turn over to its successor all funds, property, and things of value coming into its hands as depository of the City.

**BANK COMPENSATION:** Bank will be compensated for any and all services rendered to City under this Agreement on a cost per item or monthly change basis as set forth in the service charges of the Bank's Response (Exhibit B).

**DEFAULT:** Collateralization Default shall mean a failure by the Bank to deposit with and pledge to the City approved securities having a value equal to the amounts of funds to the extent said funds are now insured by the Federal Deposit Insurance Corporation or its successors.

General Default shall mean a failure of the Bank to perform its duties and responsibilities as a depository bank for the City as required in this Agreement and under the laws of the State of Texas, other than failure amounting to a Collateralization Default.

In addition to all other remedies at law or in equity which the City may have from time to time against the Bank, the City shall be authorized, upon a Collateralization and/or General Default by the Bank, and after written notice of such default to the Bank and expiration of the appropriate opportunity to cure, or at any time thereafter during the continuance of any such default, to sell at public or private sale approved securities pledged to the City, or any part thereof, to the highest bidder for cash. The City shall give the Bank written notice of the time and place of sale at least ten (10) days prior to the sale. The Bank shall have the ten (10) day period to cure the default and prevent the sale. In the event of any such sale, the City shall obtain bids from three (3) recognized security dealers. The City may apply proceeds of such sale to the satisfaction of all damages and losses incurred by the City as a result of the Collateralization and/or General Default, and the remainder, if any, of said proceeds will be promptly returned to the Bank or its successors.

**ATTORNEY'S FEES AND EXPENSES:** In the event that either party hereto brings suit to enforce the terms hereof, it is agreed that the losing party shall pay to the successful party costs and reasonable attorney's fees.

**NON-ASSIGNABILITY:** This Agreement is not assignable in whole or in part but is binding on the parties, their successors and assigns.

**TERMINATION:** This Agreement may be terminated by either the City or the Bank by giving a sixty (60) days prior written notice to the parties.

**BANK AUTHORIZATION:** The Bank represents and warrants that this Agreement is made pursuant to and is duly authorized by the Board of Directors of the Bank and recorded in the official records of the Bank.

**APPLICABLE LAW:** This Agreement shall be deemed and construed to comply with the applicable provisions and requirements of the laws of the State of Texas governing depositories for public funds, and any part, section, or provision herein not complying therewith shall be interpreted, applied and executed so as to effectuate such compliance. This agreement is performable in Coryell County, Texas.

**DISPUTE RESOLUTION:** In the event of a dispute regarding either party's performance under this agreement the parties shall first mediate the dispute. If the dispute is not resolved by mediation either party may bring suit in court of competent jurisdiction.

**CONFLICTS WITH EXHIBIT B TO THIS AGREEMENT:** In the event of any conflict between this Agreement and Exhibit B to this Agreement, this Agreement shall control.

EXECUTED in duplicate this 17th day of November, 2009.

**CITY**

**BANK**

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**Andrea M. Gardner**  
**City Manager**

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**Kenneth K. Poston**  
**Executive Vice President/Comptroller**

**ATTEST:**

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**Jane Lees**  
**City Secretary**

**APPROVED AS TO FORM:**

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**Denton, Navarro, Rocha & Bernal, P.C.**  
**City Attorney**

**ATTEST:**

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**Name**  
**Title**

**CUSTODIAN**

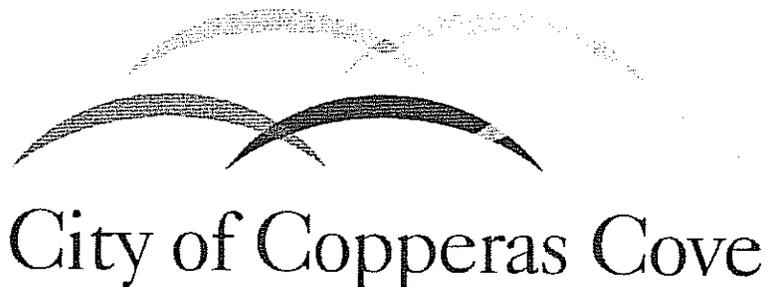
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**Name**  
**Title**

**ATTEST:**

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**Name**  
**Title**



**REQUEST FOR PROPOSALS**

**FOR**

**DEPOSITORY SERVICES**

**RFP NO. 2009-13-31**

***Sealed bids will be received until 2:00 p.m. on  
September 22, 2009***

**Return RFP To:** Tracy Molnes  
Purchasing Officer  
City of Copperas Cove  
507 S. Main Street  
P.O. Drawer 1449  
Copperas Cove, TX 76522

CITY OF COPPERAS COVE, TEXAS

REQUEST FOR PROPOSALS

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- 1.5 Proposal Acceptance Period
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- 1.7 Negotiations
- 1.8 Contractual Arrangements
- 1.9 Release of Information
- 1.10 Rights and Remedies

**2.0 Proposal Format**

- 2.1 Cover Letter
- 2.2 References
- 2.3 Cost and Schedule Proposal
- 2.4 Bank Performance Analysis
- 2.5 Additional Data and Information

**3.0 Description of the Operating System**

- 3.1 Consolidated Cash Account
- 3.2 Payroll Account
- 3.3 Other Accounts

**4.0 Nature of Services Required**

- 4.1 Deposit Services
- 4.2 Check Clearing and Availability
- 4.3 Disbursement Services
- 4.4 Visa/MasterCard Merchant Services
- 4.5 Stop Payments
- 4.6 Locking Depository Bags
- 4.7 Returns and Chargebacks
- 4.8 Account Analysis
- 4.9 City Employee Payroll Checks
- 4.10 Zero Balance Accounts
- 4.11 Certificates of Deposit
- 4.12 Borrowings
- 4.13 Direct Deposits
- 4.14 Wire Transfer Services
- 4.15 Automated Daily Balance Reporting
- 4.16 Sweep Account Provisions
- 4.17 Daylight Overdraft Provisions

- 4.18 Additional Services
- 4.19 Account Executive
- 4.20 Positive Pay
- 4.21 Automated Clearing House (ACH) Originations

**5.0 Stipulations**

- 5.1 Collateral Requirements
- 5.2 Compensation

- APPENDIX A - COST AND SCHEDULE PROPOSAL FORM**
- APPENDIX B - BANK PERFORMANCE ANALYSIS FORM**
- APPENDIX C - CONFLICT OF INTEREST QUESTIONNAIRE**
- APPENDIX D - CITY OF COPPERAS COVE INVESTMENT POLICY**

## 1.0 GENERAL INFORMATION

### 1.1 Purpose

The City of Copperas Cove (hereinafter referred to as the City) seeks proposals in response to this Request for Proposal (RFP) from qualified and experienced financial institutions (hereinafter referred to as Banks) to be the depository for public funds of the City.

Investment activities are considered separate and apart from this RFP, although capabilities in this area will be solicited and considered as part of a bank's overall capabilities.

Banks desiring to respond to this RFP should bear in mind the City wishes to pursue an active cash management and investment program. Further, the City views maximized investment interest as viable and material revenue to all funds. The City's cash management policy shall be designed and managed in a manner responsive to the public trust and consistent with state and local law.

### 1.2 Period of Contract

The objective of the RFP is to obtain a Depository Contract with one Bank for the two fiscal years beginning October 1, 2009 and ending September 30, 2011.

### 1.3 Inquiries from Banks

**Deadline for questions** or requests for clarification must be submitted to the Purchasing Officer in writing prior to **September 13, 2009 @ 2:00 pm.** via email to the Purchasing Officer: [tmolnes@ci.copperas-cove.tx.us](mailto:tmolnes@ci.copperas-cove.tx.us). Or by facsimile number is 254-542-8941. There will be no exceptions. All responses to the questions will be sent to all bidders in addendum form.

### 1.4 Response Instructions

Two (2) copies of your proposal should be returned, in an envelope bearing the name and address of the respondent and "RFP No. 2009-13-31; Depository Services." Your proposal may be mailed or hand-delivered as follows:

If mailing, use this address:

City of Copperas Cove  
Attn: Tracy Molnes, Purchasing Officer  
P.O. Drawer 1449  
Copperas Cove, TX 76522

If hand-delivered, use this address:

City of Copperas Cove  
Attn: Tracy Molnes, Purchasing Officer  
507 South Main Street  
Copperas Cove, TX 76522

Proposals should be returned in sufficient time so as to be received on or before **2:00 p.m., September 22, 2009.** It is the Bank's responsibility to ensure that it has received any and all addenda related to the proposal. It shall be the sole responsibility of the respondent to ensure that its proposal is received by the Finance Department within the time limit indicated. Late proposals will not be considered.

### 1.5 Proposal Acceptance Period

The proposal must include a statement of validity (see instructions, Section 2.1) for a minimum of sixty (90) days subsequent to September 22, 2009.

### 1.6 Evaluation Process

The successful Bank will be selected on a rational basis. Evaluation factors outlined below shall be applied to all eligible, responsive Banks, in comparing proposals and selecting the successful Bank. Award of a contract may be made without discussion with the Banks after the proposals are received. Therefore, proposals should be submitted on the most favorable terms.

Evaluation criteria on which each Bank will be evaluated are as follows:

- Responsiveness of the proposal by clearly stating an understanding of the work to be performed and responsiveness to the terms and conditions.
- Completeness of the proposal with respect to the submission of requested documentation and performance data.
- Fraud control capabilities and the automation of positive pay services.
- Total evaluated cost and scheduling proposal.

All responses to this RFP will be reviewed by the Finance Department of the City of Copperas Cove. Selection of the Depository shall be based on the institution offering the most favorable terms and conditions for handling the City's funds and the services available to the City. The final selection will be made by the Copperas Cove City Council during a City Council meeting.

#### **1.7 Negotiations**

The City reserves the right to negotiate any and all elements which comprise the Bank's proposal to ensure the best possible consideration be afforded all concerned.

In addition, the City reserves the right to reject any and all proposals and to re-advertise for proposals in such event.

#### **1.8 Contractual Arrangements**

The Contract shall be prepared under the direction of the City and shall incorporate all applicable provisions. A price per item fee is desired, with monthly payments as agreed for services rendered.

The Bank should be aware the contents of the successful proposal will become a part of any subsequent contractual document which may result from this RFP. Failure of the Bank to accept this obligation may result in the cancellation of the award.

The Contract shall be for the provision of services as requested herein, at the fees submitted in the proposal for the term of the contract. The City shall agree to make monthly payments as agreed for services rendered.

#### **1.9 Release of Information**

Information submitted by the Bank shall not be released by the City during the proposal evaluation period or prior to contract award.

#### **1.10 Rights and Remedies**

The rights and remedies of the City provided herein shall not be exclusive and are in addition to any other rights and remedies provided by law or under any subsequent contract.

## **2.0 PROPOSAL FORMAT**

Proposals must be submitted containing the following sections in the order indicated:

### **2.1 Cover Letter**

This section should contain the name and address of the proposing Bank, the contact individuals authorized to answer technical, price, and/or contract questions together with their telephone numbers and mailing addresses. The statement of validity (see Section 1.5) shall be included. The cover letter must be signed by a person authorized to bind the Bank.

### **2.2 References**

Indicate the Bank's background in providing banking services to public organizations. List any banking services contracts currently in place. Provide a list of client references including client name, contact persons, and phone numbers.

### **2.3 Cost and Schedule Proposal**

The City desires a price per item fee proposal with monthly payments for services rendered. The contract will be for a two-year period.

The compensation proposal should be documented by completing the Cost and Schedule Proposal Form (Appendix A, attached hereto) and submitting it to the City with the RFP. It is intended that the Cost and Schedule Proposal Form include all of the unit prices for services requested. All volumes indicated are estimates. The contract will not necessarily be awarded to the Bank that provides the lowest cost proposal but rather to the Bank that submits the most responsive proposal meeting the City's requirements.

If a service requirement cannot be met by the Bank, then "No Proposal" should be entered on the Form for that specific requirement. An alternate proposal may be made by the Bank.

### **2.4 Bank Performance Analysis**

The Bank should complete the attached Bank Performance Analysis Form (Appendix B), attached hereto) and submit it to the City with the RFP. Financial strength and capacity should be based upon the information contained in annual financial reports and call reports.

### **2.5 Additional Data and Information**

Give any additional information considered essential to the proposal. Alternative proposals which you feel may benefit the parties may also be submitted. If there is no additional information to present, so state.

### **3.0 DESCRIPTION OF THE OPERATING SYSTEM**

The City of Copperas Cove presently requires five (5) demand accounts and two (2) savings accounts. The City also reserves the right to alter the structure and number of accounts during the life of the Contract. However, the Banks RFP response should be based on the account structure presented in the RFP. Should the City and the Bank mutually agree to a structure that differs from the RFP, it is agreed that adjusted pricing will be commensurate with the volume of services used. The Bank must agree that the source of unit pricing for new services not specifically requested in the RFP will be the Bank's most recently published price list for cash management services. The demand accounts are described as follows:

#### **3.1 Consolidated Cash Account**

This account is the City's general operating account. Operating revenues and disbursements are transacted through this account, except as otherwise noted. Approximately 60 electronic fund transfer payments and 650 checks per month are prepared and issued on a biweekly basis (alternating Fridays). The average ledger balance of this account is estimated at \$1,000,000. Checks on this account must bear the facsimile or actual signatures of the City Manager and Director of Financial Services.

#### **3.2 Payroll Account**

All City employees are paid on this account. The City currently has 307 employees of which 273 participate in Direct Deposit. The remaining employees are issued a payroll check. Approximately, 70 checks per month are prepared and issued on a biweekly basis (alternating Thursdays). Checks on this account must bear the actual signatures of the City Manager and Director of Financial Services.

#### **3.3 Other Accounts**

- Master Account (Consolidated Cash Account)
- Payroll Account
- Rental Rehabilitation
- Law Enforcement Block Grant
- Non-Interest Grant Account
- Police Department Pending Forfeiture – Savings
- Subdivision Escrow – Savings

#### **4.0 NATURE OF SERVICES REQUIRED**

The banking services required by the City are discussed below. Appendix A includes the Cost and Schedule Proposal Form and contains the desired scheduling requirements for the required services.

##### **4.1 Deposit Services**

The Bank shall possess the capability to process promptly and efficiently an estimated monthly average of 15,000 remittances. The proposal should indicate the number of checks that can be handled per deposit slip.

##### **4.2 Check Clearing and Availability**

A major portion of the City's revenue is received through checks received from customers. Therefore, the City considers it essential that availability on these items is maximized through aggressive check clearing efforts.

The City expects availability granted on deposits to be equal or greater than the Bank's standard availability schedule. If the Bank wishes, it may bid a guaranteed availability it will grant on all or a part of the City's deposits.

##### **4.3 Disbursement Services**

The Bank shall possess the ability to process a monthly average of 1,500 disbursement checks, both manual and mechanized, for payable and payroll application through several bank accounts.

##### **4.4 Visa/MasterCard Merchant Services**

The Bank shall possess the ability to provide Visa/MasterCard merchant sales invoice processing services for all city locations accepting credit cards. The City expects a competitive discount rate based on 3,000 charge tickets per month, with an average value of \$75.00. Should the bank outsource their Visa/MasterCard Merchant Services to a third party, that party will be required to submit its company information and rate proposal for both swipe and manual credit card processing as part of this request for proposals.

##### **4.5 Stop Payments**

The City will require stop payment issuance and confirmation upon receipt of written request. All stop payments should be permanent and not require renewals.

##### **4.6 Locking Depository Bags**

Thirty Five (35) locking depository bags, approximately 10" x 12" shall be provided.

##### **4.7 Returns and Chargebacks**

Unless directed otherwise, the Bank will automatically redeposit return items a second time. Items returned a second time will be charged to the City's Consolidated Cash Account and returned promptly to the City through the Finance Department.

**4.8 Account Analysis**

The City requires a monthly account analysis in summary form and by individual account. Since the City will consider the analysis an invoice, it must provide a comprehensive, detailed recap of services performed.

**4.9 City Employee Payroll Checks**

City employees will be permitted to cash payroll checks at the Bank's offices without charge including those who do not maintain an account. If a branch is unavailable within 15 miles, the bank shall have an arrangement with a local bank office for cashing payroll checks.

**4.10 Zero Balance Accounts**

The City is interested in establishing the demand accounts as zero balance accounts (ZBA). If this service is available, please provide the cost in the Cost and Schedule Proposal Form. The City is also interested in online banking services for the demand accounts.

**4.11 Certificates of Deposit**

As stated in Section 1.1, investment activities are considered separate and apart from this RFP. However, the City is interested in Certificates of Deposit. In Part C of the Cost and Schedule Proposal Form, the Bank should present a floating rate bid for Certificates of Deposit.

**4.12 Borrowings**

The City may borrow funds for various terms during the duration of the Contract. In Part D of the "Cost and Schedule Proposal," the Bank should provide an interest rate on bank loans.

**4.13 Direct Deposit**

The Bank shall possess the ability to perform wire transfers and direct deposit in a timely manner.

**4.14 Wire Transfer Services**

The City currently generates approximately 50 incoming and 50 outgoing wires each month. A standard wire transfer agreement will be executed with the bank. This proposal should include a copy of your standard transfer procedures and wire transfer agreement. The City requires adequate security provisions and procedures. If wire transfer requests are available on line, full information should be submitted detailing the use.

**4.15 Automated Daily Balance Reporting**

The City requires an automated PC-based reporting system for access to the closing ledger and available balances. Stipulate the time at which the access is available and describe the system to be used. Reporting should include balance and detail reporting. Samples of the reports are to be included in the proposal.

**4.16 Sweep Account Provisions**

If the City chooses, the bank will be responsible for automatically sweeping the balances in all accounts daily to an investment option (money market fund, repo, etc.). The Bank will "automatically sweep" the City's excess cash above the minimum compensating balance requirements into overnight and weekend investments. The market value of securities used to secure the short-term investments must be at least 103 percent of the cost of the short-term investment. All interest earned on overnight investments will be automatically accrued, on a daily basis, to each City account. This interest will be credited to the accounts at the months end. Proponent must include details of the Banks sweep account provisions and a prospectus of the investment securities that are used for sweep accounts.

**4.17 Daylight Overdraft Provision**

Every effort will be made to eliminate daylight overdraft situations on the account. However, in case this situation does arise, the proposal should include any and all bank policies regarding daylight overdrafts charges or handling procedures.

**4.18 Additional Services**

If new services become available and are provided during the period of this contract, they will be charged at the banks then published rate.

**4.19 Account Executive**

An account executive must be assigned to the account to coordinate the account services and expedite the solution of any problem. A trained and competent backup for the account executive, familiar with the account, should be assigned in the proposal. Stipulate the name and a brief biography of the account executive to be assigned to the City's account.

**4.20 Positive Pay**

The City requires the Bank to provide positive pay services in an effort to prevent check fraud. The City will provide a list of checks to the bank upon disbursement of checks that the bank will use to confirm payee, amounts, check numbers, dates and account numbers when the check is presented to the bank for payment. This verification process should be conducted electronically. In instances where the check presented does not agree to the list provided by the City, the bank will not pay the check until it has conferred with the City Manager or Director of Financial Services and obtained authorization to pay said check. If the bank is not capable of providing such service, alternative means of deterring check fraud should be proposed.

**4.21 Automated Clearing House (ACH) Originations**

The City requires the Bank to provide services that will move funds electronically between financial institutions in the Federal Reserve System in the United States. The Bank should make every effort to process ACHs in accordance with the National Automated Clearing House Association and the Federal Reserve System in the United States. The Bank should submit its guidelines and agreement with this request for proposals.

**5.0 STIPULATIONS****5.1 Collateral Requirements**

The City's Investment Policy and State law requires all deposits and investments of City funds with commercial banks be secured by pledged collateral with a market value equal to no less than 100% of the deposits and investments. The Bank is required to pledge the collateral within five (5) days after notification of selection as the Depository.

The City shall accept only the following securities as collateral:

- U.S. Treasury securities maturing in less than two (2) years.
- Short-term obligation 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.
- Federal Deposit Insurance (FDIC) coverage of principal invested.
- Direct or unconditionally guaranteed obligations of the State of Texas except the City will

not accept Industrial Revenue Bonds or Private Activity Bonds as pledged securities.

- Any other acceptable security as defined in the Texas Local Government Code, Section 105.051 and subject to the approval of the City Council.
- All collateral shall be subject to inspection and audit by the Director of Financial Services or the City's independent auditors.

## **5.2 Compensation**

The City desires to compensate the Bank for services performed on a fee basis. Therefore, the monthly account analysis will be considered an invoice and monitored accordingly. If the City discovers it has been overcharged after payment has been rendered, the City shall be reimbursed.

It is the City's intent that the Cost and Schedule Proposal Form reflect all services and prices for which the Bank will expect payment. It is understood that volumes indicated thereon are estimates and actual volumes will vary from month to month. If the City requests a service(s) not presently included on the Form, the Bank must agree the unit price will be no more than the price appearing on its most recently published price for cash management services.

The City desires interest be paid on demand balances maintained with the Bank. In Part D of the Cost and Schedule Proposal Form, the Bank should present its proposed method for compensating the City.

### APPENDIX A - COST AND SCHEDULE PROPOSAL FORM

In your completion of Appendix A please be reminded that the City currently does not pay any fees associated with depository services and all monthly volumes presented below are only estimates to be used in the preparation of Appendix A. The City will not be penalized in any way for increases or decreases of monthly volume.

#### Part A - Service Charges

TYPE OF SERVICE CHARGE	ESTIMATED MONTHLY VOLUME	UNIT PRICE	MONTHLY PRICE
<b>Items Deposited</b>	15,000		
On-Us			
Local			
Texas Fed Cities			
Other 11th Dist. Fed Cities			
Non-11th Dist. Fed Items			
<b>Encoding Charge for Deposited Items</b>	15,000		
<b>Deposits Posted</b>	196		
<b>Deposits</b>			
Same Day Credit	15,000		
Next Day Credit	15,000		
<b>Checks Paid</b>	1,500		
<b>Charge Back Items - Reclear</b>	50		
<b>Stop Payments - Manual</b>	5		
<b>Stop Payments - Automated</b>	0		
<b>Numeric Sort of Monthly Paid Items</b>	1,700		
<b>Monthly Maintenance per account</b>			
<b>ACH Transfers (pending investment policy)</b>	100		
<b>Wire Transfers</b>			
Out	50		
In (pending investment policy)	50		
<b>Collateral Cost</b>			
Optional Valuation Listing			
<b>Credit for Average balances</b>	1,000,000		
<b>Non-recurring Charge Rates</b>			
Deposit Slips (3-Part)			
Check Forms (3-Part)			
Mechanized			
Manual			
Locking Depository Bags (35) (Approximately 10" x 12")			
<b>Other Charges</b>			
FDIC Insurance			
Ledger Overdraft			
Return Item Telephone Notification			

Part A – Service Charges (Continued)

TYPE OF SERVICE CHARGE	ESTIMATED MONTHLY VOLUME	UNIT PRICE	MONTHLY PRICE
Wire Transfer Devices			
Telephone			
Mail			
Intrabank Transfer of Funds	6		
Strap of Currency			
Roll of Coin			
Deposit Processing Per Minute			
Coin Verification Per Minute			
Minimum Change Order			
Domestic Collection Item			
Positive Pay			

**Part B - Scheduling Requirements**

In the "Bank Response" column, there are three possible responses. "Yes" to concur and "better" or "worse" if the Bank's service schedule is other than what is desired. If "better" or "worse" is indicated, please provide an explanation.

<u>Service</u>	<u>Schedule</u>	<u>Response</u>
Account statements	Mail by the 5th of the following month	_____
Account analysis	Mail by the 5th of the following month	_____
Incoming wire notification - over \$10,000	Notify the Director of Finance by phone or e-mail one (1) hour after receipt	_____
Incoming wire confirmation	Written confirmation available by next business day	_____
Out-going wire transfer release	Release according to instructions	_____
City employee payroll checks	Per Section 4.9 and 4.13	_____

**Part C - Certificates of Deposit**

The bank should present a floating rate bid consisting of basis points, over or under the yield quote published in the Wall Street Journal on the day of deposit, for the U.S. Treasury bill maturing on, or immediately prior to, the maturing date of the Certificate of Deposit.

Floating Rate on \$100,000 or more (Plus or Minus)			
<u>Maturity</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Interest Rate</u>
7 - 29 days	_____	180 - 209 days	_____
30 - 59 days	_____	210 - 239 days	_____
60 - 89 days	_____	240 - 269 days	_____
90 - 119 days	_____	270 - 299 days	_____
120 - 149 days	_____	300 - 359 days	_____
150 - 179 days	_____	360 days and over	_____

**Part D - Other**

Does the Bank have an annual audit of its financial records performed by an independent certified public accounting firm? If so, please provide a copy of the audited financial statement as of December 31, 2008, or most recent audited date.

Provide your price structure for credit card transactions per Section 4.1.4.

Provide an interest rate for loans to the City per Section 4.1.12.

Give any additional information considered essential to the proposal.

**Part E - Bid Certification**

As an authorized representative of the Bank, the undersigned hereby certifies the Bank is willing to comply with all provisions specified herein, at the prices and rates quoted.

Bank \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_

Print Name \_\_\_\_\_

Title \_\_\_\_\_

Address \_\_\_\_\_

City/State/Zip \_\_\_\_\_

Telephone \_\_\_\_\_ Fax \_\_\_\_\_

Email Address: \_\_\_\_\_

**APPENDIX B- BANK PERFORMANCE ANALYSIS FORM**

<u><b>Liquidity Ratios</b></u>	<u>As of</u> <u>12/31/08</u>	<u>As of</u> <u>7/31/09</u>
Loans to deposits	_____	_____
Gross loans to total assets	_____	_____
Liquid assets to total assets	_____	_____
Problem loans to primary capital	_____	_____
 <u><b>Asset Quality Ratios</b></u>		
Loan loss reserves to total loans	_____	_____
Non-performing loans to total loans	_____	_____
 <u><b>Profitability Indicators</b></u>		
Return on earning assets	_____	_____
Return on equity	_____	_____
Net interest margin	_____	_____
 <u><b>Capital Adequacy Indicators</b></u>		
Capital to loans	_____	_____
Capital to total assets	_____	_____
 <u><b>Management Indicators</b></u>		
Net charge-off to gross loans	_____	_____
Capital formation rate	_____	_____
Jumbo deposit ratio (total deposits of amounts in excess of \$100,000 to total deposits)	_____	_____



**The National**  
Banks Of Central Texas

September 22, 2009

City of Copperas Cove  
Attn: Tracy Molnes, Purchasing Officer  
P.O. Drawer 1449  
Copperas Cove, TX 76522

Dear Ms. Molnes:

The National Banks of Central Texas would like to submit the following proposal for the depository bid for the City of Copperas Cove. This proposal shall be good for 90 days subsequent to September 22, 2009. Any questions regarding this proposal can be directed to:

The National Banks of Central Texas  
Attn: Kenneth K. Poston  
EVP/Comptroller  
P. O. Box 779  
Gatesville, TX. 76528

You may also call 254.865.2211 ext. 1200 or email me at [kposton@natlbank.com](mailto:kposton@natlbank.com).

The National looks forward to serving the City of Copperas Cove with all their financial needs.

Yours truly,

Kenneth K. Poston  
EVP/Comptroller

*Leading the Way*

Copperas Cove  
408 South Main Street  
Copperas Cove, TX 76522  
254.547.7521

Hewitt  
701 North Hewitt Drive  
Hewitt, TX 76643  
254.666.1280

Kempner  
12444 E. Hwy. 190  
Kempner, TX 76539  
512.932.2211

Gatesville  
Corporate Office  
905 Main Street  
Gatesville, TX 76528  
254.865.2211

Killeen  
4103 E. Central Texas Expwy.  
Killeen, TX 76547  
254.690.2200

Lampasas  
101 East Ninth Street  
Lampasas, TX 76550  
512.556.8288

Waco  
5500 Bagby Ave.  
Waco, TX 76711  
254.662.1900

## 2.2 References

The National currently provides depository services to the City of Copperas Cove. Other public organizations The National provides depository services to include:

City of Hewitt	254-666-6171
Lampasas County	254-556-8271
Copperas Cove ISD	254-547-1227

2.3 Cost and Schedule Proposal *(See Appendix A)*

2.4 Bank Performance Analysis *(See Appendix B)*

## NATURE OF SERVICES REQUIRED

- 4.1 Deposit Services – The National has the capability to process your remittances promptly and efficiently. For balancing purposes, it is requested that each deposit have no more than 50 items.
- 4.2 Check Clearing and Availability *(See Attachment A)*
- 4.3 Disbursement Services – The National has the ability to process any amount of your disbursement checks through all of your bank accounts.
- 4.4 Visa/Mastercard Merchant Services – *(See Attachment B)*  
Any questions regarding this portion of the proposal may be directed to Ann Cooper at [acooper@natlbank.com](mailto:acooper@natlbank.com), or 254.865.2211 ext. 5160.
- 4.5 Stop Payments - Stop payments will be issued after The National has received a signed stop payment form. Stop payments can only be issued for six months, and then must be renewed.
- 4.6 Locking Depository Bags – The National can provide the City with 35 locking depository bags.
- 4.7 Returns and Charge backs – The National will automatically redeposit return items a second time. Items returned a second time would be charged to the account requested and returned to the City.
- 4.8 Account Analysis - The National will provide the City of Copperas Cove with a monthly account analysis for each commercial account. If requested, The National can provide the City with a combined account analysis for all commercial accounts.

- 4.9 City Employee Payroll Checks – The National will permit city employees to cash payroll checks at any of our locations free of charge.
- 4.10 Zero Balance Accounts – No proposal.
- 4.11 Certificates of Deposit *(See Part C of the Cost & Schedule Proposal Form)*
- 4.12 Borrowings *(See Part D of the Cost & Schedule Proposal Form)*
- 4.13 Direct Deposit – The National has the ability to perform wire transfers and direct deposits *(ACH transactions)* in a timely manner.
- 4.14 Wire Transfer Services – An approved City employee must initiate all wire requests. The National will require a signature for each wire initiated, or The City may send written authorization to be kept on file through the depository period. The City will receive written notification of all wires received unless the bank receives other instructions. Wires may be initiated through The National’s internet banking product “Homebanking”. The information may be emailed through our secure email. *(See Attachment C)*
- 4.15 Automated Daily Balance Reporting – Balance information may be accessed through “ART”(Automated Response Teller), The National’s computerized telephone system. Homebanking, The National’s internet banking product can provide balance information also. The ART system is “real time”, meaning it updates as transactions occur. Homebanking is also “real time”.
- 4.16 Sweep Account Provisions – No proposal
- 4.17 Daylight Overdraft Provision – National Bank does not monitor for daylight overdrafts.
- 4.18 Additional Services – Confirm.
- 4.19 Account Executive – Vicki O’Dell, Branch Operations Manager, Copperas Cove
- 4.20 Positive Pay – The National provides this service through Homebanking.
- 4.21 ACH Originations – Origination services are provided through The National’s internet banking product, Homebanking. *(See Attachment D)* Questions regarding this portion of the bid may be directed to Ann Cooper at [acooper@natlbank.com](mailto:acooper@natlbank.com), or 254.865.2211 ext.5160.

### APPENDIX A - COST AND SCHEDULE PROPOSAL FORM

In your completion of Appendix A please be reminded that the City currently does not pay any fees associated with depository services and all monthly volumes presented below are only estimates to be used in the preparation of Appendix A. The city will not be penalized in any way for increases or decreases of monthly volume.

#### Part A - Service Charges

TYPE OF SERVICE CHARGE	ESTIMATED MONTHLY VOLUME	UNIT PRICE	MONTHLY PRICE
<b>Items Deposited</b>	15,000	\$0.06	\$ 900.00
On-U.s			
Local	<b>LIMIT 50 ITEMS PER DEPOSIT PLEASE.</b>		
Texas Fed Cities			
Other 11th Dist. Fed Cities			
Non-11th Dist. Fed Items			
<b>Encoding Charge for Deposited Items</b>	15,000		NO CHARGE
<b>Deposits Posted</b>	196		NO CHARGE
<b>Deposits Posted</b>			
Same Day Credit	15,000		NO CHARGE
Next Day Credit	15,000		NO CHARGE
<b>Checks Paid</b>	1,500	\$0.13	\$ 195.00
<b>Charge Back Items - Reclear</b>	50	\$3.00	\$ 150.00
<b>Stop Payments - Manual</b>	5		NO CHARGE
<b>Stop Payments - Automated</b>	0		NO CHARGE
<b>Numeric Sort of Monthly Paid Items</b>	1,700		NO CHARGE
<b>Monthly Maintenance per account</b>			
<b>ACH Transfers (pending investment policy)</b>	100		NO CHARGE
<b>Wire Transfers</b>			
Out	50	\$7.50	\$ 375.00
In (pending investment policy)	50		NO CHARGE
<b>Collateral Cost</b>			
Optional Valuation Listing			
<b>Credit for Average balances (Collected)</b>	1,000,000	90%FF RATE	\$ 118.36
<b>Non-recurring Charge Rates</b>			
Deposit Slips (3-part)			NO CHARGE
Check Forms (3-part)			BANK COST
Mechanized			BANK COST
Manual			BANK COST
Locking Depository Bags (35) (Approximately 10" x 12")	Purchase Bags	\$15.00	\$ 525.00
<b>Other Charges</b>			
FDIC Insurance	<b>CURRENT QTRLY CHARGE LEVIED AGAINST BANK BY FDIC.</b>		
Ledger Overdraft			NO CHARGE
Return Item Telephone Notification			NO CHARGE

**Part A - Service Charges (Continued)**

TYPE OF SERVICE CHARGE	ESTIMATED MONTHLY VOLUME	UNIT PRICE	MONTHLY PRICE
Wire Transfer Devices			
Telephone		\$7.50	
Mail		\$7.50	
Intrabank Transfer of Funds	6		NO CHARGE
Strap of Currency			NO CHARGE
Roll of Coin			NO CHARGE
Deposit Processing Per Minute			NO CHARGE
Coin Verification Per Minute			NO CHARGE
Minimum Change Order			
Domestic Collection Item	<b>INCOMING \$5.00/OUTGOING \$10.00</b>		
Positive Pay		\$20.00	\$20.00

**Part B - Scheduling Requirements**

In the "Bank Response" column, there are three possible responses. "Yes" to concur and "better" or "worse" if the Bank's service schedule is other than what is desired. If "better" or "worse" is indicated, please provide an explanation.

<u>Service</u>	<u>Schedule</u>	<u>Response</u>
Account Statements	Mail by the 5th of the following month	<u>YES</u>
Account Analysis	Mail by the 5th of the following month	<u>YES</u>
Incoming wire notification - over \$10,000	Notify the Director of Finance by phone or e-mail one (1) hour after receipt	<u>YES</u>
Incoming wire confirmation	Written confirmation available by next business day	<u>YES</u>
Out-going wire transfer release	Release according to instructions	<u>YES</u>
City employee payroll checks	Per Section 4.9 and 4.13.	<u>YES</u>

**Part C - Certificates of Deposit**

The bank should present a floating rate bid consisting of basis points, over or under the yield quote published in the Wall Street Journal on the day of deposit, for the U.S. Treasury bill maturing on, or immediately prior to, the maturing date of the Certificate of Deposit.

## Floating Rate on \$100,000 or more (Plus or Minus)

<u>Maturity</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Interest Rate</u>
7-29 days	<u>+50</u>	180-209 days	<u>+80</u>
30-59 days	<u>+50</u>	210-239 days	<u>+80</u>
60-89 days	<u>+50</u>	240-269 days	<u>+80</u>
90-119 days	<u>+65</u>	270-299 days	<u>+80</u>
120-149 days	<u>+65</u>	300-359 days	<u>+80</u>
150-179 days	<u>+65</u>	360 days and over	<u>+1.10</u>

**\*\*The bank reserves the right to purchase a U.S. Treasury bill for the city for amounts in excess of \$250,000.**

**\*\*Rates on amounts in excess of \$250,000 will be negotiated at the time of deposit.**

**Part D - Other**

Does the Bank have an annual audit of its financial records performed by an independent certified public accounting firm? If so, please provide a copy of the audited financial statement as of December 31, 2008, or most recent audited date.

**Provided**

Provide your price structure for credit card transactions per Section 4.1.4.

**See Attachment B**

Provide an interest rate for loans to the City per Section 4.1.12.

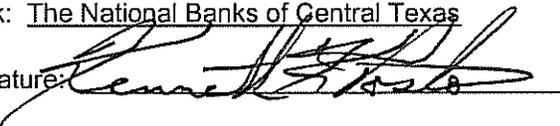
Collateral and terms will be negotiated on a per loan basis and must be approved by The National's appropriate committee. Rates for normal operating expenses (maturity of one year or less) will be calculated at 62.5% of New York Prime floating with a floor of 3%. Collateral, terms and rates on other loans will be negotiated at the time of application and must be approved through The National's appropriate committee. Applicable fees and charges made by third parties, i.e. attorney's, title companies, surveys, etc., will be passed on to the city at cost.

Give any additional information considered essential to the proposal.

**1. Account Pricing Schedule****2. Remote Deposit Capture Information****Part E - Bid Certification**

As an authorized representative of the Bank, the undersigned hereby certifies the Bank is willing to comply with all provisions specified herein, at the prices and rates quoted.

Bank: The National Banks of Central Texas

Signature: 

Print Name: Kenneth K. Poston

Title: EVP/Comptroller

Address: P. O. Box 779

City/State/Zip: Gatesville, TX 76528

Telephone: 254.865.2211

Fax: 254.404.6031

Email Address: Kposton@natlbank.com

## APPENDIX B - BANK PERFORMANCE ANALYSIS FORM

	<u>As of 12/31/08</u>	<u>As of 7/31/09</u>
<b><u>Liquidity Ratios</u></b>		
Loans to deposits	<u>73.50%</u>	<u>70.31%</u>
Gross loans to total assets	<u>66.68%</u>	<u>63.36%</u>
Liquid assets to total assets	<u>29.84%</u>	<u>33.56%</u>
Problem loans to primary capital	<u>1.87%</u>	<u>1.12%</u>
<b><u>Asset Quality Ratios</u></b>		
Loan loss reserves to total loans	<u>1.125%</u>	<u>1.67%</u>
Non-performing loans to total loans	<u>0.296%</u>	<u>2.30%</u>
<b><u>Profitability Indicators</u></b>		
Return on earning assets	<u>1.469%</u>	<u>1.256%</u>
Return on equity	<u>14.90%</u>	<u>12.38%</u>
Net interest margin	<u>4.882</u>	<u>5.323</u>
<b><u>Capital Adequacy Indicators</u></b>		
Capital to loans	<u>13.36%</u>	<u>14.77%</u>
Capital to total assets	<u>8.91%</u>	<u>9.36%</u>
<b><u>Management Indicators</u></b>		
Net charge-off to gross loans	<u>0.245%</u>	<u>0.162%</u>
Capital formation rate	<u>10.393%</u>	<u>15.73%</u>
Jumbo deposit ratio (total deposits of amounts in excess of \$100,000 to total deposits)	<u>43.36%</u>	<u>44.83%</u>

National Bank  
 905 Main Street  
 Gatesville, Texas 76528  
 254 865-2211

## FUNDS AVAILABILITY POLICY DISCLOSURE

### PURPOSE OF THIS DISCLOSURE

The information here describes our policy of holding deposited items in a transaction account before funds are made available to you for withdrawal. This is our Funds Availability Policy. In summary our policy is to make your funds available on the first Business Day after the day of deposit. Please refer to the section DETERMINING THE AVAILABILITY OF YOUR DEPOSIT for the complete policy.

For purposes of this disclosure, the terms "you"/"your" refer to the customer and the terms "our"/"we"/"us" refer to the Bank.

Generally, transaction accounts are accounts which would permit an unlimited number of payments by check to third persons, and also an unlimited number of telephonic and preauthorized transfers to third persons or other accounts you may have with us.

### DETERMINING THE AVAILABILITY OF YOUR DEPOSIT

The length of the delay varies depending on the type of deposit and is explained below. When we delay your ability to withdraw funds from a deposit, you may not withdraw the funds in cash, and we will not pay checks you have written on your account by using these funds. Even after we have made funds available to you and you have withdrawn the funds, you are still responsible for checks you deposit that are returned to us unpaid and for any other problems involving your deposit.

When we delay your ability to withdraw funds, the length of the delay is counted in Business Days from the day of your deposit. The term "Business Day" means any day other than a Saturday, Sunday or federally declared legal holiday, and the term "Banking Day" means that part of any Business Day on which we are open to the public for carrying on substantially all of our banking functions.

If you make a deposit before 6:00 pm on a Business Day that we are open, we will consider that day to be the day of your deposit. However, if you make a deposit after 6:00 pm or on a day that we are not open, we will consider the deposit made on the next Business Day we are open.

### AVAILABILITY SCHEDULE

Our policy is to make funds from your cash and check deposits available to you on the first Business Day after the day we receive your deposit. Electronic direct deposits will be available on the day we receive the deposit. Once the funds are available, you can withdraw them in cash and we will use them to pay checks that you have written.

### HOLDS ON OTHER FUNDS FOR CHECK CASHING

If we cash a check for you that is drawn on another financial institution, we may withhold the availability of a corresponding amount of funds that are already in your account. Those funds will be available at the time funds from the check we cashed would have been available if you had deposited it and we decided to delay availability on the deposit.

### HOLDS ON OTHER FUNDS IN ANOTHER ACCOUNT

If we accept for deposit a check that is drawn on another financial institution, we may make funds from the deposit available for withdrawal immediately but delay your availability to withdraw a corresponding amount of funds that you have on deposit in another account with us. The funds in the other account would then not be available for withdrawal until the time periods that are described elsewhere in this disclosure for the type of check that you deposited and we decided to delay availability on the deposit.

### LONGER DELAYS MAY APPLY

In some cases, we will not make all of the funds that you deposit by check available to you according to the previously stated availability schedule. Depending on the type of check that you deposit, funds may not be available until the fifth Business Day after the day of your deposit. The first \$100.00 of your deposits, however, may be available on the first Business Day.

If we are not going to make all of the funds from your deposit available to you according to the previously stated availability schedule, we will notify you at the time you make your deposit. We will also tell you when the funds will be available. If your deposit is not made directly to one of our employees, or if we decide to take this action after you have left the premises, we will mail you the notice by the day after we receive your deposit. If you will need the funds from a deposit right away, you should ask us when the funds will be available.

Funds you deposit by check may be delayed for a longer period under the following circumstances: (a) if we believe a check you deposit will not be paid; (b) if you deposit checks totaling more than \$5,000 on any one day; (c) if you redeposit a check that has been returned unpaid; (d) if you have overdrawn your account repeatedly in the last six months; or (e) if an emergency condition arises that would not enable us to make the funds available to you, such as the failure of computer or communications equipment.

We will notify you if we delay your availability to withdraw funds for any of these reasons, and we will tell you when the funds will be available. They will generally be available no later than the eleventh Business Day after the day of your deposit. If you will need the funds from a deposit right away, you should ask us when the funds will be available.

### SPECIAL RULES FOR NEW ACCOUNTS

If you are a new customer, the following special rules may apply during the first 30 days your account is opened.

Funds from electronic direct deposits to your account will be available on the day we receive the deposit. Funds from deposits of cash, wire transfers, and the first \$5,000 of a day's total deposits of cashier's, certified, teller's, traveler's, and federal, state and local government checks will be available on the first Business Day after the day of deposit if the deposit meets certain conditions. For example, the checks must be payable to you (and you may have to use a special deposit slip). The excess over \$5,000 will be available on the ninth Business Day after the day of your deposit. If your deposit of these checks (other than a U.S. Treasury check) is not made in person to one of our employees, the first \$5,000 will not be available until the second Business Day after the day of deposit.

Funds from all other check deposits will be available on the eleventh Business Day after the day of your deposit.

.....

## Important Information About Your Account

### Substitute Checks and Your Rights

#### *What Is a Substitute Check?*

To make check processing faster, federal law permits banks to replace original checks with "substitute checks." These checks are similar in size to original checks with a slightly reduced image of the front and back of the original check. The front of a substitute check states: "This is a legal copy of your check. You can use it the same way you would use the original check." You may use a substitute check as proof of payment just like the original check.

Some or all of the checks that you receive back from us may be substitute checks. This notice describes rights you have when you receive substitute checks from us. The rights in this notice do not apply to original checks or to electronic debits to your account. However, you have rights under other law with respect to those transactions.

#### *What Are My Rights Regarding Substitute Checks?*

In certain cases, federal law provides a special procedure that allows you to request a refund for losses you suffer if a substitute check is posted to your account (for example, if you think that we withdrew the wrong amount from your account or that we withdrew money from your account more than once for the same check). The losses you may attempt to recover under this procedure may include the amount that was withdrawn from your account and fees that were charged as a result of the withdrawal (for example, bounced check fees).

The amount of your refund under this procedure is limited to the amount of your loss or the amount of the substitute check, whichever is less. You also are entitled to interest on the amount of your refund if your account is an interest-bearing account. If your loss exceeds the amount of the substitute check, you may be able to recover additional amounts under other law.

If you use this procedure, you may receive up to \$2,500.00 of your refund (plus interest if your account earns interest) within 10 business days after we received your claim and the remainder of your refund (plus interest if your account earns interest) not later than 45 calendar days after we received your claim. We may reverse the refund (including any interest on the refund) if we later are able to demonstrate that the substitute check was correctly posted to your account.

**How Do I Make a Claim for a Refund?** If you believe that you have suffered a loss relating to a substitute check that you received and that was posted to your account, please

call us at:

or write to us at:

You must contact us within 40 calendar days of the date that we mailed (or otherwise delivered by a means to which you agreed) the substitute check in question or the account statement showing that the substitute check was posted to your account, whichever is later. We will extend this time period if you were not able to make a timely claim because of extraordinary circumstances. Your claim must include:

- A description of why you have suffered a loss (for example, you think the amount withdrawn was incorrect);
- An estimate of the amount of your loss;
- An explanation of why the substitute check you received is insufficient to confirm that you suffered a loss; and
- A copy of the substitute check and/or the following information to help us identify the substitute check such as the check number, the name of the person to whom you wrote the check, the amount of the check.

## ODFI-ORIGINATOR AGREEMENT

This Agreement, dated \_\_\_\_\_ is entered by and between National Bank, dba, The National Banks of Central Texas, a Texas Banking Corporation (hereinafter sometimes referred to as "Financial Institution" or "FI") whose principal address is 905 Main Street, Gatesville, Texas 76528, and \_\_\_\_\_ ("hereinafter referred to as "Company") whose principal address \_\_\_\_\_

### RECITALS

- A. Company wishes to initiate Credit and Debit Entries by means of the Automated Clearing House Network pursuant to the terms of this Agreement and the rules of the National Automated Clearing House Association (NACHA) and the local ACH Association (the "Rules"), and Financial Institution is willing to act as an Originating Depository Financial Institution ("ODFI") with respect to such Entries.
- B. Unless otherwise defined herein, capitalized terms shall have the meanings provided in the Definitions and Rules.

### DEFINITIONS

**ACH** – Automated Clearing House is a funds transfer system governed by the rules of NACHA, which provides for interbank clearing of Entries for participating financial institutions.

**ACH Operator** – a person or Company that operates an automated clearinghouse pursuant to an agreement with NACHA, e.g. the Federal Reserve.

**Authorized User** - any individual, agent, or sub-user authorized by Company to access Company accounts through the Financial Institution's Internet banking service. Such individual(s) may be authorized by Company to view account information, transfer funds among Company accounts at this Financial Institution and/or other Financial Institutions, and process, transmit, approve, edit, or submit ACH Entries, or otherwise deliver ACH file data to the Financial Institution. Authorized Users with the ability to transfer funds should have signature authority on Company accounts.

**Business Day** – calendar day other than a Saturday, Sunday or Federal holiday on which the Financial Institution is open to the public during any part of such day for carrying on substantially all of its banking functions.

**Consumer**- that Customer of Company who has executed the Authorization Agreement for Automatic Deposit (ACH Credit), the form for which is attached hereto as Schedule D.

**Effective Entry Date** – Date ACH transaction is effective.

**Entry (Entries)** – an order or request complying with the requirements of ACH record format specifications (1) for deposit of money to the deposit account of a receiver (a "credit" Entry), (2) for the payment of money from the deposit account of a receiver (a "debit" Entry), or (3) a zero dollar Entry.

**Entry Data** – as applicable, pre-notifications, returned Entries, adjustment Entries, NOC's and/or other notices or data transmitted through one or more ACH Operators pursuant to NACHA rules.

**Notification of Change** – A Notification of Change (NOC) is a non-dollar Entry sent by an RDFI to the ACH Operator for distribution back to the Company through the Financial Institution. It is created when the RDFI receives a pre-notification or a live dollar Entry that contains incorrect information.

**ODFI** – Originating Depository Financial Institution National Bank – a participating depository financial institution is an ODFI with respect to Entries (1) it transmits directly or indirectly to its ACH Operator for

transmittal to an RDFI, and (2) on which it is designated as the ODFI in accordance with the ACH record format specifications.

**Originator** – a person (Company) that has authorized an ODFI to transmit a credit or debit Entry to the deposit account of a receiver with an RDFI,

**On-Us Entry** – an Entry received from an account maintained with Financial Institution.

**RDFI** – Receiving Depository Financial Institution – a participating depository financial institution is a RDFI with respect to Entries (1) it receives from its ACH Operator for debit and credit to the accounts of the receivers, and (2) on which it is designated as the RDFI in accordance with ACH record format specifications.

**Receiver** – a person or Company that has authorized an Originator to initiate a credit or debit Entry to the Receiver's deposit account with an RDFI.

**Settlement Account(s)** – the account(s) Company will maintain with the Financial Institution to settle debit and credit transactions as a result of ACH Entries.

Definitions above may be further defined in the Rules. Please review for additional information.

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Now, therefore, the Company and the Financial Institution agree as follows:

#### **AGREEMENT**

- 1. Transmittal Of Entries By Company.** Company shall transmit credit and debit Entries to Financial Institution and in compliance with the formatting and other requirements set forth in the Rules and Schedules A and C attached hereto. The total dollar amount of credit and/or debit Entries transmitted by Company to Financial Institution on any day shall not exceed the amount specified in the Limit Class in Schedule C.
- 2. Compliance with Rules and Regulations.** The Company acknowledges receipt of a copy of the operating rules of NACHA (as amended from time-to-time, the "Rules"). The Company agrees to comply with and be bound by the Rules, as well as future Rules updates, abide by the appropriate laws of the state of Texas and of the United States of America. The specific duties of the Company provided in the following paragraphs of this agreement in no way limit the foregoing undertaking.
- 3. Written Authorizations for consumer entries.** Company shall obtain written authorizations for consumer entries and shall retain these authorizations (or a reasonable facsimile or the original items) for a period of no less than two (2) years after the revocation or cessation of the authorization. Company shall, upon request within two (2) business days, provide Financial Institution an original or copy of the Receiver's authorization for consumer debit Entries.
- 4. Pre-notifications.** Company should send pre-notification (zero-dollar) entries six (6) days prior to initiating the first live (dollar) Entry to a particular account. Such notice shall be provided to the Financial Institution in the format and on the medium provided in the Rules and Schedule A. Should the Company receive notice that any such pre-notification has been rejected by a RDFI, or that an RDFI will not receive Entries without having first received a copy of the written authorization signed by its customer (the Receiver), the Company will initiate no further entries to the Receiver until such time as the Company provides the RDFI with such authorization. At such time, the Company may initiate Entries, within the time limits provided in the ACH rules.
- 5. Security Procedure.**
  - (a) Company and Financial Institution shall comply with the security procedure requirements described in Schedule C attached hereto with respect to Entries transmitted by Company to Financial Institution. Company acknowledges that the purpose of such security procedure is for verification of authenticity and

not to detect an error in the transmission or content of an Entry. No security procedure for the detection of any such error has been agreed upon between the Financial Institution and Company.

(b) Company is strictly responsible to establish and maintain commercially reasonable security measures to safeguard against unauthorized transmissions. Company warrants that such measures will include but not be limited to security technology (e.g. Internet browsers and secure web-servers) that provide a minimum level of security equivalent to 128-bit RC4 encryption technology for the entry and transmission of ACH items over the Internet. Additionally, Company warrants that no individual will be allowed to initiate transfers in the absence of proper supervision and safeguards, and agrees to take reasonable steps to maintain the confidentiality of the security procedures and any passwords, codes, security devices and related instructions provided by the Financial Institution in connection with the security procedures described in Schedule C. If Company believes or suspects that any such information or instructions have been known or accessed by unauthorized persons, Company agrees to notify Financial Institution immediately, followed by written confirmation. The occurrence of unauthorized access will not affect any transfers made in good faith by Financial Institution prior to receipt of such notification and within a reasonable time period to prevent unauthorized transfers.

#### **6. Compliance With Security Procedure.**

(a) If an Entry (or a request for cancellation or amendment of an Entry) received by Financial Institution purports to have been transmitted by an Authorized User of the Company, it will be deemed effective as Company's Entry (or request) and Company shall be obligated to pay Financial Institution the amount of such Entry (or amended Entry) even if the Entry (or request) was not authorized by Company, provided Financial Institution accepted the entry in good faith and acted in compliance with the security procedure referred to in Schedule C with respect to such entry.

If signature comparison is to be used as a part of that security procedure, the Financial Institution shall be deemed to have complied with that part of such procedure if it compares the signature accompanying a batch file of Entries (or request for cancellation or amendment of an Entry) received with the signature of an Authorized User of Company and, on the basis of such comparison, believes the signature accompanying such file to be that of such Authorized User.

(b) If an Entry (or request for cancellation or amendment of an Entry) received by the Financial Institution was transmitted or authorized by Company, Company shall pay Financial Institution the amount of the Entry, whether or not Financial Institution complied with the security procedure referred to in Schedule C with respect to that Entry and whether or not that Entry was erroneous in any respect or that error would have been detected if Financial Institution had complied with such procedure.

**7. Recording and Use of Communications.** Company and Financial Institution agree that all telephone conversations, emails or data transmissions between them or their Authorized Users made in connection with this Agreement may be electronically recorded and retained by either party by use of any reasonable means.

#### **8. Processing, Transmittal And Settlement By Financial Institution.**

(a) Except as provided in Section 9, On-Us Entries and Section 10, Rejection of Entries, Financial Institution shall (i) process Entries received from Company to conform with the file specifications set forth in Rules, (ii) transmit such Entries as an Originating Depository Financial Institution to **Federal Reserve Bank of Dallas**, acting as an Automated Clearing House Operator, and (iii) settle for such Entries as provided in the Rules.

(b) Financial Institution shall transmit such Entries to the ACH Operator by the deadline of the ACH Operator set forth in Schedule A attached hereto, one (1) Business Day or two (2) Business Days prior to the Effective Entry Date shown in such Entries, provided (i) such Entries are received on the designated Business Day by the Financial Institution's related cut-off time as set forth on Schedule A (ii) the Effective Entry Date is at least 2 days after such business day, and (iii) the ACH Operator is open for business on such Business Day. For purposes of this Agreement, Entries shall be deemed received by Financial Institution, in the case of transmittal by hand delivery, when received by Financial Institution, and in the

case of transmittal by electronic transmission or the Internet, when the transmission (and compliance with any related security procedure provided for herein) is completed as provided in Schedule A.

If any of the requirements of clause, (i), (ii), (iii) of Section 8(b) is not met, Financial Institution shall use reasonable efforts to transmit such Entries to the ACH Operator by the next deposit deadline of the ACH Operator following that specified in Schedule A which is a business day and a day on which the ACH Operator is open for business.

**9. On-Us Entries.** Except as provided in Section 10, Rejection of Entries, in the case of an Entry received for credit to an account maintained with Financial Institution (an "On-Us Entry"), Financial Institution shall credit the Receiver's account in the amount of such Entry on the Effective Entry Date contained in such Entry, provided the requirements set forth in clauses (i) and (ii) of Section 8 (b) are met. If either of those requirements is not met, Financial Institution shall use reasonable efforts to credit the Receiver's account in the amount of such Entry no later than the next business day following such Effective Entry Date.

ACH transactions are governed by operating rules of the National Automated Clearing House Association. In accordance with these rules, we will not provide you with next day notice of receipt of ACH credit transfer to your account. You will continue to receive notices of receipt of ACH items in the periodic account statements which we provide.

**10. Rejection Of Entries.** Financial Institution may reject any Entry which does not comply with the requirements of Section 1, Transmittal Of Entries By Company, or Section 5, Security Procedure, or which contains an Effective Entry Date more than 2 days after the Business Day such Entry is received by Financial Institution. Financial Institution may reject an On-Us Entry, for any reason for which an Entry may be returned under the Rules. Financial Institution may reject any Entry if Company has failed to comply with its account balance obligations under Section 16, The Account. Financial Institution may reject any entry of Company that does not adhere to security procedures as described in Schedule C.

Financial Institution shall notify Company by phone, electronic transmission (including email) or in writing of such rejection no later than the Business Day such Entry would otherwise have been transmitted by Financial Institution to the ACH Operator or, in the case of an On-Us entry, its Effective Entry Date. Notices of rejection shall be effective when given. Financial Institution shall have no liability to Company by reason of the rejection of any such Entry or the fact that such notice is not given at an earlier time than that provided for herein.

In the event that any Entries are rejected by the ACH Operator for any reason, it shall be the responsibility of the Company to remake such Entries. Should the file be rejected due to an error caused by the Financial Institution, the Financial Institution shall be responsible for remaking the file. In such a case, the Company will supply sufficient information, as required in section 24, to allow the Financial Institution to recreate the entries for up to five (5) business days after midnight of the settlement date.

**11. Cancellation Or Amendment By Company.** Company shall have no right to cancel or amend any Entry after its receipt by Financial Institution. However, Company can make amendments or cancel an ACH batch Entry before the designated cut-off time or if the Entry is still "pending" in the Financial Institution's Internet banking service. Entries that are no longer "pending" have been submitted to the Financial Institution for processing. Also, if a Company request for cancellation or amendment complies with the procedures described in Schedule A for canceling or amending Data, Financial Institution shall use reasonable efforts to act upon such a request by Company prior to transmitting it to the ACH Operator or, in the case of an On-Us Entry, prior to crediting a Receiver's account, but shall have no liability if such cancellation or amendment is not effected. Company shall reimburse Financial Institution for any expenses, losses, or damages Financial Institution may incur in effecting or attempting to affect Company's request for the cancellation or amendment of an entry.

**12. Notice Of Returned Entries.** Financial Institution shall notify an Authorized User of the Company by telephone, electronic transmission (including email) or in writing of the receipt of a returned or changed Entry from the ACH Operator no later than one (1) Business Day after the Business Day of such receipt. Except for an Entry retransmitted by Company in accordance with the requirements of Section 1, Transmittal of Entries By Company, Financial Institution shall have no obligation to retransmit a returned

Entry to the ACH Operator if Financial Institution complied with the terms of this Agreement with respect to the original Entry.

(a.) Upon receipt of a return of Debit Entry with a return reason code of RO7 (authorization revoked) or R10 (customer advises unauthorized), the Company will cease transmission of said transactions until a new authorization has been signed by the consumer (RO7)-authorization revoked) or until corrections have been made or an authorization has been obtained (R10-customer advises unauthorized).

**13. Notifications Of Change.** Financial Institution shall notify Company of all NOCs received by Financial Institution relating to Entries transmitted by Company by mutually agreeable means, including email, and/or secure notifications through the Internet banking service no later than 1 Business Day after receipt thereof. Upon receipt of notification of change items, the Originator must make the correction within six (6) banking days, or before the next transaction, whichever is later and return Notification of Change cover sheet to bank signed acknowledging correction has been made.

**14. Payment by Company for Entries.** Company shall pay Financial Institution the amount of each Credit Entry transmitted by Financial Institution pursuant to this Agreement at such time as specified on Schedule B.

**15. Electronic Debit Entries.** Company will receive immediately available funds for any electronic debit entries initiated by it not later than the settlement date of the items. Provisions may be made for holding accounts to be maintained for posting of any return debit items received, as stated in this Agreement and the Rules. Company will promptly provide immediately available funds to indemnify the Financial Institution for all loss including attorneys fees and expenses if any debit items are rejected after the Financial Institution has permitted the Company to withdraw immediately available funds, should funds not be available in the Company's accounts to cover the amount of the rejected item.

**16. The Account.** Financial Institution may, without prior notice or demand, obtain payment of any amount due and payable to it under this Agreement by debiting the account(s) of Company identified in Schedule B attached hereto, (the "Settlement Account") and shall credit the Settlement Account for any amount received by Financial Institution by reason of the return of an Entry transmitted by Financial Institution for which Financial Institution has previously received payment from Company. Such credit shall be made as of the day of such receipt by Financial Institution.

Company shall at all times maintain a balance of available funds in the Settlement Account sufficient to cover its payment obligations under this Agreement. In the event there are not sufficient available funds in the Settlement Account to cover Company's obligations under this Agreement, Company agrees that Financial Institution may debit any account maintained by Company with Financial Institution or any affiliate of Financial Institution or that Financial Institution may set off against any amount it owes to Company, in order to obtain payment of Company's obligations under this Agreement.

**17. Account Reconciliation.** Entries transmitted by Financial Institution or credited to a Receiver's account maintained with a Financial Institution will be reflected on the Company's periodic statement issued by this Financial Institution with respect to the Account pursuant to the agreement between Financial Institution and Company. Company agrees to notify Financial Institution promptly of any discrepancy between Company's records and the information shown on any periodic statement. If Company fails to notify Financial Institution of any discrepancy within ninety days, of receipt of a periodic statement containing such information, Company agrees that Financial Institution shall not be liable for any other losses resulting from Company's failure to give such notice or any loss of interest or any interest equivalent with respect to an Entry shown on such periodic statement.

**18. Company Representations And Agreements; Indemnity.** With respect to each and every Entry initiated by Company, Company represents and warrants to Financial Institution and agrees that (a) each person shown as the Receiver on an Entry received by Financial Institution from Company has authorized the initiation of such Entry and the debiting and/or crediting of its account in the amount and on the Effective Entry Date shown on such Entry, (b) such authorization is operative at the time of transmittal or crediting by Financial Institution as provided herein, (c) Entries transmitted to Financial Institution by Company are limited to those types of debit and credit Entries set forth in Schedule A (d) Company shall perform its obligations under this Agreement in accordance with all applicable laws and regulations,

including the sanctions laws administered by OFAC, the Electronic Funds Transfer Act (if applicable) and the Uniform Commercial Code (if applicable) and (e) Company shall be bound by and comply with the Rules as in effect from time to time, including, without limitation, the provision making payment of an Entry by the Receiving Depository Financial Institution to the Receiver "provisional" until receipt by the Receiving Depository Financial Institution of final settlement for such Entry. Company specifically acknowledges that it has received notice of the Rule regarding provisional payment and of the fact that, if such settlement is not received, the Receiving Depository Financial Institution shall be entitled to a refund from the Receiver of the amount credited and Company shall not be deemed to have paid the Receiver the amount of the Entry. Company shall indemnify Financial Institution against any loss, liability or expense (including attorneys' fees and expenses) resulting from or arising out of any breach of the representations or agreements contained in this ODFI- originator Agreement.

**19. Financial Institution Responsibilities; Liability; Limitations On Liability; Indemnity.**

(a) In the performance of the services required by this Agreement, Financial Institution shall be entitled to rely without investigation or inquiry on the information, representations, and warranties provided by Company pursuant to this Agreement, and shall not be responsible for the accuracy or completeness thereof. Financial Institution shall be responsible only for performing the services expressly provided for in this Agreement, and shall be liable only for its gross negligence or willful misconduct in performing those services. Financial Institution shall not be responsible for Company's acts or omissions (including without limitation the amount, accuracy, timeliness of transmittal or authorization of any Entry received from Company) or those of any other person, including without limitation any Federal Reserve Bank, Automated Clearing House or transmission or communications facility, any Receiver or Receiving Depository Financial Institution (including without limitation the return of an Entry by such Receiver or Receiving Depository Financial Institution), and no such person shall be deemed Financial Institution's agent. Company agrees to indemnify Financial Institution against any loss, liability or expense (including attorney's fees and expenses) resulting from or arising out of any claim of any person that the Financial Institution is responsible for any act or omission of Company or any other person described in this Section 19(a).

(b) Financial Institution shall be liable only for Company's actual damages; in no event shall Financial Institution be liable for any consequential, special, incidental, punitive or indirect loss or damage which Company may incur or suffer in connection with this Agreement, whether or not the likelihood of such damages was known or contemplated by the Financial Institution and regardless of the legal or equitable theory of liability which Company may assert, including, without limitation, loss or damage from subsequent wrongful dishonor resulting from Financial Institution's acts or omissions pursuant to this Agreement.

(c) Without limiting the generality of the foregoing provisions, Financial Institution shall be excused from failing to act or delay in acting if such failure or delay is caused by legal constraint, interruption of transmission or communication facilities, equipment failure, war, emergency conditions or other circumstances beyond Financial Institution's control. In addition, Financial Institution shall be excused from failing to transmit or delay in transmitting an Entry if such transmittal would result in Financial Institution's having exceeded any limitation upon its intra-day net funds position established pursuant to present or future Federal Reserve guidelines or in Financial Institution's reasonable judgment otherwise violates any provision of any present or future risk control program of the Federal Reserve or any rule or regulation of any other U.S. governmental regulatory authority.

(d) Subject to the foregoing limitations, Financial Institution's liability for loss of interest resulting from its error or delay shall be calculated by using a rate equal to the average Federal Funds rate at the rate posted in the Wall Street Journal Reserve Bank of Dallas for the period involved. At Financial Institution's option, payment of such interest may be made by crediting the account resulting from or arising out of any claim of any person that Financial Institution is responsible for any act or omission of Company or any other person described in Section 19(a).

**20. Inconsistency Of Name And Account Number.** Company acknowledges and agrees that, if an Entry describes the Receiver inconsistently by name and account number, payment of the Entry transmitted by Financial Institution to the Receiving Depository Financial Institution may be made by the Receiving Depository Financial Institution (or by Financial Institution in the case of an On-Us Entry) on the

basis of the account number supplied by the Company, even if it identifies a person different from the named Receiver, and that Company's obligation to pay the amount of the Entry to Financial Institution is not excused in such circumstances.

**21. Payment For Services.** Company shall pay Financial Institution the charges for the services provided in connection with this Agreement, as set forth in Schedule E attached hereto. All fees and services are subject to change with prior written notice from Financial Institution to Company. Such charges do not include, and Company shall be responsible for payment of, any sales, use, excise, value added, utility or other similar taxes relating to such services, and any fees or charges provided for in the agreement between Financial Institution and Company with respect to the Account (the "Account Agreement").

Company shall also be responsible for all fees (if any) associated with multiple user access to Company accounts.

**22. Amendments.** From time to time Financial Institution may amend any of the terms and conditions contained in this Agreement, including without limitation, any cut-off time, any Business Day, and any part of Schedules A through F attached hereto. Such amendments shall become effective upon receipt of notice by Company or such later date as may be stated in Financial Institution's notice to Company.

**23. Notices, Instructions, Etc.**

(a) Except as otherwise expressly provided herein, Financial Institution shall not be required to act upon any notice or instruction received from Company or any other person, or to provide any notice or advice to Company or any other person with respect to any matter.

(b) Financial Institution shall be entitled to rely on any written or electronic communication related to ACH origination transactions believed by it in good faith to be genuine and to have been submitted by an Authorized User, and any such communication shall be deemed to have been signed by such person. The names, signatures, and Access IDs of Authorized Users are set forth in Schedule F attached hereto.

Company shall be solely responsible for granting and/or removing access to Authorized Users. Upon Company request, Financial Institution may also grant access to an Authorized User to multiple Company accounts.

Company may add or delete any Authorized User by written or electronic notice to Financial Institution. Such notice shall be effective on the second Business Day following the day of Financial Institution's receipt thereof.

(c) Except as otherwise expressly provided herein, and unless and until another address is substituted by notice delivered or sent as provided herein, any written notice or other written communication required or permitted to be given under this Agreement shall be delivered, or sent by United States registered or certified mail, postage prepaid, or by encrypted email certified by PGP or a digital signature. Company may also submit notices or written communication through the secure messaging feature of the Internet banking service. If sent to the Financial Institution, written communications should be addressed to.

National Bank dba National Banks of Central Texas

905 Main  
Gatesville, TX 76528  
Attn: Anne Cooper

(d) Where Notices are authorized to be sent by telephone or electronic transmission, including email, such notice may be given to the Financial Institution at:

If by telephone: (254) 865-2211

If by electronic transmission, by secure messaging feature of the internet banking service or by mail at [electronicservices@natlbank.com](mailto:electronicservices@natlbank.com)

And if to Company:

If by telephone: (254) \_\_\_\_\_

If by electronic transmission, by secure messaging feature of the internet banking service or by email at \_\_\_\_\_

**24. Data Retention.** Company shall retain data on file adequate to permit remaking of Entries for five (5) days following the date of their transmittal by Financial Institution as provided herein, and shall provide such Entry Data to Financial Institution upon its request.

**25. Tapes and Records.** All magnetic tapes, Entries, security procedures and related records used by Financial Institution for transactions contemplated by this Agreement shall be and remain Financial Institution's property. Financial Institution may, at its sole discretion, make available such information upon Company's request. Company shall pay any expenses incurred by Financial Institution in making such information available to Company.

**26. Evidence of Authorization.** Company shall obtain all consents and authorizations required under the Rules and shall retain such consents and authorizations for two years after they expire.

**27. Cooperation in Loss Recovery Efforts.** In the event of any damages for which Financial Institution or Company may be liable to each other or to a third party pursuant to the services provided under this Agreement, Financial Institution and Company will undertake reasonable efforts to cooperate with each other, as permitted by applicable law, in performing loss recovery efforts and in connection with any actions that the relevant party may be obligated to defend or elects to pursue against a third party.

Company also agrees to maintain back-up files, Entry Data, and procedures in the event ACH Entries cannot be submitted to Financial Institution via the Internet banking service.

**28. Termination.** Company may terminate this Agreement at any time. Such termination shall be effective on the Effective on the second Business Day following the day of Financial Institution's receipt of written notice of such termination or such later date as is specified in that notice. Financial Institution reserves the right to terminate this Agreement immediately upon providing written notice of such termination to Company. Any termination of this Agreement shall not affect any of Financial Institution's rights and Company's obligations with respect to Entries initiated by Company prior to such termination, or the payment obligations of Company with respect to services performed by Financial Institution prior to termination, or all other obligations that survive termination of this Agreement.

**29. Entire Agreement.** This Agreement (including the Schedules attached hereto) together with the Account Agreement, is the complete and exclusive statement of the agreement between Financial Institution and Company with respect to the subject matter hereof and supersedes any prior agreement(s) between Financial Institution and Company with respect to such subject matter. In the event of any inconsistency between the terms of this Agreement and the Account Agreement, the terms of this Agreement shall govern.

In the event performance of the services provided herein in accordance with the terms of this Agreement would result in a violation of any present or future statute, regulation or government policy to which Financial Institution is subject, and which governs or affects the transactions contemplated by this Agreement, then this Agreement shall be deemed amended to the extent necessary to comply with such statute, regulation or policy, and Financial Institution shall incur no liability to Company as a result of such violation or amendment. No course of dealing between Financial Institution and Company will constitute a modification of this Agreement, the Rules, or the security procedures or constitute an agreement between the Financial Institution and Company regardless of whatever practices and procedures Financial Institution and Company may use.

**30. Non-Assignment.** Company may not assign this Agreement or any or any of the rights or duties hereunder to any person without Financial Institution's prior written consent.

**31. Waiver.** Financial Institution may waive enforcement of any provision of this Agreement. Any such waiver shall not affect Financial Institution's rights with respect to any other transaction or modify the terms of this Agreement.

**32. Binding Agreement; Benefit.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors and permitted assigns. This Agreement is not for the benefit of any other person, and no other person shall have any right against Financial Institution or Company hereunder.

**33. Headings.** Headings are used for reference purposes only and shall not be deemed a part of this Agreement.

**34. Severability.** In the event that any provision of this Agreement shall be determined to be invalid, illegal or unenforceable to any extent, the remainder of this Agreement shall not be impaired or otherwise affected and shall continue to be valid and enforceable to the fullest extent permitted by law.

**35. Governing Law.** This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

**36. Arbitration Clause.** In the event of any dispute, the parties agree to submit any and all such disputes to Binding Arbitration wherein the rules of the American Arbitration Association shall be applied.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed by their duly authorized officers.

FINANCIAL INSTITUTION:

NATIONAL BANK, DBA, THE NATIONAL BANKS OF CENTRAL TEXAS, A TEXAS BANKING CORPORATION

BY: \_\_\_\_\_

Title: Electronic Services

Date: \_\_\_\_\_

COMPANY:

BY: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

### Guaranty

For value received, \_\_\_\_\_, whose principal place of business is \_\_\_\_\_, absolutely and unconditionally guarantees payment and performance of \_\_\_\_\_ "Company" under and pursuant to the above and foregoing ODFI Originator Agreement. If Company defaults in payment or breaches any provision of said ODFI Originator Agreement, Guarantor will pay any and all sums due thereunder including attorneys' fees and expenses, as well as any damages occasioned by Company's breach. Guarantor waives notice of acceptance, notice of nonpayment, protests, and notice of protests with respect to the obligations covered hereunder.

Dated: \_\_\_\_\_

GUARANTOR:

GUARANTOR:

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**SCHEDULE A**

**ACH ORIGINATION SERVICE REQUIREMENTS AND PROCESSING SCHEDULE**

The Company is authorized to originate CREDIT entries:  Yes  No

Type(s) of ACH Credit Transactions Authorized:

Payroll Services and Consumer Payments		Business to Business Commercial Payments	
PPD - (Prearranged Payments & Deposits)	<input type="checkbox"/>	CCD - (Cash Concentration & Disbursement)	<input type="checkbox"/>
PPD+ (includes Addenda Record)	<input type="checkbox"/>	CCD+ (includes Addenda Record)	<input type="checkbox"/>
Electronic Federal Tax Payments			
EFTPS - (See Schedule A -2)	<input type="checkbox"/>		

The Company is authorized to originate DEBIT entries:  Yes  No

Type(s) of ACH Debit Transactions Authorized:

PPD - (Reversal of payroll batches only)	<input type="checkbox"/>
PPD - (Collect consumer payment)	<input type="checkbox"/>
RCK - (represent NSF Checks)	<input type="checkbox"/>
TEL - (Telephone authorization of consumer payment)	<input type="checkbox"/>
WEB - (Internet authorization of consumer payment)	<input type="checkbox"/>

The Company will originate ACH services as follows until modified in writing by either party.

**Method of File Creation:**

ACH origination privileges offered through the Internet banking service.	<input type="checkbox"/>
NACHA file imports created with another software program.	<input type="checkbox"/>
Secure file transfer of approved NACHA files submitted through the Internet banking service.	<input type="checkbox"/>

**Method of Settlement Entry Creation:**

Automated entry will be made through the Internet banking service.	<input type="checkbox"/>
Manual posting by Financial Institution (for back-up purposes only).	<input type="checkbox"/>

**DELIVERY DATE:** This is the date that the Company must schedule and approve ACH batches online through the Internet banking service or deliver a NACHA formatted file to this Institution. The Delivery Date must be a Business Day as defined in this Agreement.

ACH batches created through the Internet banking service must be approved by the designated cut-off time as specified below on the appropriate Business Day. This is necessary to provide sufficient time for Financial Institution to process the ACH Entries within ACH Operator deadlines. In emergency situations, NACHA formatted files should otherwise be delivered to the Financial Institution within these time-frames.

**DELIVERY/APPROVAL DATE FOR CREDIT ENTRIES:**

3 Business Days prior to the "Effective Date" of the Credit Entries (early)	<input type="checkbox"/>
2 Business Days prior to the "Effective Date" of the Credit Entries (normal)	<input type="checkbox"/>
1 Business Day prior to the "Effective Date" of the Credit Entries (float)	<input type="checkbox"/>

**Note:** ACH batches within the Internet banking service are not scheduled for processing until they have been "approved".

**CUT-OFF TIME FOR CREDIT ENTRIES: 2:00 P.M.**

**ACH OPERATOR'S DEADLINE:** \_\_\_\_\_

**DELIVERY/APPROVAL DATE FOR DEBIT ENTRIES:**

1 business day prior to the "Effective Date" of the Debit Entries.	<input type="checkbox"/>
--------------------------------------------------------------------	--------------------------

**CUT-OFF TIME FOR DEBIT ENTRIES:2:00 P.M.**

**ACH OPERATOR'S DEADLINE:N/A**

**CANCELLATION, AMENDMENTS, REVERSALS:**

If the Company discovers that any entry it has initiated was made in error, it must notify Financial Institution of the error within 24 hours. In such case, NATIONAL BANK, DBA, THE NATIONAL BANKS OF CENTRAL TEXAS, A TEXAS BANKING CORPORATION will utilize its best efforts to initiate an adjusting entry or stop processing of any "on-us" Entry. Should NATIONAL BANK, DBA, THE NATIONAL BANKS OF CENTRAL TEXAS, A TEXAS BANKING CORPORATION be unable to stop the Entry from posting, or if it is too late to withdraw the item from the ACH Operator, the Company may initiate a reversal file to correct the Entry, as provided for and abiding by the ACH Rules.

Should a reversal be created for an individual Entry or Entries, as opposed to a complete file or batch reversal, the Receiver(s) of the Entries must be notified of the reversal no later than the settlement date of the reversing Entry.

Should a reversal be created for a complete file or batch reversal, the Company must advise the ODFI within five (5) business days of settlement.

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**EMPLOYEE AND COMPANY SECURITY** will be governed by the requirements in Schedule C. The Company will be responsible for any transaction created, modified or authorized by any Company representative in schedule F initiated in accordance to the security level detailed in Schedule C.

**FINANCIAL INSTITUTION:**

NATIONAL BANK, DBA, THE NATIONAL BANKS OF CENTRAL TEXAS,

A Texas Banking Corporation

BY: \_\_\_\_\_

Title: Electronic Services \_

Date: \_\_\_\_\_

**COMPANY:**

BY: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**SCHEDULE A-1**

**2009 ACH PROCESSING CALENDAR FOR DIRECT DEPOSIT**

**COMPANY NAME:**

Identify (circle) Dates Company will transmit files to Financial Institution

January

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

February

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28

March

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

April

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

May

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

June

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

July

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

August

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

September

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

October

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

November

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

December

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

Holiday Policy:

\*For holidays falling on Saturday, Federal Reserve Banks and branches will be open the preceding Friday, however the Board of Governors will be closed. For holidays falling on Sunday, all Federal Reserve offices will be closed the following Monday.

**Expanded Holiday Schedule:**

<b>Standard Federal Reserve Holidays</b>	<b>2009</b>	<b>2010</b>
New Year's Day	Jan 1	Jan 1
Martin Luther King, Jr. Day	Jan 19	Jan 18
President's Day	Feb 16	Feb 15
Memorial Day	May 25	May 31
Independence Day	July 4	July 5
Labor Day	Sept 7	Sept 6
Columbus Day	Oct 12	Oct 11
Veteran's Day	Nov 11	Nov 11
Thanksgiving Day	Nov 26	Nov 25
Christmas Day	Dec 25	Dec 25

Several states have Mandatory Non-Standard Holidays: see "Holiday Schedules" on [www.frbservices.org](http://www.frbservices.org)

**SCHEDULE A-2**

**EFTPS – (ELECTRONIC FEDERAL TAX PAYMENTS SYSTEM)**

Company has asked that it be allowed to initiate EFTPS entries through the ACH Network. It is agreed as follows:

The EFTPS functionality within our Internet banking service will allow you to transfer funds from your account (s) with this Institution to pay your federal payroll taxes to the IRS. Before accessing the EFTPS service you must complete, sign, and deliver to this Financial Institution one or more Federal Tax Payment Service Authorizations and such other documents and instruments as we may request. We will inform you when EFTPS is operational for Company.

EFTPS tax payments are made to your account(s) via an ACH credit in the amount of any tax payment from your designated account with this Institution. All electronic tax payments made through the Internet banking program will be made in accordance with the terms of this Agreement, the ACH Rules, and the Security Procedures in Schedule C. You understand that we may reject your credit entries for any reason permitted in the Rules or this Agreement.

**METHOD OF FILE CREATION:**

ACH origination privileges offered through the Internet banking service.	N/A
NACHA file imports created with another software program.	N/A
Secure file transfer of approved NACHA files submitted through the Internet banking service.	N/A

**METHOD OF SETTLEMENT ENTRY CREATION:**

Automated entry will be made through the Internet banking service.	N/A
Manual posting by Financial Institution (for back-up purposes only).	N/A

**DELIVERY DATE:** This is the date that the Company must schedule and approve or import NACHA formatted files (as applicable) through the Internet banking service. In emergency situations, NACHA formatted files should otherwise be delivered to the Financial Institution within these time-frames.

The batch file must be submitted by Financial Institution's cut-off time on the appropriate Business Day in order to provide sufficient time to process the ACH Entries within the NACHA deadlines.

3 business days prior to the "Effective Date" of the Credit Entries (early risk)	N/A
2 business days prior to the "Effective Date" of the Credit Entries (normal risk)	N/A
1 Business Day prior to the "Effective Date" of the Credit Entries (float risk)	N/A

**EMPLOYEE SECURITY** for EFTPS will be also be governed by the requirements in Schedule C. Company will be responsible for any transaction created, modified or authorized by any Company representative initiated in accordance to the security level detailed in Schedule C.

FINANCIAL INSTITUTION:

NATIONAL BANK, DBA, THE NATIONAL BANKS OF CENTRAL TEXAS, A TEXAS BANKING CORPORATION

BY: \_\_\_\_\_

Title: Electronic Services

Date: \_\_\_\_\_

COMPANY:

BY: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**SCHEDULE B**  
**SETTLEMENT ACCOUNT(S)**

**Company Name:**

**Address:**

**City, State:**

**Tax Payer ID:**

**SSN:**

**Company Access ID(s):**

**SETTLEMENT ACCOUNT(s)** - Company account(s) to charge for total of ACH credit and debit transactions.

Account Title:	
Account Number:	
Contact Person:	
Telephone No:	
Email Address:	

**SETTLEMENT DATE:** This is the date that Financial Institution will **debit or credit** the Settlement Account for the total of the ACH entries

For Credit Entries, collected funds must be available in the Settlement Account as of the scheduled Settlement Date indicated below. Failure to have sufficient funds in the Settlement Account at the required date may result in the declined authorization of the origination of the entire batch and no CREDIT entries may be initiated.)

3 business days prior to the "Effective Date" of the Credit Entries	<input type="checkbox"/>
2 business days prior to the "Effective Date" of the Credit Entries	<input type="checkbox"/>
1 Business Day prior to the "Effective Date" of the Credit Entries	<input type="checkbox"/>
On the "Effective Date" of the Debit Entries	<input type="checkbox"/>

**SCHEDULE C****SECURITY PROCEDURE**

The Company is responsible for establishing and maintaining commercially reasonable security procedures to safeguard against unauthorized transactions. Pursuant to NACHA rules, commercially reasonable security measures include the use of 128bit encryption technology for the entry and transmission of ACH items. The use of Internet browsers that support 128 bit encryption are required to access our Internet banking service and its ACH Origination features.

Company will be solely responsible for the protection against unauthorized access to the Internet banking system and Company computers and/or networks used to access the Internet banking service. Company will be solely responsible for any and all losses and damages arising from any unauthorized access to the Internet banking service.

Furthermore, Company is solely responsible for the security of the data files maintained on the Company's computer(s) used to access NATIONAL BANK, DBA, THE NATIONAL BANKS OF CENTRAL TEXAS, A TEXAS BANKING CORPORATION internet banking service. Company will establish physical security, passwords and other security procedures as necessary to control access to the Internet banking service, Company computers used to access the service, and confidential Company data stored on the aforementioned Company computers. National Bank, dba, The National Banks of Central Texas, a Texas Banking Corporation will have no obligation, liability or control, either directly or indirectly over said security procedures or the failure of Company to maintain said procedures.

**Authorized User Administration**

Company will be solely responsible for the protection against unauthorized access to the administrative features of the Internet banking system. Furthermore, Company will be solely responsible for designating and administering access to its designated Authorized Users. Company represents and warrants that Authorized Users shall only be granted privileges to access Company accounts pursuant to a Corporate Resolution or written authorization otherwise granted by an officer or owner of Company.

Financial Institution will not be responsible for verifying the authenticity of any person claiming to be an Authorized User of the Company or the authenticity of any instruction, direction or information provided by any said person.

Any instructions, directions or other information provided by the Company, or any of its Authorized Users will be deemed to have been authorized by the Company and NATIONAL BANK, DBA, THE NATIONAL BANKS OF CENTRAL TEXAS, A TEXAS BANKING CORPORATION will be indemnified and held harmless by the Company for acting upon any such direction, instruction or information.

**Institutions Administering Authorized Users (Agents)**

Financial Institution will administer access and system privileges for the Company's designated Authorized Users as described in Schedule F. Company remains solely responsible for designating Authorized Users and their privileges and disclosing the identity of said users, and all changes thereof in writing to this Financial Institution (pursuant to the notification process as described in Schedule F.

Company represents and warrants that Authorized Users shall only be granted privileges to access Company accounts pursuant to a Corporate Resolution or written authorization otherwise granted by an officer or owner of Company.

Financial Institution will not be responsible for verifying the authenticity of any person claiming to be an Authorized User of the Company or the authenticity of any instruction, direction or information provided by any said person.

Any instructions, directions or other information provided by the Company, or any of its Authorized Users will be deemed to have been authorized by the Company and this Financial Institution will be indemnified and held harmless by the Company for acting upon any such direction, instruction or information.

**Protection of Access Devices, Passwords, Authentication Controls**

Company warrants that no individual or Authorized User will be allowed to initiate transfers in the absence of proper supervision and safeguards, and agrees to take reasonable steps to maintain the confidentiality of the security procedures, passcodes, security authentication devices, and related instructions provided by the Financial Institution.

If the Company believes or suspects that any such information has been accessed by an unauthorized individual, the Company shall verbally notify the Financial Institution immediately, followed by written confirmation. The occurrence of such notification will not affect any transfers made in good faith by the Financial Institution prior to the notification and within a reasonable time period to prevent unauthorized transfers.

**Authorization of Transactions**

Company agrees to be bound by any Credit or Debit Entry (i) authorized or transmitted by Company or an Authorized User through the Internet banking service (ii) made in Company's name, with a valid Company Access ID and passcode and accepted by this Financial Institution in good faith in compliance with the Security procedures in this Schedule, even if not properly authorized by company.

If NATIONAL BANK, DBA, THE NATIONAL BANKS OF CENTRAL TEXAS, A TEXAS BANKING CORPORATION take any actions beyond those described in these Security procedures, in an attempt to detect unauthorized credit entries or to detect errors in the transmission or content of credit Entries, company agrees that no matter how many times NATIONAL BANK, DBA, THE NATIONAL BANKS OF CENTRAL TEXAS, A TEXAS BANKING CORPORATION take these actions they will not become part of the Security procedures and NATIONAL BANK, DBA, THE NATIONAL BANKS OF CENTRAL TEXAS, A TEXAS BANKING CORPORATION will not be liable in any situation for failing to take or correctly perform these actions.

Financial Institution shall process Entries and batches approved by Authorized Users of the Company as detailed in Schedule F in accordance to this Agreement and other schedules. Both parties agree to adhere to the Rules established by NACHA and/or the Federal Reserve Bank as they apply to ACH originations.

Company agrees that the following security procedures, as well as the security features within the Internet banking service, constitute commercially reasonable security measures.

**Limit Class**

Note: Within the fxBusiness Banking product, a risk limit amount can be used to establish the maximum daily dollar amount for any ACH batch (ACH Debit, ACH Credit, EFTPS, and Wire Transfers). Limit amounts are only required for Float and Immediate risk levels. It is optional for Early or Normal risk levels. It is also optional for ACH Debit Origination.

Early and Normal Risk - Available funds will always be checked for early and normal risk debits. If a limit amount is set, FX also checks to see if the batch will fall within the established limit (reservation).

Float and Immediate - Available funds are never checked. We will only check against the designated reservation. If the customer does not have a limit set, the batch will fail.

**Credit Entries:** This amount is the largest amount that will be authorized for the Company's account for Credit Entries and represents a security feature for both parties. If the "Available Balance" is selected, funds must be showing in the account as of the close of business on the day prior to the Settlement Date to make sure it will appear as collected and available on the Financial Institution's verification systems.

Available Balance on the Settlement Account	<input type="checkbox"/>
Credit Entry Limit:	

**Debit Entries:** This amount is the largest amount that will be authorized for the Company's account for Debit Entries and represents a security feature for both parties.

Debit Entry Limit:	
--------------------	--

**PROCEDURES:**

***Files submitted electronically***

The Company's Authorized User(s) will access the ACH processing system within the Financial Institution's Internet banking service program by utilizing the prearranged logon procedures.

The Company will only transmit files or schedule batches on the Internet banking service on the dates specified in the agreed upon transmittal Schedule A. Changes to this schedule must be made in writing and signed by an Authorized User of the Company (see Exhibit F).

The Financial Institution will anticipate the receipt of an ACH file or batch transmission from the Company on each scheduled processing date identified by the Company in writing and agreed to by the Financial Institution. The Company's Authorized User will notify the Financial Institution if a transmission will not take place on the prearranged scheduled processing date. The Company is responsible for ensuring that the Financial Institution receives the transmission on each processing date indicated in the processing schedule.

**Other Optional Security Procedures for FI Consideration:**

In the event an ACH batch fails to process, Financial Institution will make its best effort to contact the Company as soon as reasonably possible. Company may designate an emergency contact for such circumstances.

<b>Company Emergency Contact</b>	
Name	
Phone Number(s)	
Fax	
Email Address	

Financial Institution will attempt to contact Company through the most expeditious means including any of the following:

1. Secure messaging through the internet banking service;
2. Phone call (after 30 minutes of no response to secure messaging);
3. By written communication.

**Additional Verification Processes:**

To help ensure timely processing files, confirm ACH totals processed, and to provide another layer of security, Financial Institution may require additional verification processes, similar to those typically used for large wire transactions.

For example, Financial Institution could require Company send a secure message confirming the transaction. Confirmation could also be made with a phone call or fax to the designated FI employee or department. Financial Institution could also assign a secret PIN number or security code known only by a few people at the Company. This code must be used in either the FAX, Phone call, or the secure email confirmation. Sample language is below:

**Secure Message Verification:**

To help ensure timely processing, confirm the total of ACH files processed, and to provide another layer of security, a designated Authorized User of the Company shall notify this Institution through the secure messaging feature of the Internet banking service that a batch has been submitted. The message should contain the following information:

- Company Name
- Authorized User Name
- Secret Code
- Date Batch Approved
- Batch Approved by
- Settlement Date
- Total ACH Debits
- Total ACH Credits

In the event of a discrepancy in the totals, the Financial Institution will attempt to contact the specified Company representative or Authorized User as designated by an authorized signatory of the Company.

However, if the Authorized User is not available for notification, the Financial Institution will submit approved ACH transfers from the Internet banking service. Financial Institution will attempt reconciliation of discrepancies on the following business day.

The Company agrees to comply with written and online procedures provided by the Financial Institution for the creation, maintenance, and initiation of ACH transfers.

**SCHEDULE D**

**AUTHORIZATION AGREEMENT FOR AUTOMATIC DEPOSITS (ACH CREDITS)**

CONSUMER NAME \_\_\_\_\_

I (we) hereby authorize \_\_\_\_\_, hereinafter called COMPANY, to initiate credit entries and to initiate, if necessary, debit entries and adjustments for any credit entries in error to my (our) \_\_\_ Checking \_\_\_ Savings account (select one) indicated below and the depository named below, hereinafter called DEPOSITORY, to credit and/or debit the same to such account.

DEPOSITORY

NAME \_\_\_\_\_

BRANCH \_\_\_\_\_

CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_

TRANSIT/ABA NO. \_\_\_\_\_

ACCOUNT NO. \_\_\_\_\_

This authority is to remain in full force and effect until COMPANY has received written notification from me (or either of us) of its termination in such time and in such manner as to afford COMPANY and DEPOSITORY a reasonable opportunity to act on it.

NAME (S) \_\_\_\_\_

(PLEASE PRINT)

DATE \_\_\_\_\_

SIGNED \_\_\_\_\_

SIGNED \_\_\_\_\_

**AUTHORIZATION AGREEMENT FOR PREAUTHORIZED PAYMENTS**

CONSUMER NAME (S) \_\_\_\_\_

I (we) hereby authorize \_\_\_\_\_, hereinafter called COMPANY, to initiate debit entries to my (our) Checking account indicated below and the depository named below, hereinafter called DEPOSITORY, to debit the same to such account.

DEPOSITORY NAME \_\_\_\_\_

BRANCH \_\_\_\_\_

CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_

TRANSIT/ABA NO. \_\_\_\_\_

ACCOUNT NO. \_\_\_\_\_

This authority is to remain in full force and effect until COMPANY and DEPOSITORY has received written notification from me (or either of us) of its termination in such time and in such manner as to afford COMPANY and DEPOSITORY a reasonable opportunity to act on it.

CONSUMER NAME (S) \_\_\_\_\_

(PLEASE PRINT)

DATE \_\_\_\_\_

SIGNED \_\_\_\_\_ SIGNED \_\_\_\_\_

**SCHEDULE E**

**SCHEDULE OF ACH ORIGINATION CHARGES**

Description	Charge Type	Fee
Monthly Base Fee	Monthly	
Initial Set-up Fee	One Time	
Per Batch/File Fee	Per Occurrence	\$5.00
Per Entry Fee (Includes Pre-notes)	Per Occurrence	\$ .075
Corrections/Reversals – Per Item	PER OCCURRENCE	
RETURN Item Fee	PER OCCURRENCE	\$ 2.00
EFTPS Base Fee	Quarterly Per Batch	\$ .28
STOP PAYMENTS REQUESTS	PER OCCURRENCE	
ACH Rules Book <sup>1</sup>	Annual	
Other Fees: (e.g.) Guide to Corporate ACH Origination ACH Marketing Handbook		

This fee schedule is confidential and not to be disclosed to other parties. The fees for this service will be charged on a monthly basis on a date determined by the Financial Institution. Fees may be subject to change without notice.

**METHOD OF PAYMENT**

\_\_\_\_\_ Charge Account #

\_\_\_\_\_ Add to Account Analysis on Account # \_\_\_\_\_

**TIME PAYMENT TO BE ASSESSED**

\_\_\_\_\_ During the last week of the month

\_\_\_\_\_ Each time a transmission or service is rendered

\_\_\_\_\_ Other

<sup>1</sup> NACHA Rule Book can also be purchased online at [www.nacha.org](http://www.nacha.org)

FINANCIAL INSTITUTION:

NATIONAL BANK, DBA, THE NATIONAL BANKS OF CENTRAL TEXAS, A TEXAS BANKING CORPORATION

BY: \_\_\_\_\_

Title: Electronic Services

Date: \_\_\_\_\_

COMPANY:

BY: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**SCHEDULE F**  
**ACH AUTHORIZED USERS**

**Authorized Users**

Financial Institution is authorized to receive and process any electronic communication or instruction from these representatives on behalf of the Company which are submitted through the Internet banking service, using a valid Access ID and passcode. The Company hereby authorizes the following individuals to perform the services with the noted restrictions and assigned Access IDs. Complete the following information for each Authorized User. Company may also use this format for notification of changes in Authorized Users.

**Schedule F – Authorized Users**

<b>Name:</b>			
<b>Access ID:</b>			
<b>Title/Position:</b>			
<b>Telephone Number(s):</b>			
<b>Fax Number(s):</b>			
<b>Email Address:</b>			
<b>Privileges</b>	<b>Yes</b>	<b>No</b>	<b>Comments</b>
Agent	<input type="checkbox"/>	<input type="checkbox"/>	
Sub-User	<input type="checkbox"/>	<input type="checkbox"/>	
Sub-User Administrator	<input type="checkbox"/>	<input type="checkbox"/>	
Can this person verify totals (with call, fax, or secure messages)?	<input type="checkbox"/>	<input type="checkbox"/>	
Can this person contact the Financial Institution to cancel or amend processed items?	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Credit Originations</b>	<input type="checkbox"/>	<input type="checkbox"/>	
Full Privs <sup>2</sup>	<input type="checkbox"/>	<input type="checkbox"/>	
Create Batches and detail entries	<input type="checkbox"/>	<input type="checkbox"/>	
Approve Batches	<input type="checkbox"/>	<input type="checkbox"/>	
View Only:	<input type="checkbox"/>	<input type="checkbox"/>	
Credit Batch Maximum Dollar Limit Restriction:			
Settlement Accounts To Be Associated with this Access ID:  (If applicable)			

<sup>2</sup> Commercial Customers with Full Privs on the Business Banking System can create, change, and approve batches.

Privileges	Yes	No	Comments
<b>Debit Originations</b>	<input type="checkbox"/>	<input type="checkbox"/>	
Full Privs	<input type="checkbox"/>	<input type="checkbox"/>	
Create Batches and detail entries	<input type="checkbox"/>	<input type="checkbox"/>	
Approve Batches	<input type="checkbox"/>	<input type="checkbox"/>	
View Only	<input type="checkbox"/>	<input type="checkbox"/>	
Debit Batch Maximum Dollar Limit Restriction:			
Settlement Accounts To Be Associated with this Access ID: (if applicable)			

FINANCIAL INSTITUTION:

NATIONAL BANK, DBA, THE NATIONAL BANKS OF CENTRAL TEXAS, A TEXAS BANKING CORPORATION

BY: \_\_\_\_\_

Title: Electronic Services

Date: \_\_\_\_\_

COMPANY:

BY: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

*CITY OF COPPERAS COVE, TEXAS  
INVESTMENT POLICY*



City of Copperas Cove

Revised  
October 13, 2009

**City of Copperas Cove, TX  
Investment Policy**

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## I. INVESTMENT AUTHORITY AND SCOPE OF POLICY

The investment policy applies to the investment activities of the Government of the City of Copperas Cove. It is the policy of the City of Copperas Cove 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 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).

Funds Included. All financial assets of all funds, of the City of Copperas Cove, including the General Fund, Water and Sewer Fund, Solid Waste Fund, the Capital Projects Funds, the Special Revenue Funds, the Debt Service Funds, and all other funds that may be created from time to time, and any funds held in custody by the Director of Financial Services, unless expressly prohibited by law or unless it is in contravention of any depository contract between the City of Copperas Cove and any depository bank.

Funds Excluded. None.

## II. INVESTMENT OBJECTIVES

The primary objectives, in priority order, of the City of Copperas Cove's investment activities shall be:

Safety. Safety of principal is the foremost objective of the City of Copperas Cove. Investments of the City of Copperas Cove 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 City of Copperas Cove's investment portfolio will remain sufficiently liquid to enable the City of Copperas Cove to meet all operating requirements, which might be reasonably anticipated. Portfolio maturities will be structured to meet the obligations of the City first, and then to achieve the highest return of interest consistent with the objectives of this policy. When the City 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 City of Copperas Cove 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 City 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 City of Copperas Cove Investment Committee will consist of the City Manager, Director of Financial Services, Assistant Director of Financial Services and Project Accountant. 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 Director of Financial Services. The Investment Committee shall select qualified independent accountants to perform an annual compliance audit of management controls on investments and adherence to the City's established investment policies in accordance with Gov. Code 2256.005(m). The results of such audit shall be presented to the Investment Committee in conjunction with the City'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 City's fund, and authorized broker dealers.

### **IV. RESPONSIBILITY AND CONTROL**

Delegation. Authority to manage the City of Copperas Cove's investment program is derived from the City of Copperas Cove's Code of Ordinances, City Charter, Article VIII. Finance Administration, Sec. 8.01 (c) (7). Management responsibility for the investment program is hereby delegated to the Director of Financial Services. This person is responsible for all investment decisions and activities and shall be the City's investment officer. The Director of Financial Services may designate deputies to assist with the management of the investment portfolio. The Director of Financial Services 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. The Director of Financial Services 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, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the City of Copperas Cove. Dual control of all investment activities will consistently be maintained by the Director of Financial Services.

Transaction Authority. Certain signatory responsibilities are required to transact investments. Positions authorized as depository signatories shall be the City Manager, the Director of Financial Services and the Assistant Director of Financial Services. 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 City's investment strategy. Bonding of all those individuals authorized to place, purchase, or sell investment instruments shall be required.

Prudence. In accordance with Government Code 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.

The Director of Financial Services 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 Director of Financial Services 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 City, over which the Director of Financial Services 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 City.

Training, Quality and Capability of Investment Management. It is the City's policy to provide training as required by the Public Funds Act, Sec. 2256.008 and periodic training in investments for the Director of Financial Services and designated investment officers. Authorized officers will be required to complete 10 hours of training within 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 Director of Financial Services and Investment Officers in making investment decisions. At a minimum, the Director of Financial Services and Investment Officers must attend a training session once every two years and receive 10 hours of training.

Monitoring of Investments. The City of Copperas Cove's investment strategy is active. Given this strategy, the basis used by the Director of Financial Services 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. 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 City Manager any material financial interests they have in financial institutions that conduct business with the City of Copperas Cove, and shall further disclose any large personal financial or investment positions that could be related to the performance of the City's portfolio. Such employees shall subordinate their personal investment transactions to those of the City, particularly with regard to the timing of purchases and sales. If the Director of Financial Services has 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 City, the Director of Financial Services must file a statement disclosing that personal business interest--or relationship with the Texas Ethics Commission in accordance with Government Code 2256.005 (i).

## VI. REPORTING INVESTMENT EARNING EVALUATION

Quarterly Reports. In accordance with Government Code 2256.023, not less than quarterly, the investment officer shall prepare and submit to the City Council 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 City 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 city for which each individual investment was acquired; and
- (8) state the compliance of the investment portfolio of the City as it relates to:
  - A. the investment strategy expressed in the city's investment policy; and
  - B. relevant provisions of the Public Funds Investment Act.
- (9) state the total rate of return on the investment portfolio
- (10) the quarterly investment reports shall be reviewed by the City's independent auditors, as part of the City's annual audit and the result of this review shall be reported to the City Council.

Annual Report. Within 120 days of the end of the fiscal year, the Director of Financial Services 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 Director of Financial Services to notify the City Council 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 City intends to pursue an active vs. a passive portfolio management philosophy. That is securities may be sold before they mature if market conditions present an opportunity for the City to benefit from the trade.

Eligible Investments. Financial assets of the government of the City of Copperas Cove 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 Section 2256.009(a) Public Funds Investment Act, but excluding those mortgage backed securities of the nature described by Section 2256.009(b) of the Public Funds Investment Act; or
  - (3) secured in any other manner and amount provided by law for deposits of the City.

- 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) of the Public Funds Investment Act; and
  - (3) requires the securities being purchased by the City to be pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City; 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 City 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, Sec.2256.016-2256.019) if the City Council by resolution authorizes investment in the particular pool. An investment pool shall invest the funds it receives from the City 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 in compliance with the Public Funds Investment Act. 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 90 days. Market mutual funds must be registered with and regulated by the Securities Exchange Commission and must provide the City 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.

Length of Investments. The City of Copperas Cove 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 City of Copperas Cove to diversify the investment portfolio. Diversification strategies shall be determined and revised periodically by the Director of Financial Services. 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. The Director of Financial Services 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 2 years at the time of purchase;
- (5) The City of Copperas Cove investment portfolio will not invest in derivatives. For the purposes of this Investment Policy, the definition of derivatives include 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 City's banking services procurement process, which shall include a formal request for proposal (RFP) issued every two (2) years. In selecting depositories, the credit worthiness of institutions shall be considered, and the Director of Financial Services shall conduct a comprehensive review of prospective depositories credit characteristics and financial history.

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

Primary Dealers and Approved List. In accordance with 2256.005(k), a written copy of this investment policy shall be presented to any person seeking to sell to the City 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 City; 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 City and the organization. The Director of Financial Services may not buy any securities from a person who has not delivered to the City an instrument in substantially the form provided above according to Section 2256.005(1).

All dealers and brokers who desire to become qualified bidders for investment transactions with the City of Copperas Cove, must be recommended by the Director of Financial Services and approved by the City Manager. Applications will be reviewed on a periodic basis and submitted for approval. The Director of Financial Services will maintain a list of primary dealers and brokers authorized to provide investment services to the City. 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 City of Copperas Cove Investment Policy and has reasonable procedures and controls to preclude imprudent investment activities arising out of investment transactions conducted between the entity and the City of Copperas Cove (Securities Broker Dealer Acknowledgment Form - Section XV).

All brokers and dealers who desire to transact business with the City of Copperas Cove must be approved, in advance of any business transactions, by the City Manager. For brokers and dealers of government securities, the City Manager 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 Director of Financial Services will annually review the financial condition and registration of qualified dealers and brokers. The Director of Financial Services shall not conduct business with any firm, which has been removed from the approved list by the City Manager.

Competitive Bidding of Investments. All trades, purchases and sales done for the City of Copperas Cove 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 City of Copperas Cove 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 City on current securities that the broker/dealers believe are items that require City attention.*

## IX. SAFEKEEPING AND CUSTODY

Insurance or Collateral. All deposits and investments of City 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 years, 102% of market value shall be maintained by the Director of Financial Services 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 Director of Financial Services which clearly defines the procedural steps for gaining access to the collateral should the City of Copperas Cove determine that the City'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 City of Copperas Cove, the firm pledging the collateral, and the Trustees.

Collateral Defined. The City of Copperas Cove 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 city 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.

Subject to Audit. All collateral shall be subject to inspection and audit by the Director of Financial Services or the City's independent auditors.

Delivery vs. Payments. Treasury Bills, Notes, and 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 City Agent or the Trustee. The collateral shall be held in the name of the City. The Trustee's or Agent's records shall assure the notation of the City's ownership of or explicit claim on the

securities. The original copy of all safekeeping receipts shall be delivered to the City.

Standards of Operation. The Director of Financial Services 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 Director of Financial Services 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. 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 Director of Financial Services shall establish a process for annual independent review by an external auditor to assure 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.

## **XI. INVESTMENT STRATEGIES**

Investment Strategies. In accordance with the Public Funds Investment Act, Section 2256.005(d), a separate written investment strategy will be developed for each of the funds under the City'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 City of Copperas Cove 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. Attachment A includes investment strategies for all funds. In accordance with the Public Funds Investment Act, Section 2256.005(e), investment strategies will be reviewed and adopted by resolution at least annually.

## **XII. 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 City Manager.

Glossary. The Glossary is provided in Attachment B.

### **XIII. CITY OF COPPERAS COVE INVESTMENT STRATEGY**

<b>OPERATING FUNDS STRATEGY</b>	<b>INVESTMENT</b>
GENERAL FUND	A,B
WATER AND SEWER FUND	A,B
SOLID WASTE FUND	A,B
GOLF COURSE FUND	A,B
<b>DEBT SERVICE FUNDS</b>	
TAX I&S FUND	A,B
<b>SPECIAL REVENUE FUNDS</b>	
RECREATIONAL ACTIVITIES FUND	A,B
DRAINAGE UTILITY FUND	A,B
MUNICIPAL CEMETERY FUND	A,B
HOTEL OCCUPANCY TAX FUND	A,B
MUNICIPAL COURT EFFICIENCY FUND	A,B
MUNICIPAL COURT TECHNOLOGY FUND	A,B
MUNICIPAL COURT SECURITY FUND	A,B
<b>CAPITAL PROJECTS FUNDS</b>	
2001 CERTIFICATES OF OBLIGATION	A,B
2003 CERTIFICATES OF OBLIGATION	A,B
2006 LIMITED TAX NOTES	A,B
2007 CERTIFICATES OF OBLIGATION	A,B
2008 LIMITED TAX NOTES	A,B
2008A LIMITED TAX NOTES	A,B
2009 GENERAL OBLIGATION BONDS	A,B
2009 LIMITED TAX NOTES	A,B

#### XIV. GLOSSARY

**AGENCIES:** Federal agency securities.

**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 CD's 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.

**COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR):** The official annual report for the City of Copperas Cove. 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.

**COUPON:** (a) The annual rate of interest that a bond's 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 original offering price shortly after 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 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 \$100,000 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 GNMA 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 the 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 Maes.

**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 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 return 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.

**XV.**

***CITY OF COPPERAS COVE, 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 City of Copperas Cove have received and have thoroughly reviewed the Investment Policy of the City of Copperas Cove. 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 City and Broker. Transactions between this firm and the City of Copperas Cove will be directed toward protecting the City of Copperas Cove from credit and market risk. This firm pledges due diligence in informing the City of Copperas Cove of foreseeable risks with financial transactions connected with this firm.

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Primary Representative, Title Date

# City of Copperas Cove

## City Council Agenda Item Report

November 17, 2009

### Agenda Item G-4

Contact – Wanda Bunting, Director of Financial Services, 547-4221  
wbunting@ci.copperas-cove.tx.us

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SUBJECT: **Consideration and action on an emergency purchase for the west clarifier and miscellaneous modifications at the South Wastewater Treatment Plant.**

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#### 1. BACKGROUND/HISTORY

In the Article V, Financial Procedures and Fiscal Policy of the City Code of Ordinances, a process is outlined for emergency purchases. The definition of an emergency purchase: Emergency or exempted purchases / expenditures may include any one (1) or all of the following:

- (1) In case of a public calamity, the prompt purchase of items is required to relieve the necessity of the municipality's residents or to preserve the property of the municipality.
- (2) The item is necessary to preserve or protect the public health and safety of the residents of the municipality.
- (3) The items are made necessary by unforeseen damage to public property.

The designation of emergency purchase indicates a situation of such urgency that the normal purchasing procedure must be modified in the interest of speed, and therefore no competitive bids are required. The authority to designate an emergency rests solely with the City Manager.

#### 2. FINDINGS/CURRENT ACTIVITY

Per Article V of the City Code of Ordinances all emergency purchases without a budget appropriation approved by City Council are processed through the finance department as follows:

- (1) The appropriate director shall contact the City Manager and inform them verbally of the emergency situation. At this time, the City Manager may exercise their authority to designate an emergency.
- (2) A memo will be sent the City Manager requesting them to authorize and /or declare the respective expenditure an emergency for items over \$10,000. This memo should include as much detail of the situation at hand and estimate a total cost of expenditures.
- (3) Department head and/or director will obtain quotations from a minimum of three (3) vendors for any and all expenditures at or above \$3,000. These quotations shall be documented.

- (4) If the emergency does not allow for steps (2) and (3) above to be completed, with the City manager's approval, the responsible official of the department shall take whatever steps are necessary to procure needed supplies, services or equipment to relieve the emergency situation.
- (5) The City Manager shall contact all Council Members and the Mayor, as available, to make them aware of the emergency situation.
- (6) Department head and/or director will submit documentation to finance for including as a consent item on an appropriate Council meeting agenda as soon after the expenditure or decision as possible.

All required steps above were followed to include the approval of the City Manager on November 4, 2009, a copy of the original memo submitted to the City Manager on October 27, 2009, any official quotes which was provided by Matous Construction who was already under contact and on site to retrofit one of the clarifiers, a completed requisition and purchase order form approved by the City Manager, and a notification sent to City Council and the Mayor on November 4, 2009. Furthermore, the legal aspects of the purchase and the City's Policy were discussed with the City Attorney and no concerns were expressed.

The consent agenda item is the final requirement per the City's Code of Ordinances. Please find attached a copy of all items pertaining to the emergency purchase.

### **3. FINANCIAL IMPACT**

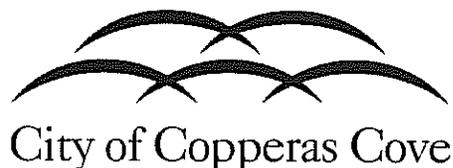
Sufficient funds have been identified in the 2008A and 2009 Tax Notes that currently include funding for the Retrofit of the Wastewater Treatment Plant Clarifiers. A budget amendment to adjust funding between the capital projects in the Tax Notes may be necessary after the completion of the projects and actual expenditures are known.

### **4. ACTION OPTIONS/RECOMMENDATION**

City staff recommends that the City Council approve the emergency purchase for the west clarifier and the miscellaneous modifications at the South Wastewater Treatment Plant to included installing four new piers to bedrock, remove and replace caulking of the sludge vault, install cleanouts for the Motor Operated Valves (MOV) vaults, install vault covers, and install manual valve operators for the MOVs.

MEMORANDUM

TO: Andrea Gardner, City Manager  
FROM: Robert McKinnon, Public Works Director  
DATE: October 27, 2009  
SUBJECT: Emergency Expenditures,  
South Wastewater Treatment Plant



While excavating in preparation for repairs to the Motor Operated Valves (MOV) for the clarifier return lines at the South Plant, it was noted that four (4) piers that had been placed to stabilize the sludge vaults on the north end of the clarifiers, did not extend to bed rock. Bed rock is at a depth of approximately 23 feet. By not extending to bed rock, the piers were doing NO good and plenty of harm. Through time (since 2000) their weight had began to pull the sludge vault away from the clarifier, creating in some places, cracks more than 3/4-inch wide. Numerous leaks had been experienced in the past few years, and the cracks were getting larger. While making repairs to the MOVs, leaks appeared which required immediate attention. These were repaired using a special grout. The existing piers were removed because they were adding their weight in pulling the sludge vault away from the clarifier.

It was also noted that cleanouts for the MOV vaults, vault covers, and valve operators had not been included in the existing MOV repair quote. Cleanouts will allow pressure cleaning of return lines without climbing to the bottom (23 feet) of the MOV vault, and will also act as vents. Vault covers will be poured in place and will allow entry. Valve operators will be manual type, rather than automatic, which will eliminate many of the problems experienced in the past.

I asked Matous Construction to provide a quote to install four new piers to bedrock, remove and replace caulking of the sludge vault, install cleanouts for the MOV vaults, install vault covers, and install manual valve operators for the MOVs. That quote is attached.

Clarifiers are major components of wastewater treatment plants and when repairs/replacements are needed, they are to be accomplished quickly. Matous Construction is the firm contracted to retrofit the east clarifier at the South Plant and that work is complete. The west clarifier is scheduled for retrofit as a Capital Improvement Project (CIP) during Fiscal Year 2009-10, and funds are available for that project. This clarifier is in the same condition as the east clarifier was, if not worse. This is an emergency situation, in that, if the one clarifier fails, only half the plant is in service. The majority of replacement parts required to retrofit the clarifiers comes from Germany, and took almost eight months from bid to receipt, another reason for the emergency. We don't have that much time. In this emergency situation, using Matous Construction we can order the equipment and expect its arrival within 10 to 12 weeks. We will require no engineering, and the contract price will be the same as the east clarifier. Since it is an emergency and time is critical I believe this is the quickest and most economical action to take.

Should you have any questions or require further information please let me know.



## MATOUS CONSTRUCTION

### GENERAL CONTRACTORS

8602 N. Hwy. 317 • Belton, Texas 76513 • Office: (254) 780-1400 • Fax: (254) 780-2599

October 20, 2009

Mr. Robert M. McKinnon  
Public Works Director  
P.O. Drawer 1449  
Copperas Cove, TX 76522

Re: Copperas Cove South WWTP Modifications  
Copperas Cove, TX

Dear Bob,

We offer the following for you review and consideration:

**Item 1. -- Misc WWTP Modifications:** Provide materials, labor, equipment and supervision to construct the following improvements:

1. Furnish and install modifications to the existing 6" Sludge Line Piping and Valve Vaults, Clarifier No.1 Inlet Trough Expansion Joint, Concrete Support Piers at Clarifier Inlet Troughs and Disk Aeration Shaft Bearing which includes the following:
  - Furnish and install additional 6" cleanout piping at sludge line for each clarifier sludge line, including supports and cap for removal. All exposed piping to be field coated with Tenemec Series 66 Epoxy.
  - Furnish and install poured in place concrete top for each valve vault, including removable galv steel hatch for access. Pre-cast tops are not usable due to the additional cleanout piping.
  - Install existing valve operators utilizing a hand operation method by means of installing a hand wheel and eliminating the electric operator gear box for each clarifier sludge valve.
  - Remove and restore existing floor expansion joint at clarifier 1 inlet trough due to excessive leakage.

- Furnish and install (4) 24" x 25LF drilled piers along the footing edge of the clarifier inlet trough side. Piers to include 4000# psi concrete filled including #6 reinforcing steel penetrating approximately 6LF into bedrock. Top of piers to have square corbel type beam supporting below trough footing to stabilize settlement of trough structure.
- Remove and replace existing shaft bearing at the disk aeration rotor assembly. Owner to furnish new bearing as required.

**Total Cost Item No. 1.....\$77,600.00 ✓**

Should you have any questions, please feel free to call.

Sincerely,



Mike Psencik



# MATOUS CONSTRUCTION GENERAL CONTRACTORS

8602 N. Hwy. 317 • Belton, Texas 76513 • Office: (254) 780-1400 • Fax: (254) 780-2599

November 2, 2009

Mr. Robert M. McKinnon  
Public Works Director  
P.O. Drawer 1449  
Copperas Cove, TX 76522

Re: Copperas Cove South WWTP West Clarifier Rehabilitation  
Copperas Cove, TX

Dear Bob,

We offer the following for you review and consideration:

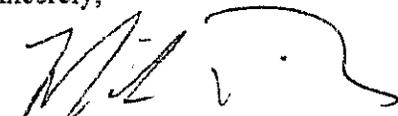
**Item 1. – West Clarifier Replacement:** Provide materials, labor, equipment and supervision to construct the following improvements:

1. Furnish and install modifications to the existing Clarifier No. 1 (west clarifier) which includes the following:
  - Remove and dispose of existing rectangular clarifier chain and scraper sludge collection system.
  - Furnish and install new Siemens / Envirex rectangular clarifier chain and scraper sludge collection system.

**For the lump sum of.....\$315,000.00**

Should you have any questions, please feel free to call.

Sincerely,

  
Mike Psencik



Purchase Order Request   
 Check Request

FISCAL YEAR  
**2009 - 2010**

**CITY OF COPPERAS COVE**  
 REQUISITION OF GOODS OR SERVICES

Date: NOVEMBER 4, 2009

**RECEIVED**  
 NOV 05 2009

Advance Ck Req \_\_\_\_\_  
 Partial Pmt \_\_\_\_\_  
 Final Pmt \_\_\_\_\_

FORWARD CHECK TO:

Mail to Payee  
 Return to Department  
 Other \_\_\_\_\_

Vendor Name: MATOUS CONSTRUCTION, LTD.	Vendor #: 61425	Total / Estimated Cost: \$ 392,600.00
Address: P.O. BOX 5258 TEMPLE, TX 76505	Contract Name/Number: CITY OF COPPERAS COVE	Purchase Order #:
	Vendor Contact: BRUCE A. MATOUS	Bid #:
	Phone #: 254 - 780 - 1400	Fixed Asset I.D. #:
	Fax #: 254/ 780 - 2599	Date Required: _____ (Next AP Run)

PLEASE FURNISH THE FOLLOWING SUPPLIES, MATERIALS OR SERVICES WHICH ARE NECESSARY IN THE PROPER AND LEGAL CONDUCT OF MY DEPARTMENT. THIS PURCHASE IS PROPERLY AUTHORIZED BY THE BUDGET AND SUFFICIENT FUNDS ARE AVAILABLE TO PAY FOR THE EXPENDITURES AS PROVIDED FOR UNDER THE STATUTORY PROVISIONS OF THE LOCAL GOVERNMENT CODE OF TEXAS, CONCERNING THE LEGAL EXPENDITURES OF CITY FUNDS, AND IS TO BE CHARGED TO:

ACCOUNT #	INVOICE	DESCRIPTION	QUANTITY	UNIT COST	FREIGHT	TOTAL COST
67-4665-8500-9049		EMERGENCY REPAIRS TO WEST LARPTER AND SLUDGE VAULT, MOTOR OPERATED VALVES(MOV) AND VAULTS AT THE SOUTH WASTEWATER TREATMENT PLANT.	SEC ATTACHED	SEC ATTACHED	---	392,600.00

Dept Name: Wastewater Dept #: 84

Ship To: 1601 N. 1<sup>st</sup> Street Copperas Cove, TX 76522

Prepared By: BOB MCKINNON

FUNDS AVAILABLE  YES  
 YES/PENDING BUDGET TRANSFER

COUNCIL APPROVED DATE / ITEM #

DEPT HEAD/DIRECTOR APPROVAL: \_\_\_\_\_  
 Robert M. McKinnon, Public Works Director

ASSISTANT FINANCE DIRECTOR: \_\_\_\_\_

DIRECTOR OF FINANCE: \_\_\_\_\_  
 Wanda Bunting

STATE EXACT PURPOSE FOR WHICH MATERIAL WILL BE USED  
**EMERGENCY REPAIRS, SOUTH PLANT**



City of Copperas Cove  
 PO Drawer 1449  
 Copperas Cove TX  
 76522-5449  
 (254) 547-4221

# PURCHASE ORDER

PO Number: 10-3690  
 Request #: 10-3914

Date: 11/05/2009  
 Vendor #: 01-61425

**ISSUED TO:**

MATOUS CONSTRCTN CO, INC  
 8602 N HWY 317  
 BELTON, TX 76513

**SHIP TO:**

PUBLIC WORKS  
 1601 NORTH 1ST STREET  
 COPPERAS COVE, TX 76522  
 BOB MCKINNON

ITEM	UNITS	DESCRIPTION	G/L ACCOUNT	PROJ	PRICE	AMOUNT
1	0.00	EMERGENCY REPAIR/CLARIFI EMERGENCY REPAIR TO WEST CLARIFIER AND SLDGE VAULT, MOTOR OPERATED VALVES (MOV) AND VAULTS AT THE SOUTH WASTEWATER TREATMENT PLANT	67 -4615-8500-9049		0.00	392,600.00
<b>TOTAL</b>						392,600.00

APPROVED BY:



DATE:

11-5-09

1. Original invoice plus one copy must be sent to City of Copperas Cove, Accounts Payable Dept, 507 S Main St, Copperas Cove, TX 76522-2241.
2. Payment may be expected within 30 days of receipt of goods, unless otherwise stated.
3. C.O.D. shipment will not be accepted.
4. Purchase Order numbers must appear on all shipping containers, packing slips and invoices. Failure to comply with the above request may delay payment.
5. All goods are to be shipped F.O.B. Destination unless otherwise stated.
6. All materials and services are subject to approval based on the description on the face of the purchase order or appendages thereof. Substitutions are not permitted without approval of the Requesting Department. Material not approved will be returned at no cost to the City.
7. All goods and equipment must meet or exceed all necessary city, state and federal standards and regulations.
8. Vendor or manufacturer bears risk of loss or damage until property received and/or installed.
9. Seller acknowledges that buyer is an equal opportunity employer. Seller will comply with all equal opportunity laws and regulations that are applicable to it as a supplier of the buyer.
10. City of Copperas Cove will accept no more than a 10% increase of total amount of purchase order without prior approval.
11. The City is exempt from all federal excise and state tax - ID# 746022216

## **Wanda Bunting- Financial Services Dir.**

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**From:** Andrea Gardner - City Manager  
**Sent:** Wednesday, November 04, 2009 9:47 PM  
**To:** jhull@ci.copperas-cove.tx.us; cmeredith@ci.copperas-cove.tx.us; cyoungs@ci.copperas-cove.tx.us; cdownard@ci.copperas-cove.tx.us; dpalmer@ci.copperas-cove.tx.us; bstevens@ci.copperas-cove.tx.us; wgoode@ci.copperas-cove.tx.us; fseffrood@ci.copperas-cove.tx.us  
**Cc:** Bob McKinnon - Public Works Director; Wanda Bunting- Financial Services Dir.; Tim Molnes - Police Chief  
**Subject:** INFORMATION ONLY - DO NOT RESPOND

This email is being sent to ensure compliance with City Policy and should not be responded to by any party to the email unless done at a properly posted meeting of the governing body. Thanks.

On October 27, 2009, I received written notice of the need for an emergency purchase by the Wastewater Division of the City. The emergency is a continuum of the emergency situation previously reported to the Council on September 25, 2009. As repairs to the Motor Operated Valves (MOV) for the east clarifier return lines at the South Plant were being completed, additional health/safety matters were notated to include the four (4) piers used to stabilize the sludge vaults on the north end of the clarifiers, did not extend to bed rock and installation of the cleanouts for the MOV vaults, vault covers and valve operators were necessary. As a result of the piers not extending to the bed rock, the piers pulled the sludge vaults away from the clarifier, thus creating cracks in excess of 3/4-inch wide. The contractor, Matous Construction provided staff with a quote to complete the additional work that warranted immediate action to eliminate the public health concerns.

It is essential to complete construction of the west clarifier at the South Plant that is funded in the Five Year Capital Improvement Plan for FY 2009-10 immediately upon completion of the east clarifier repairs. The extenuating circumstances that create public health concerns are the dangers of having one operational clarifier in the event of failure coupled with the fact the majority of the repair parts required must come from Germany and are expected to take up to eight (8) months or longer to secure utilizing the competitive sealed bids process in Local Government Code 252. However, the current contractor is able to secure the parts required within 10 to 12 weeks. Provisions in Local Government Code 252 provide exemption in emergencies that create public health concerns.

Section 2-113(c) of the Financial Procedures and Fiscal Policy requires staff to comply with 7 steps. As of today, Steps 1-4 have been complied with and/or a justification provided for non-compliance. This notification completes Step 5 and Step 6 is currently being prepared. Further details will be provided as required by Step 6. Thanks.

# **City of Copperas Cove**

## **City Council Agenda Item Report**

**November 17, 2009**

### **Agenda Item No. G-5**

**Contact – Andrea M. Gardner, City Manager, 547-4221**  
agardner@ci.copperas-cove.tx.us

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**SUBJECT: Consideration and action on a resolution authorizing the City Manager to execute documents in support of an application to the Texas Emergency Shelter Grants Programs by the Refuge Corporation.**

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#### **1. BACKGROUND/HISTORY**

The Emergency Shelter Grants Programs (ESGP) is authorized by the Stewart B. McKinney Homeless Assistance Act of 1987 and is administered through the United States Department of Housing and Urban Development (HUD). The Texas Legislature has designated the Texas Department of Housing and Community Affairs (TFHCA) as the administering agency for the program. Funds will be made available to eligible applicants, based on the statewide competitive application process, to carry out the purposes of the ESGP.

The ESGP is designed to be a part of a continuum of assistance to enable homeless individuals and families to move toward independent living as well as to prevent homelessness. The objectives of the ESGP are to help improve the quality of emergency shelters for the homeless, help meet operating and maintenance costs, make additional shelters available, provide essential services so homeless individuals have access to necessary assistance, and to provide emergency intervention assistance to prevent homelessness.

#### **2. FINDINGS/CURRENT ACTIVITY**

The Refuge Corporation is a private, non-profit corporation that provides emergency shelter, food, clothing, and assistance with rent and utility bills to individuals and families in need within the corporate limits of the City of Copperas Cove. The total requested for the ESGP funding is \$87,778 for essential services, maintenance, operation, furnishings, equipment, and homeless prevention. The program, to provide direct assistance such as food, shelter, and clothing to persons in need, is operated with grant funding. The City provided support of the grant application in previous years.

The State of Texas requires that the “unit of general local governments” indicate support of the application by signing a “Local Government Certification Form” certifying that the activities in the application will be located in the local jurisdiction named in the application (see attached form). The State of Texas will distribute the ESGP funds to private non-profit organizations only if the local governing body certifies approval of the project.

**3. FINANCIAL IMPACT**

None. The City has no further obligation in the application or in the use of the grant funding, should funds be awarded. The City is required only to support the intended use of the funds.

**4. ACTION OPTIONS/RECOMMENDATION**

City staff recommends approval of Resolution No. 2009-54, authorizing the City Manager to act on behalf of the City Council by executing documents in support of the grant application by the Refuge Corporation.

**RESOLUTION NO. 2009-54**

**A RESOLUTION AUTHORIZING THE CITY MANAGER TO ACT ON THE CITY COUNCIL'S BEHALF BY THE SIGNING OF A LOCAL GOVERNMENT CERTIFICATION FORM IN SUPPORT OF A GRANT APPLICATION BY THE REFUGE CORPORATION TO THE TEXAS EMERGENCY SHELTER GRANTS PROGRAM.**

**WHEREAS,** The Refuge Corporation provides emergency and transitional housing for homeless women with children and others within the corporate limits of the City of Copperas Cove; and

**WHEREAS,** Such assistance includes, but is not limited to: food, transportation, childcare vouchers and medical assistance to such clients; and

**WHEREAS,** The State of Texas will distribute grant funds through the Emergency Shelter Grants Program to private non-profit organizations only if the governing body of the local government, in which the proposed activities are to be located, certifies that it approves the project; and

**WHEREAS,** The Refuge Corporation is a private non-profit organization.

**NOW, THEREFORE, BE IT RESOLVED AND ORDERED BY THE CITY COUNCIL OF THE CITY OF COPPERAS COVE, TEXAS:**

**SECTION 1.**

The Refuge Corporation intends to continue providing quality emergency care to homeless women with children and others in need of assistance.

**SECTION 2.**

The services provided by the Refuge Corporation include, but are not limited to: food, transportation, childcare vouchers, and medical assistance to clients in need.

**SECTION 3.**

The City of Copperas Cove supports the application to the Texas Emergency Shelter Grants Program by the Refuge Corporation to provide such services and authorizes the City Manager to execute documents certifying such support.

**PASSED, APPROVED, AND ADOPTED** on this 17th day of November 2009, at a regular meeting of the City Council of the City of Copperas Cove, Texas 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.

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John Hull, Mayor

**ATTEST:**

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Jane Lees, City Secretary

**APPROVED AS TO FORM:**

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Denton, Navarro, Rocha  
& Bernal, P.C., City Attorney

FFY 2010 Texas Emergency Shelter Grants Program

<p>LOCAL GOVERNMENT CERTIFICATION FORM FOR PRIVATE NONPROFIT ORGANIZATIONS*</p>
-------------------------------------------------------------------------------------

I, \_\_\_\_\_,  
(Type Name)

duly authorized to act on behalf of \_\_\_\_\_,  
(City or County)

hereby approve the Emergency Shelter Grants Program project application submitted

to the Texas Department of Housing and Community Affairs by:

\_\_\_\_\_  
(Name of Private Nonprofit Organization)

and certify that the application activities are to be located in the city or county named above.

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Date)

\* The State of Texas will distribute ESGP funds to private nonprofit organizations only if the unit of general local government (any city or county) in which the proposed activities are to be located certifies that it approves the project.

# **City of Copperas Cove City Council Agenda Item Report**

**November 17, 2009**

## **Agenda Item No. G-6**

**Contact – Wanda Bunting, Director of Financial Services, 547-4221  
wbunting@ci.copperas-cove.tx.us**

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**SUBJECT: Consideration and action on authorizing the City Manager to submit a ballot form for the election of the Cities Aggregation Power Project, Inc. (CAPP) 2010 Board of Directors.**

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### **1. BACKGROUND/HISTORY**

The Cities Aggregation Power Project, Inc. (CAPP) is a non-profit organization that pools Texas cities' electric power needs in order to negotiate lower and more stable prices through bulk purchasing. CAPP is run entirely by its members and the Board of Directors.

### **2. FINDINGS/CURRENT ACTIVITY**

CAPP has Board members filling terms expiring on December 31, 2009. The City is a member of CAPP and is entitled to vote on the election of the voluntary 10 person Board of Directors. The CAPP Representative must cast a total of 3 votes. No more than one vote may be cast for the same nominee. Places 7 and 9 will be filled by the candidate receiving the highest number of votes after Places 1, 3 and 5 are filled.

### **3. FINANCIAL IMPACT**

None.

### **4. ACTION OPTIONS/RECOMMENDATION**

City staff recommends that the City Council authorize the City Manager, the authorized representative of the City of Copperas Cove, to vote for the 2010 CAPP Board election.

**CAPP 2010 BOARD OF DIRECTORS**  
**ELECTION BALLOT**

Instructions Note: *Only the CAPP member's officially designated CAPP representative is entitled to vote. One vote may be cast for nominees within each of the three user categories for a total of 3 votes. The CAPP Representative must cast a total of 3 votes. No more than one vote may be cast for the same nominee. Places 7 and 9 will be filled by the candidate receiving the highest number of votes after Places 1, 3 and 5 are filled.*

Please select one **from each category:**

Small User Group (Less than 15 million kWh)

- Place 5: David Ragsdale (Benbrook)
- Place 5: Robert S. Sparkman (The Colony)
- Place 5: Ann Honza (Rowlett)

Medium User Group (At least 15 million kWh but less than 30 million kWh)

- Place 3: Steve Massey (Allen)

Large User Group (30 million kWh or more)

- Place 1: Jay Doegey (Arlington)

Person voting:

\_\_\_\_\_  
Signature of Official CAPP Representative

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
City or Entity

### **ANN HONZA**

Ann Honza is the Assistant Director of Finance and Administration for the City of Rowlett, and has been with the City since 2001. She has a BBA in Accounting from Texas A&M Commerce and an MBA from Southern Methodist University. Ann is a Certified Public Accountant licensed in the State of Texas. Prior to joining the City of Rowlett, Ann worked for the Federal Deposit Insurance Corporation for 10 years. Other prior experience includes, several years in the banking industry, public accounting, and oil and gas industries. Ann is a member of the Government Finance Officers Association, Government Finance Officers Association of Texas, American Institute of CPAs, Texas Society of CPAs and the Institute of Internal Auditors. Ann has been Rowlett's representative for all utility matters (i.e. Atmos Cities Steering Committee, Steering Committee for Cities Served by Oncor, ERCOT, and CAPP) for the past 8+ years. She currently serves as a member of the CAPP Nominating/Governance Committee.

### **DAVID L. RAGSDALE**

Position & Certifications – David Ragsdale has served as a Finance Director for over 33 years, with 32 years at the City of Benbrook. He graduated from Baylor University with a BBA in Finance and Economics. David is a Certified Government Finance Officer and a Certified Tax Assessor. He has been associated with CAPP since it began in 2001, initially receiving reports from Benbrook's representative and then serving as the City's representative. Since becoming the City's CAPP representative David has served on several CAPP committees (JAC, Bond, and Governance) and has worked the CAPP booth at TML (at least 4 years putting together thousands of blinking light pens). David has attended various meetings both locally and in Austin to represent or testify for CAPP. During the past two years, he has served as a CAPP Board Member, an Atmos Gas Committee member and an Oncor Steering Committee member.

### **ROBERT S. SPARKMAN (THE COLONY)**

Bob Sparkman graduated from Drake College of Florida with a BBA in Business Management in 1969. After serving as a District Executive in the Boy Scouts of America, he started his career as a Purchasing Agent for the City of Galveston. He has since been a Purchasing Agent for two other cities in Texas, Lewisville and The Colony. He has been The Colony's contact person for electricity matters and a contact person for CAPP and has only missed a couple of meetings since CAPP was created. He developed the city's spreadsheets used to develop the load profile for The Colony. Currently, he is The Colony's representative for all utility matters (i.e. Atmos Cities Steering Committee (ACSC) and the Steering Committee for Cities Served by Oncor as well as CAPP).

### **STEVE MASSEY (ALLEN)**

Stephen Massey, P.E., has served as the Community Services Director (Public Works) in the City of Allen since 1990. He graduated from Texas A&M University with a degree in Mechanical Engineering, holds a Masters Degree in Engineering Management from the University of Missouri-Rolla, and is a Texas registered professional engineer. The first 27 years of Steve's professional career was in the US Army Corps of Engineers and he is now a retired Colonel. Steve has been involved in the process of Texas electric deregulation and CAPP activities since his arrival in Allen over nine years ago. Steve prepares the City's electric budget, reviews monthly electric billings, manages the performance of energy audits and power factor studies on City facilities, and prepares the annual State Energy Conservation Office (SECO) reports for the City. Steve is a serving CAPP Board Member and was first elected to the Board in 2005.

### **JAY DOEGEY (ARLINGTON)**

Jay Doegey has been the Arlington City Attorney since 1986. He was an Assistant City Attorney in Corpus Christi from 1977 until 1986. He has a BA in mathematics with a minor in economics from Southern Illinois University and a JD from UT Austin. He is the Chair of the TXU Electric Cities Steering Committee, Co-Chair of the Atmos Gas Cities Steering Committee, Treasurer of Texas Coalition of Cities for Utility Issues, and an incorporator of CAPP. He currently serves as 2<sup>nd</sup> Vice President of the International Municipal Lawyers Association and served as President of the Texas City Attorneys Association in 2008. He is a current board member of CAPP and is serving as Chair.

# City of Copperas Cove

## City Council Agenda Item Report

November 17, 2009

### Agenda Item No. G-7

Contact – Tim Molnes, Police Chief, 547-4272  
tmolnes@ci.copperas-cove.tx.us

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**SUBJECT:** Consideration and action on authorizing the City Manager to execute an agreement with Calence, LLC, of Austin, Texas for the installation of the communications, security, and data package for the new police facility.

---

#### 1. BACKGROUND/HISTORY

On October 26, 2009, during the regularly scheduled council meeting, the City Council authorized the purchase of the communication, security, and data package for the new police facility. Contained within that agenda item was a copy of the agreement and price quote for council's review with the statement that the item would be brought back for consideration after review by the City Attorney.

#### 2. FINDINGS/CURRENT ACTIVITY

The attached agreement provides for the installation of all of the equipment purchased for the communications, security, and data package as well as end user train-the-trainer, administrator training, and support. The agreement is for the amount of \$37,760. This agreement has been reviewed by the City Attorney.

#### 3. FINANCIAL IMPACT

Contained within Fund 65 are sufficient funds for the agreement that provides for the installation of the communications, security, and data package.

#### 4. ACTION OPTIONS/RECOMMENDATION

City staff recommends the City Council authorize the City Manager to execute the agreement with Calence, LLC, of Austin, Texas for the installation of the communications, security, and data package for the new police facility.

***Police Department Voice Network Implementation  
Statement of Work***

***for***

***City of Copperas Cove***

***Statement of Work No. 200910107-s1***

***October 20, 2009***

***Developed By***

***Calence, LLC***

***Corporate Office  
1560 W. Fountainhead Parkway, 2<sup>nd</sup> Floor  
Tempe, AZ 85282***

***Austin Office  
1130 Rutherford Lane, Suite 208  
Austin, TX 78753***

**CALENCE™**

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This Statement of Work ("SOW") is made effective October 20, 2009 ("Effective Date") by and between Calence, LLC ("Calence") and City of Copperas Cove ("CoCC" or "Customer") and is delivered pursuant and subject to the terms and conditions of the Contract for Products and Related Services, DIR Contract No. DIR-SDD-236 dated May 9, 2006 (the "Agreement") between Calence and State of Texas Department of Information Resources ("DIR"). This SOW will be incorporated by reference into the Agreement and become a part of the Agreement upon execution by both parties. Unless otherwise indicated, capitalized terms used herein that are defined in the Agreement will have the same meanings as in the Agreement. In the event of any conflict between this SOW and the Agreement, the Agreement will control.

## **Objectives**

Calence will meet the following Services objectives:

- Design and implement a Local Area Network (LAN) at the Police Department facility to support the new voice infrastructure
  - LAN will support end user PCs and printers, IP Surveillance devices, corporate servers and IP Telephony devices, such as IP phones, voice gateways and Communications Manager Servers
- Plan, design, implement, train and provide support procedures for the Unified Communications infrastructure

## **Scope and Approach**

Calence will perform the following Services:

### ***LAN Infrastructure***

- Review the high-level design of the LAN infrastructure
- Develop the detailed design including network addressing, VLAN schemes, Quality of Service and routing protocols
- Create implementation and test plans for the data infrastructure, detailing the steps and timeframes to implement the system
- Implement and test required network changes to support the voice/video infrastructure at the Police Department facility
- Migrate existing Police Department facility users to the new network infrastructure
- The following City of Coperas Cove data networking devices are included in this scope:
  - Twelve (12) Cisco Catalyst 2960 series switches
  - One (1) Cisco Catalyst 3560 series switch
  - Three (3) Cisco 2300 series redundant power supplies

### ***IP Telephony and Voicemail***

- Review the required features and functionality of City of Coperas Cove's voice system
- Confirm products required to support this implementation
- Develop a detailed design of the new IP Telephony system including calling plans (route partitions, calling search spaces, device pools, internal/external dialing, etc.), calling features, voicemail integration with Unity Connections, etc.
- Integration of the Communications Manager system with the existing PBX

- Create implementation and test plans for the IP Telephony implementation, detailing the steps and timeframes to implement the system
- Configure and deploy Cisco Unified Communications system at the Police Department facility, which includes the following:

#### **Cisco Communications Managers, Phones and Voice Gateways**

- One (1) Cisco MCS-7828 series server running Communications Manager Business Edition IP Telephony Software
- Eighty One (81) IP phones
- One (1) Cisco 2851 series voice gateway (Router) at the Police Department supporting 1 T1 voice port, two (2) FXO, and two (2) FXS analog voice lines
- One (1) Cisco 2801 series voice gateway (Router) at the Fire Station support one (1) T1 voice port, four (4) FXO, and four (4) FXS analog voice lines
- One (1) Cisco voice gateway (VG204) supporting four (4) analog voice lines

#### **Cisco Unity Connections**

- Installed co-resident with Communications Manager Business Edition on a Cisco MCS-7828 series server
  - Personalized voicemail inboxes for 81 users
  - Integration to the Cisco Communication Manager Cluster
  - IMAP Integration with Microsoft Exchange (or other email system)

#### **Support**

- Perform required training
  - End User Train-the-Trainer – 2 hours per session; 1 session
    - Provide end user train-the-trainer session
  - Administrator Training – 8 hours per session; 1 session (1 day)
    - Provide hands-on instruction for performing common administrative tasks for the Unified Communications system
- Perform one (1) day of solutions testing and first day support
- Present final deliverables and project documentation at project wrap-up meeting
- Transition to production support

#### **Project Management**

- Conduct a kick-off meeting to introduce the team and confirm the objectives, timeline and approach
- Discuss the communication plan to ensure succinct and orderly communication between the involved parties
- Perform a discovery of City of Copperas Cove's business requirements by meeting with key stakeholders to understand their business processes
- Gather existing network diagrams, call flow diagrams/requirements, and other documentation describing the current technical environment
- Perform overall project management and resource planning to meet agreed upon timeframes and expectations

- Deliver regular status reports
- Facilitate and attend regular status meetings
- Agree upon change control processes to minimize impact of the changes

## **Developed Works**

Calence will provide the following Developed Works:

### ***LAN Infrastructure***

- Logical and physical diagrams of the Cisco network infrastructure – Visio diagram for Calence installed devices.
- Design document describing the design and configuration standards and network topology, including network address and VLAN schemes

### ***IP Telephony and Voicemail/Unified Messaging***

- Design document describing the design and configuration standards, including route patterns, calling search space and dialing plan prior to the implementation phase
- 911 Test forms
- UC acceptance test plan
- Administrative and end user training presentation

### ***Project Management***

- Statement of Work
- Project Contact List
- Project Escalation List
- Meeting Minutes and Agendas
- Change control documentation
- Phone Inventory
- Equipment inventory
- Bill of Materials
- Cisco Smartnet Contracts (if applicable)

All rights and title to any Developed Works shall belong to Customer. All rights and title to Copyright Materials and Trade Secret Materials shall belong to Calence, subject to the license expressly granted in this SOW. All rights and title to Calence Resources shall belong to Calence, without any license with respect thereto Customer or any third party. All rights not expressly granted by Calence hereunder are reserved by Calence.

Subject to Customer's performance of its obligations under this SOW, including its payment obligations, Calence hereby grants to Customer a nonexclusive, nontransferable, limited license (without the right to grant sublicenses), to use, execute, copy and create derivative works of the Copyright Materials, and to use Trade Secret Materials: (i) solely for Customer's internal business purposes; (ii) not for the benefit of, or access by, any third party other than Customer's contractors who are subject to written agreements consistent with this SOW and who act solely for the benefit of Customer; and (iii) subject to all other provisions of the Agreement and this SOW.

For the purposes of this SOW:

- "Calence Resources" means all software, documentation, information and materials used by Calence, or by Calence's contractors on behalf of Calence, in Calence's performance under this SOW.
- "Copyright Materials" means all works of authorship recorded or copied in the Developed Works, and which may include designs, plans, blueprints, manuals, diagrams, activity reports, security assessments, and other written materials.
- "Trade Secret Materials" means all non-public information that is provided to Customer under this SOW, and which may include patent applications, trade secrets, technical and non-technical data, business methods and models, drawings, processes, formulas, ideas, concepts, know-how, techniques, sketches, models, inventions, processes, algorithms, formulas, and including information regarding experiments, developments, designs and specifications.

## Assumptions and Requirements

The following assumptions and requirements apply for this Services engagement:

1. This scope of work and voice solution does not include 911 dispatch services to support the CoCC or surrounding areas.
2. Physical placement of Cisco IP Phones will be the responsibility of CoCC.
3. The current phone system will remain available to users until the IP Telephony training and conversion are completed.
4. Unity Connections will be used as a stand-alone voicemail solution and will be integrated via IMAP with existing email environment.
5. The setup/installation of email clients for the purpose of supporting IMAP Voicemails will be the responsibility of CoCC
6. CoCC will be responsible for implementing and testing all required PBX configuration changes.
7. CoCC will acquire appropriate DID numbers from the phone company.
8. Voice gateway equipment is designed to support T1 digital lines running PRI. CoCC will work with local PSTN carrier regarding T1 configuration changes or cutover scheduling.
9. This scope does not include integration with a PA or overhead paging system.
10. This scope does not include the custom development of XML applications on the IP phones.
11. CoCC will supply all cabling and provide necessary power and designated space to support all equipment. Calence cannot guarantee the performance of the LAN infrastructure if we were not involved in the architecture, design, configuration or product selection, where applicable.
12. CoCC will provide Calence with a list of all Customer and third-party contacts necessary for Calence to meet project-specific milestones and to perform and complete the Services and Deliverables.
13. Minimum CAT-5 cabling specification is used throughout the facilities, and all cable runs are within the maximum allowed distances to support Ethernet.
14. Calence will not be responsible for any re-wiring or cabling of data drops within the Police Department and Fire Station facilities.
15. CoCC onsite personnel will be available to confirm business requirements, review high-level and detailed designs, and provide hands-on support of the implementation.
16. All software, hardware, network wiring, permits, licenses and rights of way necessary for the completion of this project will be acquired and/or installed by CoCC in a timeframe that allows Calence to complete or meet the project-specific milestones.

17. All software, hardware, network wiring, permits, licenses and rights of way necessary for the completion of this project will be acquired and/or installed by CoCC in a timeframe that allows Calence to complete or meet the project-specific milestones.
18. CoCC and its employees, contractors, and agents will: (a) cooperate with any reasonable request of Calence, (b) provide input throughout the project and will review progress at review meetings requested by Calence; and (c) provide Calence with access to all of CoCC's information, documentation and technology, necessary for Calence to perform the Services in accordance with this SOW, including a list of all Customer and third-party contacts necessary for Calence to do so. Such cooperation, input, and access are critical to this project, and CoCC's representation at all review meetings is essential.
19. CoCC will ensure that the Calence project staff is given access to all necessary facilities and workspace, and is provided all furniture, supplies and equipment (telephones, faxes, LAN connectivity, printer access, dial-out modem lines, passwords, keys, etc.) required to successfully perform, troubleshoot, and complete the Services for the duration of the Services. In addition, CoCC will ensure that the work environment is free of hazardous materials and free from asbestos, and that all Calence personnel are provided with all necessary safety equipment and training while on CoCC's or its customer's site.
20. CoCC is responsible for providing adequate and secure onsite storage for all deliveries.
21. CoCC is responsible for: (a) Back-up and/or data migration of existing data unless otherwise agreed to by Calence; (b) Computer system and network designs; and (c) Component selection as it relates to the performance of the computer system and/or the network.
22. All Services will be performed over a consecutive timeframe unless otherwise provided herein or agreed to by Calence in writing. Calence will schedule resources upon receipt and acceptance of a fully executed SOW and a Purchase Order (to the extent required) from CoCC. Calence will use commercially reasonable efforts to take into account CoCC's schedule, but in all events the performance of the Services is subject to the availability of Calence personnel and resources, as determined by Calence. Any cancellations or changes in a project schedule that are requested by CoCC and that do not proximately result from an act or omission by Calence will be subject to a charge of 4 hours billed at the rate of \$200 per hour.
23. Any onsite skills transfer that takes place during this project will not replace the manufacturer's formal system implementation and administration classes.
24. CoCC will communicate any issues or concerns with respect to the Services or Developed Works in a timely manner.
25. Work estimates assume the Services will be completed within the duration stated in the Timeframes section below. Calence is not responsible for delays or repeated tasks caused by factors outside Calence's control. These factors include availability of Customer personnel, equipment and telecommunication provider services. CoCC will compensate Calence for any out-of-scope work requested by CoCC on an hourly basis at Calence's standard hourly rates (unless otherwise agreed to in writing by the parties).
26. Customer agrees to hold information designated in writing as confidential or proprietary by Calence in strictest confidence and not to copy, reproduce, sell, assign, license, market, transfer or otherwise disclose such information to third parties or to use such information for any purpose whatsoever, except to perform the Customer's obligations hereunder and except as otherwise permitted by this SOW or applicable Texas law. Nothing herein transfers to Customer any title to or ownership rights in any such information; and, upon written request of Calence, Customer shall promptly return or delete any such information which it has in its possession.
27. Calence has no obligation to, and will not, install, mount, affix, screw, or otherwise fasten any cable, hardware, or other product to any building or structure (inside or outside), and Calence has no obligation to, and will not, run cable above, under, behind, or through any ceiling, floor, or wall of any building or structure. To the extent that any such services are required, such services will be performed by another person or entity engaged directly by CoCC.

28. This SOW is subject to credit approval by Calence.
29. This offer of Services will be good for 30 days from the date on the Cove of this SOW.
30. Any changes to the scope and/or assumptions will require joint written approval. This may extend the duration of the engagement and/or require additional resources, resulting in additional cost to CoCC.

### **Timeframes**

Calence estimates that the Services described herein will be completed within 4 weeks after the start of the project.

### **Fees**

#### ***Consulting Fees***

Services will be provided for the fixed fee listed below.

	<b>Fixed Consulting Fee</b>
Police Department Voice Network Implementation	\$37,760.00

#### ***Pricing Assumptions***

1. Consulting Fees pricing does not include any necessary hardware/software costs, and expenses are not reimbursable.
2. Expedited shipping, if applicable, is not included.
3. All prices are in U.S. dollars.
4. The work to be performed will be completed during normally scheduled working hours (8:00 A.M. to 5:00 P.M. local time Monday through Friday), excluding Calence observed holidays (New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, The day after Thanksgiving, Christmas Eve, Christmas Day).

### **Invoicing and Payment**

CoCC will be invoiced monthly, based on the percentage of the Services completed that month, and will pay each invoice within 30 days from the date that CoCC receives the invoice, per Texas Government Code, chapter 2251.

Customer will be invoiced for any "product" (i.e., hardware, software, documentation, accessories, materials, supplies and parts) associated with this SOW upon delivery to a common carrier. Payment for any invoice for product (as listed above) is due within 30 days from the date that CoCC receives the invoice, per Texas Government Code, chapter 2251.

### **Location**

The engagement will be performed at CoCC's facilities located at 9737 Great Hills Tri #240A.

### **Customer Contact Information**

CoCC's contact for this engagement is Tim Molnes (phone: 254.547.1805; email: [tmolnes@ci.copperas-cove.tx.us](mailto:tmolnes@ci.copperas-cove.tx.us)), who will be responsible for making the arrangements necessary to accommodate Calence staff members and provide them with the CoCC resources required to complete the project.

### Change Management

Calence reserves the right to increase the fees and other amounts due to it hereunder in the event any of the assumptions or requirements set forth in this SOW are unperformed or incorrect, or if CoCC requests Calence to provide additional services outside the scope of Services. In any such event, Calence will have no obligation to perform the affected Services or any additional services unless both parties have agreed, in writing, to the increased fees and/or the additional scope, as applicable, in the form of an addendum to this SOW.

### Escalation Procedure

Communications from Customer to Calence concerning the Services provided under this SOW will be escalated in accordance with the following table. Names are listed in the order in which escalation occurs.

Title	Name	Contact Information
Account Manager	Christine Ricker	Phone: 512.691.2013 Fax: 512.691.9480 Email: christine.ricker@calence.com
Consulting Director	John Brooks	Phone: 512.691.2054 Fax: 512.691.9480 Email: john.brooks@calence.com

### Invoicing Procedures

Calence will send invoices to:

City of Copperas Cove

Address: \_\_\_\_\_

Attention: Accounts Payable

Accounts Payable Contact: \_\_\_\_\_

Phone: \_\_\_\_\_

Select one of the following below:

- Customer issues system-generated Purchase Orders for service engagements. Please fill in the PO Number below and attach a hard copy of the Purchase Order to this signed SOW. Note: Services cannot be performed until a hard copy of the Purchase Order is received.

P.O. Number \_\_\_\_\_

- Customer does NOT issue system-generated Purchase Orders for service engagements. Accordingly, performance of and payment for any services under this SOW do not require, and are not contingent upon, the issuance of any Purchase Order or other similar document. If Customer requires Calence to include an internal reference number on invoices, please fill in the reference information below.

Internal Billing Reference Number/Name: \_\_\_\_\_

IN WITNESS WHEREOF, Customer and Calence have executed this SOW effective as of the Effective Date. Customer, by signing below, expressly acknowledges and affirms that Customer has carefully read and agrees to this entire SOW, and that this SOW is a binding agreement between Calence and Customer. Customer and the individual signing this SOW on behalf of Customer represent that he/she is expressly invested with the requisite authority to execute this SOW on behalf of Customer and bind Customer in this matter.

**Calence, LLC**

**City of Copperas Cove**

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

# **City of Copperas Cove**

## **City Council Agenda Item Report**

**November 17, 2009**

### **Agenda Item No. H-1**

**Contact – Andrea M. Gardner, City Manager, 547-4221**  
agardner@ci.copperas-cove.tx.us

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**SUBJECT: Public hearing on designating a reinvestment zone for purposes of granting a tax abatement per the Texas Property Tax Code.**

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#### **1. BACKGROUND/HISTORY**

At the June 16, 2009 Regular Council Meeting, the City Council provided direction to the Copperas Cove Economic Development Corporation, CCEDC, to form a committee to create economic development guidelines and criteria for tax abatement. A workshop was held on September 1, 2009, at which the CCEDC presented the City Council with recommended economic development guidelines and criteria for tax abatement. A follow up workshop was conducted on October 13, 2009 to discuss tax abatement guidelines and criteria as shown in the Property Tax Code §312 and a Resolution was approved expressing the taxing unit's intent to become eligible to participate in tax abatement by the City Council.

#### **2. FINDINGS/CURRENT ACTIVITY**

Following the October 26, 2009 Council Meeting, an application was received from Canyon Creek Developers LLC, dba Stoney Brook of Copperas Cove. At the October 26, 2009 meeting, the City Council decided to defer establishing reinvestment zone until presented with a request for tax abatement.

During the City Council's November 3, 2009 meeting, as required by §312.201(d) of the Texas Property Tax Code, the Council set November 17, 2009, as the date for the Public Hearing and designation of the reinvestment zone. §312.201(d) further requires "Not later than the seventh day before the date of the hearing, notice of the hearing must be: (1) published in a newspaper having general circulation in the municipality; and (2) delivered in writing to the presiding officer of the governing body of each taxing unit that includes in its boundaries real property that is to be included in the proposed reinvestment zone." Attached are a copy of the notice that was printed in the newspaper and copies of the letters that were sent to the taxing units.

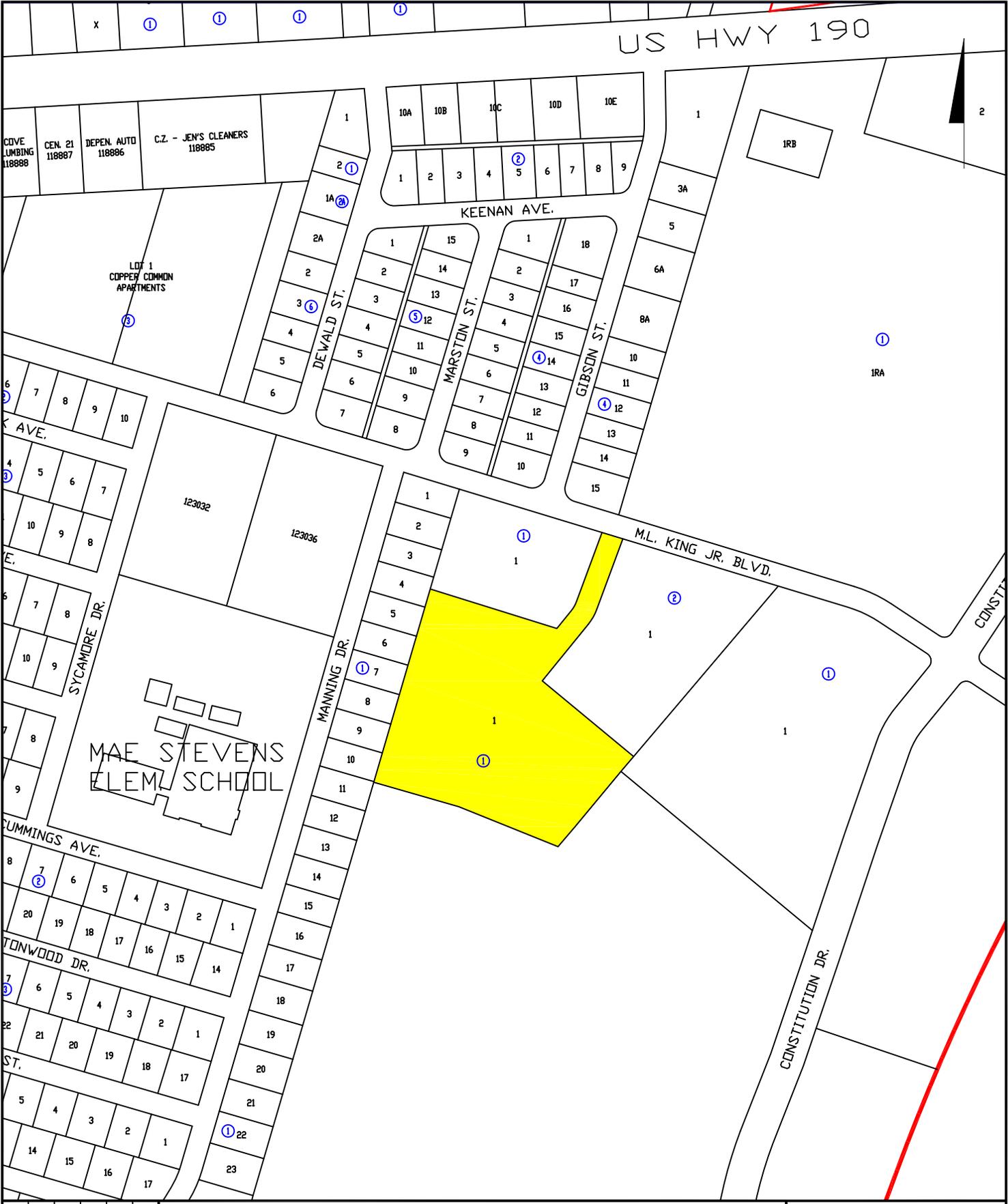
The Council approved the proposed designation of the 5.02 acres which is the Stoney Brook Addition located at 1808 Martin Luther King, Jr. Blvd. for the reinvestment zone (see attached map).

**3. FINANCIAL IMPACT**

None.

**4. ACTION OPTIONS/RECOMMENDATION**

City staff recommends the City Council hold the Public Hearing on the proposed designation as the reinvestment zone.

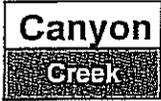


# PROPOSED REINVESTMENT ZONE

## 1808 M.L. KING JR. BLVD.

DATE: November 05, 2009  
 REVISION: N/A  
 SCALE: 1" = 300'  
 DESIGNED BY: City of Copperas Cove, TX  
 DRAWING FILE: 1808 M.L. King Jr Blvd  
 SHEET: 1 of 1





## Canyon Creek Developers LLC

7800 Southwest Parkway, Escondera 713, Austin, TX 78735

October 26, 2009

Ms. Andrea Gardner  
City Manager  
City of Copperas Cove  
507 S. Main Street  
Copperas Cove, TX 76522

Dear Ms. Gardner,

Thank you for accepting our application for tax abatements. Please find attached the completed application form as well as a description of our facility. We are excited to join the Copperas Cove Community and look forward to working with you all.

As you know, our intention is to create a leading edge facility – both with respect to the design and services, reflecting our philosophy that elder care should be predicated and practiced on an active platform that stimulates the emotional, intellectual, physical and spiritual well-being of our residents versus simply warehousing the elderly. We anticipate that Stoney Brook will significantly improve the quality of life for the residents by providing a high quality development for the elderly requiring assistance in their daily lives.

We continue to face challenges on the macro-level, given the credit environment and uncertain future. This is sure to impact our lease-up rates. In light of this, we would like you and the City of Copperas Cove to seriously consider our application for tax abatement for the Stoney Brook of Copperas Cove Assisted Living Facility.

Please let us know if you need any further information.

Kindest Regards,

A handwritten signature in black ink, appearing to read "CH", written over a horizontal line.

Christopher Han  
Managing Member

RECEIVED  
10-27-09  
JF

# APPLICATION FOR TAX ABATEMENT IN COPPERAS COVE, TEXAS

## FILING INSTRUCTIONS

This application should be filed prior to the beginning of construction or the installation of equipment and should be accompanied by a \$1,500 filing fee. This filing acknowledges familiarity and assumed conformance with "CITY OF COPPERAS COVE, TEXAS TAX ABATEMENT GUIDELINES AND CRITERIA". This application will become a part of any later agreement or contract and knowingly false representations thereon will be grounds for the voiding of any later agreement or contract.

---

### ORIGINAL COPY OF THIS APPLICATION AND ATTACHMENTS SHOULD BE SUBMITTED EITHER TO:

MAYOR  
CITY OF COPPERAS COVE  
P. O. DRAWER 1449  
COPPERAS COVE, TEXAS 76528

OR

COUNTY JUDGE  
CORYELL COUNTY COURTHOUSE  
FIRST FLOOR, 620 E. MAIN ST.  
COPPERAS COVE, TEXAS 76528

Applications for projects to be located within the municipality of Copperas Cove should be made to the Mayor of Copperas Cove.

Applications for projects to be located in Coryell County and inside of the extraterritorial jurisdiction of the City of Copperas Cove should be made to the Coryell County Judge.

## SECTION 1 - APPLICANT INFORMATION

Submittal Date: 10/26/2009

Company Name: Copperas Cove A.L., LLC dba Stoney Brook of Copperas Cove

Address (City/State): MLK, Copperas Cove, Texas

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

Name of company contact on this project: Kerry Ready/ Christopher Han

Contact Address (City/State): 7800 Southwest Parkway, #713, Austin, TX 78735

Phone: 512-474-5471 / 512-474-5470 Fax: \_\_\_\_\_

Type of Structure: Corporation ( ) Partnership ( ) Proprietorship ( )

Total Number New Employees to Start: 16 to 18 employees\*

Corporate Annual Sales Per Year: \$2.5 million (at 90% occupancy)

Estimated Local Sales Per Year: \$2.5 million (at 90% occupancy)

Other Job Information \*16 to 18 employees at opening. 25 to 29 employees at 90% occupancy

---

**SECTION 2 - PROJECT INFORMATION**

**Check type of facility to be abated:**

Manufacturing	( )	Regional Distribution	( )	Research	( )
Regional Service	( )	Other Basic Industry	( )		
Residential Medical Services Facility			( X )		

**DOWNTOWN DEVELOPMENT DISTRICT**

Retail	( )	Personal Service	( )	Restaurant	( )
Entertainment	( )	Hotel/Housing	( )	Mixed Use	( )
Printing	( )	Health/ Fitness	( )	Gallery	( )
Other	( )				

Proposed facility address and legal description. **(Attach information and map.)**

MLK Blvd @ Constitution, Copperas Cove, Texas (see attached survey)

The proposed facility is located within the following taxing district:

City of Copperas Cove ( X )                      Coryell County ( X )                      Copperas Cove I.S.D. ( X )

Describe product or service to be provided: Stoney Brook of Copperas Cove will be a 60-unit / 64 bed assisted living facility. The facility will occupy approximately five acres and consist of an approximately 50,000 square foot main building. Services range from social activities and food service to physical, occupational and speech therapy . The facility will maintain a 24-hour dedicated and highly trained staff.

---

This application is for a:

New Plant- ( X )                      Expansion ( )                      Modernization ( )

Downtown Development District Project

New ( )                      Expansion ( )                      Modernization ( )

---

### **SECTION 3 - PROJECT DESCRIPTION**

Please attach a statement on company letterhead and signed by an officer of the company (1) fully explaining the nature and scope of the project; (2) describing the proposed site and existing improvements, if any; (3) describing all proposed improvements; and (4) providing a list of eligible improvements and fixed equipment for which abatement is requested.

*(see attached)*

**SECTION 4 - ECONOMIC IMPACT INFORMATION**

**Part A - Original Investment in Improvements**

\$ 7.5 million -

Downtown Development District Project:

Improvements to Real Property (buildings, structures, fixed machinery etc). \$ \_\_\_\_\_

Improvements to Personal Property (excluding supplies, inventory and property which has a productive life of less than 10 years) \$ \_\_\_\_\_

**Part B - Permanent Employment Estimates**

If existing facility, what is the current plant employment? N/A employees

Estimated number of plant jobs? Retained N/A Created at start-up 16-18

List expected new permanent employment to be created at the end of first two years after start-up:

25 Year One 29 Year Two

Estimated start-up date: October, 2010

**Part C - Construction and Employment Estimates**

Construction start: Month November Year 2009

Construction completion: Month October Year 2010

Number of construction jobs: At start-up 12 Peak 50

At completion 30 Number of man-years 35

**Part D - School District Impact Estimates**

Give number of:

Families transferred to area 2

Estimated number of children to be added to Copperas Cove ISD 3

**Part E - City Impact Estimates**

	Value Jan 1 Preceding Abatement	Value of Proposed Improvements	Estimated Value Upon Project Completion
Land	\$485,000	\$918,506	\$1,403,506
Improvements	\$0	\$5,809,215	\$5,809,215
Personal Property	\$0	\$265,000	\$265,000

Total Value	\$485,000	\$6,992,721	\$7,477,721
-------------	-----------	-------------	-------------

Expected productive life of abated improvements:

Building 40 Years      Equipment 15 Years

Requested Abatement Percentage      Flat Rate \_\_\_\_\_      Declining Rate X.

Requested Abatement Term      3 Years

Downtown Development District Impact Estimates

	Value Jan 1 Preceding Abatement	Value of Proposed Improvements	Estimated Value Upon Project Completion
Land			
Improvements			
Personal Property			
Total Value			

Expected productive life of abated improvements:

Building \_\_\_\_\_ Years      Equipment \_\_\_\_\_ Years      Personal \_\_\_\_\_ Years

What taxable sales will be generated at this location \$ \_\_\_\_\_ per year.

**SECTION 5 - OTHER AGREEMENT APPLICATIONS**

Has the company made application for abatement of this project to other taxing jurisdictions?

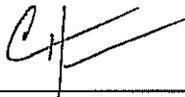
Yes \_\_\_\_\_ No X.

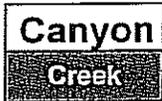
If "Yes", please provide (1) dates of application; (2) hearing dates; (3) name of jurisdiction(s) and contact(s); and (4) any letter of intent to abate.

**SECTION 6 - DECLARATION**

To the best of my knowledge, the above information is an accurate description of project details.

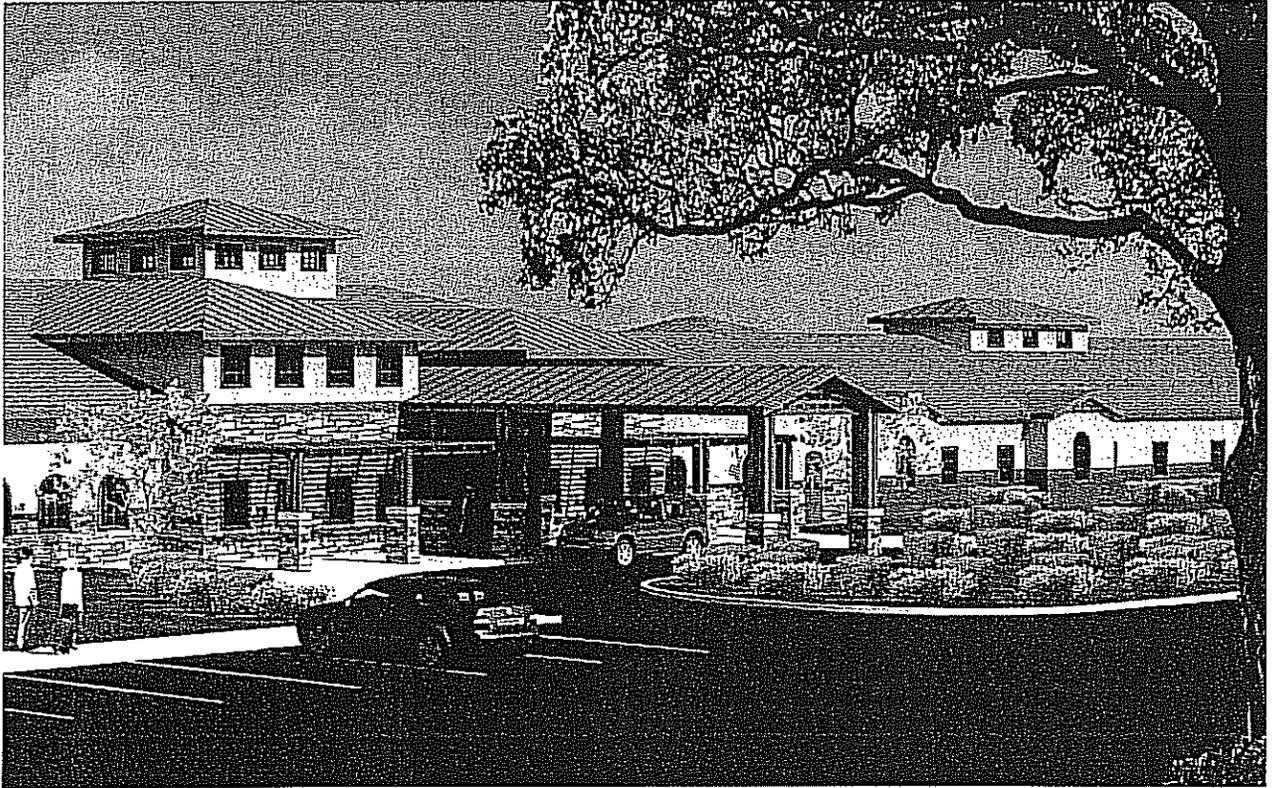
Christopher Han, Managing Member  
 Printed name and title of company  
 official

  
 \_\_\_\_\_  
 Company official's signature

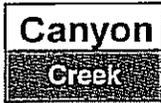


**Canyon Creek Developers LLC**  
7800 Southwest Parkway, Escondera 713, Austin, TX 78735

## *Stoney Brook of Copperas Cove*



**Project Description**  
**October 26, 2009**



## Canyon Creek Developers LLC

7800 Southwest Parkway, Escondera 713, Austin, TX 78735

### Overview

The proposed project is a 60-unit / 64-bed assisted living facility located in Copperas Cove, Texas. The facility will occupy approximately 5 acres and consist of an approximately 52,000 square foot main building housing all administrative functions and residents, with a separate shed of approximately 1,000 sqft. The main building is comprised of three major "neighborhood" wings arranged around a central core housing the administrative, service, and activity functions. Two of the wings will be joined by boxing around a central open courtyard and serve as the wander garden for memory care residents. The facility will accommodate 64 residents in an array of room configurations:

### Unit Configuration

- 8 x studio units 335 sqft
- 20 x one bedroom units 440 sqft
- 8 x one bedroom large units 600 sqft
- 4 x 2-bedroom units 725 sqft
- 20 x studio Dementia units 335 sqft

Each unit will be furnished with a kitchenette and small refrigerator lifted off the ground for handicap access, closet space, bathroom with handicap shower, and independent climate control units. Some units will have doorways providing direct access to the courtyard and covered walkway.

The model is based upon a similar design and operating platform that the developers proved successful in Iowa, i.e. similar floorplans, operating ratios, service levels, budget guidelines, and quality control procedures, with the exception of the exterior and rooflines, which will be adapted for prevailing Central Texas style through the use of stone and stucco facing with wood accents in common areas.

### Resident Wings

Each of the resident wings will contain between 14 and 18 residents, common living room, kitchenette, dining room, and outdoor portico/sitting area. Additionally, each wing will have a Staff Room/Nurse station, housekeeping/storage closets and an eat-in Bistro setting. Residents will furnish their own dwellings.

### Central Core

The central core of the main building will include a communal dining room, private dining room for parties and meetings, outdoor sitting area, social parlor, exercise room, physical therapy room with whirlpool, resident mailboxes, beauty salon, main activities room with TV, library, entertainment, and sofas and armchairs. Additionally, the central area will house three administrative offices, staff lounge, meeting room, medication set-up room, mechanical room, kitchen and delivery area, maintenance room, and public restrooms as follows:

## Grounds

The boxed in courtyard will serve as a common outdoor space accessible by the residents. A separate wander garden will be located off the Dementia care unit wing. Both grounds will provide residents and guests with secure areas to walk, exercise, visit, and otherwise enjoy the outdoors. Emphasis will be placed on providing ample shaded areas with the placement of outdoor structures and the planting of quick growing shade trees. Ample parking will be provided for visitors and to allow independent residents the freedom to travel on their own. An onsite maintenance person will be in charge of the ground building maintenance. A high level of attention to detail will ensure that the design and completion of the facility will exceed expectations.

## Resident Services

Copperas Cove Assisted Living will provide for the following services and amenities to its residents:

### Services

Full activities program  
Three meals daily with table or room service  
24-hour supervision by dedicated and trained staff  
Weekly housekeeping service  
Weekly laundry service  
Emergency call system  
Individual climate units  
Paid utilities (except cable & telephone)  
Year round building and grounds maintenance

### Amenities

Social / Ice Cream Parlor  
Physical Wellness program  
Exercise room with equipment  
Private family dining room and service  
Outdoor courtyard and activity areas  
Gardening space  
Outreach programs - visiting lectures  
Neighborhood living rooms  
Neighborhood bistro dining

Additionally, Copperas Cove Assisted Living will provide physical therapy, occupational therapy, speech therapy, and massage services in the spa and therapy rooms. These services will be contracted through either local hospitals or private providers.

## Space Usage

- Entry Area:** Single wide door handicap access leads into the main foyer. Receptionist console is located immediately upon entry with sitting lounge and administrative offices for administrator, nursing director and support staff arrayed around the main entrance.
- Offices:** Executive managers will have resident accessible offices in the central core.
- Laundry:** One central laundry room with five washers and five dryers. A separate sorting room and folding counter will be installed. Residents will have access to their clothes and washing facilities at all times. Resident service includes laundry twice per week.
- Kitchen:** All meals will be prepared in the main kitchen, which will feature a serving counter, walk-in storage and refrigeration. All meals will feature table delivery.
- Dining Room:** Main dining chamber will accommodate up to 100 guests. Private dining chamber will accommodate 25 people and have access to covered outdoor dining on one of the two decks.

- Social / Ice Cream:** This space will create a casual social gathering spot with 4-seat tables, and offer amenities such as a separate refrigerator, granite countertop, music system and table-top entertainment.
- Beauty Salon:** The Spa will serve both men and women as a full service hair salon. The design will incorporate elements from leading spas to create a relaxing atmosphere.
- Activity Room:** The Main Lounge and Activity area will serve as the primary center for most activities and offer a fireplace, featured guests and lectures, movies, and event space for special events.
- Medical Prep Room:** A secure medication preparation and storage site that can be used an for examination, therapy and massage.
- Exercise Room:** For physical therapy and general exercise. Will have several cardio vascular machines, free weights and tension devices as well as massage table.
- Wing Commons:** Each wing will have a large common room with a kitchenette and space for activities and dining. Outside will be a small garden area to provide outdoor access.







## City of Copperas Cove

"The City Built for Family Living"

---

November 6, 2009

Dr. James Anderson  
Chancellor Central Texas College  
P. O. Box 1800  
Killeen, TX 76540-1800

Reference: Proposed Reinvestment Zone Designation

Dear Dr. Anderson:

The City of Copperas Cove is holding a Public Hearing on a request to designate a reinvestment zone for the 5.02 acre tract located at 1808 Martin Luther King Blvd., Copperas Cove, Texas, being the Stoney Brook Addition. The hearing is scheduled for the regular City Council meeting on November 17, 2009 at 7:00 p.m. at the Council Chambers in City Hall at 507 S. Main Street, Copperas Cove, Texas.

Section 312.201(d) requires that "presiding officers of governing body of each taxing unit that includes in its boundaries real property that is to be included in the proposed reinvestment zone". To satisfy this requirement, please accept this letter and its attachments as the official notice for the Public Hearing. If you have any questions, please feel free to contact this office at (254) 542-8914.

Sincerely,

Andrea M. Gardner  
City Manager



## City of Copperas Cove

"The City Built for Family Living"

---

November 6, 2009

Justin Carothers  
Coryell County Tax Assessor-Collector  
P. O. Box 6  
Gatesville, TX 76528

Reference: Proposed Reinvestment Zone Designation

Dear Mr. Carothers:

The City of Copperas Cove is holding a Public Hearing on a request to designate a reinvestment zone for the 5.02 acre tract located at 1808 Martin Luther King Blvd., Copperas Cove, Texas, being the Stoney Brook Addition. The hearing is scheduled for the regular City Council meeting on November 17, 2009 at 7:00 p.m. at the Council Chambers in City Hall at 507 S. Main Street, Copperas Cove, Texas.

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Sincerely,

Andrea M. Gardner  
City Manager



## City of Copperas Cove

"The City Built for Family Living"

---

November 6, 2009

Honorable Judge Firth  
Coryell County Judge  
620 East Main Street  
Gatesville, TX 76528

Reference: Proposed Reinvestment Zone Designation

Dear Judge Firth:

The City of Copperas Cove is holding a Public Hearing on a request to designate a reinvestment zone for the 5.02 acre tract located at 1808 Martin Luther King Blvd., Copperas Cove, Texas, being the Stoney Brook Addition. The hearing is scheduled for the regular City Council meeting on November 17, 2009 at 7:00 p.m. at the Council Chambers in City Hall at 507 S. Main Street, Copperas Cove, Texas.

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Sincerely,

Andrea M. Gardner  
City Manager



## City of Copperas Cove

"The City Built for Family Living"

---

November 6, 2009

Dr. Rose Cameron  
Superintendent CCISD  
703 W. Avenue D  
Copperas Cove, TX 76522

Reference: Proposed Reinvestment Zone Designation

Dear Dr. Cameron:

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Sincerely,

Andrea M. Gardner  
City Manager

# FIELD

r-Press ♦ November 6, 2009 ♦ 254-547-4207

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**PUBLIC NOTICE**

**PUBLIC NOTICE**

**PUBLIC NOTICE**

**PUBLIC NOTICE**

**HUNTING LEASE**

**ESTATE AUCTION**

### PUBLIC HEARING



City of Copperas Cove

Notice is hereby given that a public hearing will be held in the **City Council Chambers of City Hall, City of Copperas Cove, 507 South Main Street** as required by 312.201(d1) of the Texas Property Tax Code. The public hearing will be held by the City Council on **November 17, 2009 at 7:00 p.m.** The purpose of the hearing is to allow interested persons an opportunity to speak and present evidence for or against the designation as described below:

A public hearing on a request to designate a reinvestment zone for the 5.02 acres of the W. P. Hardeman Survey, Abstract #4546 being the Stoney Brook Addition (located at 1808 Martin Luther King, Jr. Blvd., Copperas Cove, Coryell County, Texas).

All interested citizens and property owners are hereby notified of their rights to appear and be heard on this matter.

### PUBLIC MEETING



City of Copperas Cove

The City of Copperas Cove will hold a **Public Meeting on November 9, 2009**



City of Copperas Cove

### NOTICE TO BIDDERS

Sealed Bids addressed to the City of Copperas Cove, Texas for **CITY OF COPPERAS COVE LUTHERAN CHURCH ROAD STREET IMPROVEMENTS AND MARTIN WALKER ELEMENTARY DRAINAGE IMPROVEMENTS, Coryell County, Bid # 2010-02-53** in accordance with the specifications as prepared by Hearn Engineering, Inc. **will be accepted and received** by the City of Copperas Cove, Texas, in the Office of the Purchasing Officer, 507 S. Main Street, PO Box 1449, Copperas Cove, Texas 76522, **until 10:00 am on November 20, 2009**, at which time the Bids shall be publicly opened and read aloud in the Council Chambers. Award of the bid for this project shall be made in the Council Chambers, City Hall, 507 S. Main Street, Copperas Cove, Texas, at the 7:00 p.m. meeting of the City Council of the City of Copperas Cove, Texas, on the December 1, 2009, or at any subsequent time and date set by the City Council at that meeting.

Any Bid received after closing time will be returned unopened.

Plans, specifications and other Contract Documents may be examined at:

Hearn Engineering, Inc.

6,700 acres for lease near Big Lake, TX, 15 guns at \$2,000. Mule Deer, Whitetail, Turkey, Blue Quail, Bobwhite & Dove. Cabin has water & electricity. Call Randall 254-681-3560.

### EVENTS

Vendors wanted for Belton Market Day, 3rd Saturday every month. Visit [www.downtownbelton.com](http://www.downtownbelton.com) for an application or call Bennie Carroll 939-2661 or email [ibegrandmabee@aol.com](mailto:ibegrandmabee@aol.com).

### HELP WANTED

CALL LANDMARK TODAY! Tired of being laid off? Call Landmark. We are still growing and are hiring Concrete Foremen and Leadsman with direct, "hands-on" experience in structural concrete work. Must possess a strong working knowledge of concrete mix designs/admixtures, experience with...

Compl FARM & ESTATE Auction Sat. Nov 9:30 a.m. ranch CR3640, T

Associated eers have t missioned to the real esta ranch equip cutting hors late Jerry H

### REAL ESTATE

Offer 432.5 +/- 29.432 a app. 4000 house, rou covered stal & working pe +/- 403.06 farm/pasture app. 65 acre ed land, rem rolling mesquites, and stock tar

For real est contact Beth at Cloud Rea 254-690-

Selling equ quarter house, lan dles, vehicl more.

Terms: Rea \$5,000.00 balance at All other purch

# City of Copperas Cove City Council Agenda Item Report

November 17, 2009

## Agenda Item I-1

Contact – Wanda Bunting, Director of Financial Services, 547-4221  
wbunting@ci.copperas-cove.tx.us

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**SUBJECT: Consideration and action on approving a contract between the City of Copperas Cove and the Copperas Cove Country Opry concerning the use of hotel occupancy tax.**

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### 1. BACKGROUND/HISTORY

In March 2009, the City Council approved a contract between the City of Copperas Cove and the Copperas Cove Country Opry. The contract period was from March 1, 2009 to December 31, 2009. The City Council approved funding for FY 2008-09 through a budget amendment. During the FY 2009-10 budget process, the City Council appropriated \$4,000 to the Copperas Cove Country Opry, which equates to \$1,000 per quarter through September 30, 2010.

### 2. FINDINGS/CURRENT ACTIVITY

In order to match up the contract period and the City of Copperas Cove fiscal year budget, the contract period on the attached agreement is proposed to be effective from October 1, 2009 through September 30, 2010.

### 3. FINANCIAL IMPACT

None.

### 4. ACTION OPTIONS/RECOMMENDATION

City staff recommends City Council take action on attached contract between the City of Copperas Cove and Copperas Cove Country Opry.



by the CITY during the herein above period are fully paid to OPRY.

- (c) OPRY shall maintain complete and accurate financial records of each expenditure of hotel occupancy tax revenue and upon request of the City Council or other person, shall make the records available for inspection and review. If it is determined that OPRY has used the funds for any purpose other than those identified in II(a) of this contract in any fashion, OPRY shall repay all improper expenditures and shall remit 10 percent interest per annum on all improper expenditures from the time OPRY received funds from the CITY OF COPPERAS COVE under this contract.
- (d) No later than thirty (30) days after the quarter ending date, OPRY shall submit a full and complete expenditure report to the CITY, showing in detail the disbursement and use of showing in detail the disbursement and use of all such amounts paid to OPRY and the services or goods and/or merchandise received for the same. Each report shall contain performance measures to evaluate the progress of tourism activities. These performance measures are to be developed by the OPRY and reviewed annually by the City Council. The reports shall be accompanied by the check register of all related expenditures. Invoices, receipts or other proofs of expenditures shall be presented with the quarterly report. Distribution of proceeds shall not be paid to OPRY until all accounting of disbursed funds have been satisfied as stated herein.
- (e) All funds received from CITY shall be accounted for in a separate bank account and shall not be co-mingled with other cash funds.
- (f) It is understood and agreed that the receipt of these funds by OPRY shall not

imply any right of automatic renewal of this contract for the ensuing year, or years, since such option under the Laws of the State of Texas rests exclusively with the Council.

(g) OPRY shall at all times comply with the ordinances of the CITY OF COPPERAS COVE and the laws of the State of Texas, particularly complying in the following:

(1) No later than 60 (sixty) days after the end of each calendar year of the contract, OPRY shall submit an audited report to the City Council showing in detail the disbursement and use of all such amounts paid to each and the services or goods and/or merchandise received for the same. If OPRY receives more than \$100,000, they must provide an independent third party audit.

(2) All funds received from the CITY OF COPPERAS COVE as herein provided shall be expended in a manner that promotes tourism and the convention and hotel industry as defined in the Texas Tax Code, Section 351.101, as amended. Any proven breach of this covenant shall be terms for immediate termination of the distribution of funds.

### III

In the performance of this contract, OPRY shall not discriminate against any employee or applicant for employment or with any customer with respect to his hire, tenure, terms, conditions or privileges because of his race, color, religion, national origin, sex, disability or ancestry. Proven breach of this covenant may be regarded as a material breach of the contract causing its termination.

IV

All communications between the CITY and OPRY shall be addressed to the City Manager of the CITY OF COPPERAS COVE.

V

It is understood and agreed that in the event any provision of this contract is inconsistent with requirements of law, the requirements of law will control and the parties shall revert to their respective positions which would otherwise be enjoyed or occupied by the respective parties for the terms of this contract.

VI

The foregoing instrument in writing between the parties herein, constitutes the entire agreement between the parties, relative to the hotel tax receipts made the basis hereof. IN WITNESS WHEREOF, the parties have hereunto set their hands in duplicate originals, in the City of COPPERAS COVE, Comal County, Texas, on this \_\_\_\_\_ day of \_\_\_\_\_ 2009.

CITY OF COPPERAS COVE, TEXAS

BY: \_\_\_\_\_  
Andrea M. Gardner, City Manager

ATTEST:

\_\_\_\_\_  
Jane Lees, City Secretary

COPPERAS COVE COUNTRY OPRY, INC.

ATTEST:

BY: \_\_\_\_\_  
TITLE: \_\_\_\_\_

\_\_\_\_\_  
Secretary

# **City of Copperas Cove**

## **City Council Agenda Item Report**

**November 17, 2009**

### **Agenda Item No. I-2**

**Contact – Andrea M. Gardner, City Manager, 547-4221**  
agardner@ci.copperas-cove.tx.us

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**SUBJECT: Consideration and action on a resolution setting the public hearing dates and times for the annexation of a 20.51 acre tract of land known as Taylor Creek Elementary School to the City of Copperas Cove, Texas.**

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#### **1. BACKGROUND/HISTORY**

On October 3, 2006, the Lampasas Independent School District (LISD) was deeded 30 acres situated on Big Divide Road just about 600 feet from the Highway 190 right of way. The property is located partially within the city limits of the City of Copperas Cove and partially in the City's Extra Territorial Jurisdiction (ETJ). The LISD constructed a new elementary school (Taylor Creek Elementary) on the property. On August 24, 2009, the LISD School Board authorized the administration to execute the voluntary annexation of Taylor Creek Elementary into the City of Copperas Cove.

On September 30, 2009, City staff received the attached "Petition for Annexation of Sparsely Occupied Areas by the Owner of the Area" from the LISD. According to Local Government Code §43.028 cited in the petition, the City Council shall "hear the petition and the arguments for and against the annexation and shall grant or refuse the petition as the governing body considers appropriate".

On October 26, 2009, the governing body of Copperas Cove conducted a public hearing to allow for arguments for and against the annexation and granted the petition request of the Lampasas Independent School District to annex the 20.51 acre tract (see attached Legal Description). The process for annexation is provided in the Texas Local Government Code which requires the governing body to set the dates and times for two Public Hearings to be held before annexing the area by ordinance.

#### **2. FINDINGS/CURRENT ACTIVITY**

Staff met with a Lampasas Independent School District representative and developed the attached timeline for annexation.

**3. FINANCIAL IMPACT**

None.

**4. ACTION OPTIONS/RECOMMENDATION**

City staff recommends the City Council approve Resolution 2009-53, setting the dates and times for the two required Public Hearings for annexing the 20.51 acre tract known as Taylor Creek Elementary School to the City of Copperas Cove, Texas.

**RESOLUTION NO. 2009-53**

**A RESOLUTION TO SET THE PUBLIC HEARING DATES AND TIMES FOR THE ANNEXATION OF A 20.51 ACRE TRACT OF LAND IN LAMPASAS COUNTY, TEXAS BEING THE TAYLOR CREEK ELEMENTARY SCHOOL.**

**WHEREAS,** The Lampasas Independent School District submitted a Petition of Annexation to the City Council on September 30, 2009; and

**WHEREAS,** The City Council considered this Petition at a meeting held on October 26, 2009; and

**WHEREAS,** The City Council accepted the Petition by a unanimous vote; and

**WHEREAS,** The City Council of the City of Copperas Cove, according to Local Government Code §43.062, must now set the times and dates for the Public Hearings to consider this annexation.

**NOW, THEREFORE, BE IT RESOLVED AND ORDERED BY THE CITY COUNCIL OF THE CITY OF COPPERAS COVE, TEXAS:**

**SECTION 1.**

The City Council has accepted the Petition and is proceeding with the next step in the annexation process.

**SECTION 2.**

The City Council is setting the date and time for the first Public Hearing to be held Thursday, December 10, 2009 at 7:00 p.m. at a special called Council meeting.

**SECTION 3.**

The City Council is setting the date and time for the second Public Hearing to be held Monday, December 14, 2009 at 7:00 p.m. at a special called Council meeting.

**PASSED, APPROVED, AND ADOPTED** on this 17th day of November 2009, at a regular meeting of the City Council of the City of Copperas Cove, Texas 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.

---

John Hull, Mayor

**ATTEST:**

---

Jane Lees, City Secretary

**APPROVED AS TO FORM:**

---

Denton, Navarro, Rocha  
& Bernal, P.C., City Attorney

**PETITION FOR ANNEXATION OF SPARSELY OCCUPIED AREAS BY THE  
OWNER OF AREA**

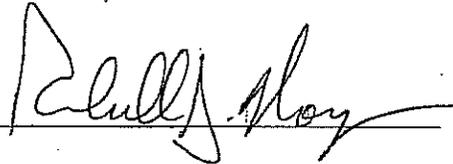
TO THE HONORABLE MAYOR AND CITY COUNCIL  
OF THE CITY OF COPPERAS COVE, TEXAS:

The undersigned representative of the owner of the hereinafter described tract of land, pursuant to Texas Local Government Code § 43.028, petitions the City of Copperas Cove to extend the present City Limits so as to include as part of the City any remaining portion of the property described in Exhibit A that has not already been annexed into the City.

A copy of the deed showing current ownership of the property is attached as Exhibit B, and a resolution of the Board of Trustees of the Lampasas Independent School District is attached as Exhibit C, authorizing Mr. Randall Hoyer, as Superintendent of Lampasas Independent School District, to act as the authorized representative of the owner in this transaction.

The undersigned owner certifies that:

1. The tract of land described in Exhibit A is located contiguous to the existing limits of the City of Copperas Cove, Texas; and
2. The tract of land subject to annexation described in Exhibit A is one-half (1/2) mile or less in width; and
3. The tract of land described in Exhibit A is vacant and without residents, or on which less than three (3) qualified voters reside; and
4. The petition is signed and duly acknowledged by every individual having a proprietary interest in said land.



Mr. Randall Hoyer  
Superintendent  
Lampasas Independent School District

09/30/09

Date

ACKNOWLEDGEMENT

STATE OF TEXAS) §  
COUNTY OF Lampasas) §

Before me, the undersigned authority, a Notary Public in and for the State of Texas, on this day personally appeared Randall Hoyer, known to me to be the person whose

name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purpose and considerations therein expressed.

Given under my hand and seal of office this 30<sup>th</sup> day of September, 2009.



Benjie Tischler  
Notary Public, State of Texas

# Maples & Associates, Inc.

www.maplesinc.com • P.O. Box 893 • Lampasas, Texas 76650 • (512) 556-2078 • (512) 556-0500 fax

## LEGAL DESCRIPTION OF A TRACT OF LAND IN LAMPASAS COUNTY, TEXAS:

Being 30.00 acres comprised of 20.88 acres of the Eva Allen Survey, Abst. No. 1454, and 9.12 acres of the H.T. & B. R.R. Co. Survey No. 9, Abst. No. 386 in Lampasas County, Texas, and being part of a 551.6 acre tract of land described in a deed from R.E. Dawson, et ux, to Don Clayton, dated August 26, 1961, as recorded in Vol. 118, Page 142 of the Deed Records of Lampasas County, Texas; said 30.00 acres being more particularly described as follows;

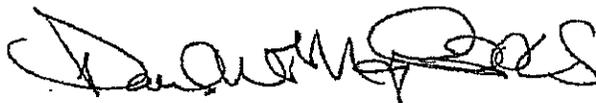
BEGINNING at a 1/2 inch iron pin set on the east line of a 1.976 acre tract of land described in an agreement to purchase right of way between the City of Copperas Cove, Texas, and Bobby L. Clayton, et al, as recorded in Vol. 423, Page 93 of said deed records, from whence a calculated point for the northeast corner of said 1.976 acre tract brs. North 19° 23' 25" West, 2667.33 feet, and from said calculated point a 1/2 inch iron pin found for the northernmost northwest corner of said 551.6 acre tract brs. South 70° 28' 50" West, 40.00 feet;

THENCE North 70° 36' 35" East, 1281.18 feet to a 1/2 inch iron pin set;

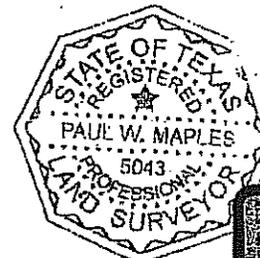
THENCE South 19° 23' 25" East, 1020.00 feet to a 1/2 inch iron pin set;

THENCE South 70° 36' 35" West, at 1271.45 feet passing the northeast corner of a 0.029 acre utility easement conveyed to the City of Copperas Cove, as recorded in Vol. 389, Page 504 of said deed records, continuing with the north line of said easement for a total distance of 1281.18 feet to a 1/2 inch iron pin set on the east line of said 1.976 acre tract;

THENCE North 19° 23' 25" West, with the east line of said 1.976 acre tract, 1020.00 feet to the PLACE OF BEGINNING, as surveyed on the ground on July 27, 2006, by MAPLES & ASSOCIATES, INC., and as shown on an accompanying plat of even survey date herewith.



Paul W. Maples, RPLS  
©2006 All rights reserved.



125622



FILED FOR RECORD

THE STATE OF TEXAS }  
COUNTY OF LAMPASAS }

I, Connie Hartmann CLERK OF THE

County Court in and for the County do hereby certify that the foregoing instrument  
with its certificate of authentication was read to  
me in my office the 5th day of October 2006 at 10:00 o'clock A.M.  
and duly Recorded the 5th day of October 2006 at 10:20 o'clock A.M.  
Deed Recorded of said County, in Vol. 426 on page 137-141

WITNESS my hand and seal of the County Court of said County, at office in Lampasas, Texas  
this 5th day of October 2006 and year last above written

Connie Hartmann Deputy Connie Hartmann Clerk  
County Court of Lampasas County

US8251

LAMPASAS INDEPENDENT SCHOOL DISTRICT

Lampasas, Texas  
Administration Building, 207 West 8th Street, Lampasas  
August 24, 2009  
6:00 PM

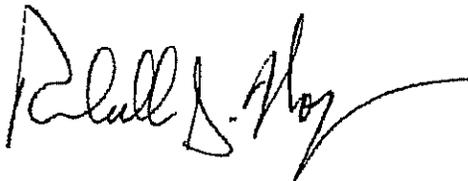
NOTICE FOR CALLED SCHOOL BOARD MEETING

The subjects to be discussed or considered, or upon which any formal action may be taken, are as listed below. Items do not have to be taken in the same order as shown on this meeting notice. Unless removed from the consent agenda, items identified within the consent agenda will be acted on at one time.

1. Declaration of Quorum, Call to Order and Pledge of Allegiance
2. 2009-2010 Budget Hearing/Tax Rate Hearing
3. Consent Agenda
  - A. Resolution Stating Review of Investment Policy and Investment Strategies for the District and Designation of Investment Officer
4. 2008-2009 Final Amended Budget
5. 2009-2010 Budget for General Operating Fund, Food Service Fund, and Debt Service Fund
6. Proposed 2009-2010 Tax Rate for Maintenance & Operation and Interest & Sinking
7. Superintendent Authority to Hire Professional Personnel Through 09/14/09
8. Consider Action on a Change Order to Purchase and Install External Surveillance Equipment at Lampasas High School and Taylor Creek Elementary Not to Exceed \$75,000
9. Consider Action on Voluntary Annexation of Taylor Creek Elementary into City of Copperas Cove
10. Adjournment

If, during the course of the meeting, discussion of any item on the agenda should be held in closed meeting, the Board will conduct a closed meeting in accordance with the Texas Open Meetings Act, Texas Government Code, Chapter 551 (Attorney Consultation 551.071, Real Property 551.072, Personnel Matters 551.074, Conference With Employees 551.075, Deliberation Regarding Security Devices 551.076, Student Discipline 551.082, Employee Complaints 551.082). Before any closed meeting is convened, the presiding officer will publicly identify the section or sections of the Act authorizing the closed meeting. All final votes, actions, or decisions will be taken in open meeting. [See BEC(LEGAL)]

I, the undersigned, do hereby certify that this Notice was posted in compliance with the Open Meetings Act at 4:00 p.m. on the 21st day of August, 2009, which is at least 72 hours prior to the date and time of the scheduled meeting.



August 24, 2009

LAMPASAS INDEPENDENT SCHOOL DISTRICT  
Official Minutes of the Board of Education

A called meeting of the Board of Education was held in the Administration Building on August 24, 2009, at 6:00 p.m.

Members Present: James Briggs, Ron Farr, Wesley Crow, Kirk Whitehead, Mark Bishop (arrived at 6:03 p.m.), and Dan Claussen

Members Absent: Linda Floerke

Staff Present: Randall Hoyer, Nelda Fortune, Shane Jones, Janet Melton, and Joni Summers

Others Present: Lisa Carnley, Joni Perry, Donald Baker and Robert Oliver

The Board President called the meeting to order, established a quorum, and led all that attended in the Pledge of Allegiance.

A public hearing was held on the 2009-2010 budget and tax rate. Comments were received from Donald Baker concerning actual rate versus effective rate and appraised values.

No. 6510  
Consent Agenda

A motion was made by Kirk Whitehead and seconded by Wesley Crow to approve the Consent Agenda as per the attached agenda.

Yeas:  
Nays:

All board members present voted, "Yes."  
None

No. 6511  
2008-2009 Final Amended Budget

A motion was made by Wesley Crow and seconded by Mark Bishop to approve the final 2008-2009 budget amendments for the General Operating Fund, the Food Service Fund, and the Debt Service Fund as presented.

Yeas:  
Nays:

All board members present voted, "Yes."  
None

No. 6512  
2009-2010 Budget for General  
Operating Fund, Food Service Fund,  
and Debt Service Fund

A motion was made by Ron Farr and seconded by Kirk Whitehead to approve the 2009-2010 budgets for the General Operating Fund, the Food Service Fund, and the Debt Service Fund as presented.

August 24, 2009

Yeas:  
Nays:

All board members present voted, "Yes."  
Yeas

No. 6513  
Proposed 2009-2010 Tax Rate for  
Maintenance & Operation and  
Interest & Sinking

A motion was made by Kirk Whitehead and seconded by Ron Farr that the property tax rate be increased by the adoption of a tax rate of 1.50, which is effectively a .80 percent increase in the tax rate.

Yeas:  
Nays:

All board members present voted, "Yes."  
None

No. 6514  
Superintendent Authority to Hire  
Professional Personnel Through  
09/14/09

A motion was made by James Briggs and seconded by Dan Claussen to grant approval for the superintendent to employ contractual personnel through 09/14/09.

Yeas:  
Nays:

All board members present voted, "Yes."  
None

No. 6515  
Consider Action on a Change Order  
to Purchase and Install External  
Surveillance Equipment at  
Lampasas High School and Taylor  
Creek Elementary Not to Exceed  
\$75,000

A motion was made by Ron Farr and seconded by Kirk Whitehead to approve a change order and authorize administration to purchase and install external surveillance equipment at Lampasas High School and Taylor Creek Elementary not to exceed \$75,000.

Yeas:  
Nays:

All board members present voted, "Yes."  
None

No. 6516  
Consider Action on Voluntary  
Annexation of Taylor Creek  
Elementary into City of Copperas  
Cove

A motion was made by Ron Farr and seconded by Mark Bishop to authorize the administration to execute the voluntary annexation process of Taylor Creek Elementary into the City of Copperas Cove.

Yeas:  
Nays:

All board members present voted, "Yes."  
None

No. 6517  
Adjournment

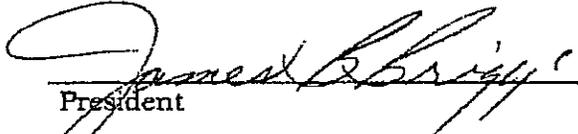
A motion was made by Wesley Crow and seconded by Kirk Whitehead to adjourn.

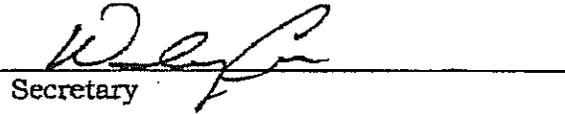
Yeas:  
Nays:

All board members present voted, "Yes."  
None

August 24, 2009

These minutes approved 14<sup>th</sup> day of September, 2009.

  
\_\_\_\_\_  
President

  
\_\_\_\_\_  
Secretary

# Maples & Associates, Inc.

www.maplesinc.com • P.O. Box 893 • Lampasas, Texas 76550 • (512) 556-2078 • (512) 556-0500 fax

## LEGAL DESCRIPTION OF A TRACT OF LAND IN LAMPASAS COUNTY, TEXAS.

Being 20.51 acres comprised of 13.88 acres of the Eva Allen Survey, Abst. No. 1454, and 6.63 acres of the H.T. & B. R.R. Co. Survey No. 9, Abst. No. 386 in Lampasas County, Texas, and being part of a 30.00 acre tract of land described in a deed from Bobby L. Clayton, et al, to Lampasas Independent School District, dated October 3, 2006, as recorded in Vol. 426, Page 137 of the Deed Records of Lampasas County, Texas; said 20.51 acres being more particularly described as follows;

BEGINNING at the northwest corner of said 30.00 acre tract, being on the east line of a 1.976 acre tract of land described in an agreement to purchase right of way between the City of Copperas Cove, Texas, and Bobby L. Clayton, et al, as recorded in Vol. 423, Page 93 of said deed records, from whence a calculated point for the northeast corner of said 1.976 acre tract brs. North 19° 23' 25" West, 2667.33 feet;

THENCE North 70° 36' 35" East, with the north line of said 30.00 acre tract, 1281.18 feet to a point for the northeast corner of said 30.00 acre tract;

THENCE South 19° 23' 25" East, 672.56 feet to a point on the north city limit of the City of Copperas Cove;

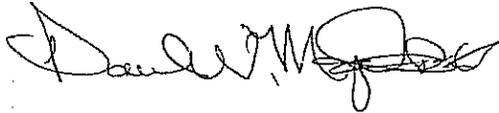
THENCE with the north city limit of the City of Copperas Cove (being 950 feet north of and parallel with the centerline of U.S. Hwy. 190) as follows:

750.33 feet counterclockwise along the arc of a circular curve with a radius of 3814.79 feet (long chord = South 68° 43' 55" West, 749.12 feet) to a point;

South 63° 05' 50" West, 537.06 feet to a point on the west line of said 30.00 acre tract and the east line of said 1.976 acre tract;

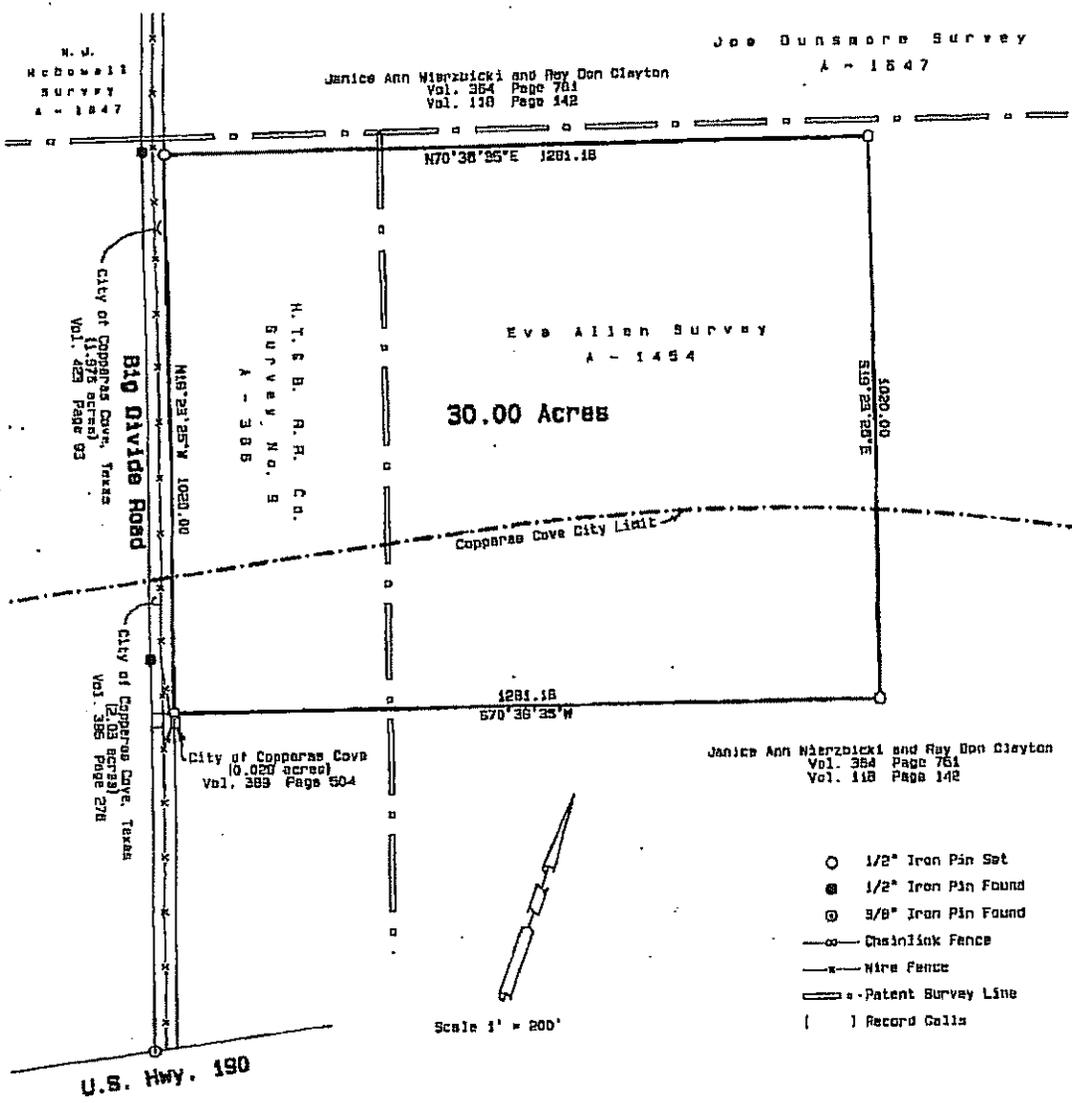
THENCE North 19° 23' 25" West, with the west line of said 30.00 acre tract and the east line of said 1.976 acre tract, 767.31 feet to the PLACE OF BEGINNING.

This document prepared under 22 TAC §663.21 does not reflect the results of an on the ground survey, and is not to be used to convey or establish interests in real property except those rights and interests implied or established by the creation or reconfiguration of the boundary of the political subdivision for which it was prepared.



Paul W. Maples, RPLS





- 1/2" Iron Pin Set
- 1/2" Iron Pin Found
- ⊙ 3/8" Iron Pin Found
- Chainlink Fence
- x— Wire Fence
- Patent Survey Line
- | Record Call

GPS used to calculate  
geodetic bearing based at  
Lat. 31°05'36"  
Long. 97°07'14"

**Maples & Associates**  
420 S. Liveoak, Ste 200  
P. O. Box 557  
Lampasas, Texas 78550  
Tel (817) 555-2075  
Fax (817) 555-0500

**PLAT OF A TRACT OF LAND IN LAMPASAS COUNTY, TEXAS.**

Being 30.00 acres comprised of 20.88 acres of the Eve Allen Survey, Abstr. No. 1454, and 9.12 acres of the H.T. & B. R.R. Co. Survey No. 8, Abstr. No. 388 in Lampasas County, Texas, and being part of a 561.8 acre tract of land described in a Deed from R.E. Dunsmore et ux. to Don Clayton, dated August 25, 1951, as recorded in Vol. 118, Page 142 of the Deed Records of Lampasas County, Texas.

A legal description of even survey data herewith of the tract shown hereon accompanies this plat.  
Surveyed on the ground July 27, 2005.

*Paul W. Maples*  
Paul W. Maples, RPLS  
© 2005 All Rights Reserved



# Taylor Creek Elementary School

## Annexation Time Line

<b>Date</b>	<b>Action</b>
<b>November 17, 2009</b>	<b>Resolution to City Council setting dates and times for the Public Hearings and direct staff to prepare the annexation plan.</b>
<b>November 18, 2009</b>	<b>Deadline for submission of Public Notice to local newspaper.</b>
<b>November 20, 2009</b>	<b>Public Notice of Public Hearings to be published in the local newspaper.</b>
<b>November 21-29, 2009</b>	<b>Public Hearings notice to be posted on the City's web site.</b>
<b>December 10, 2009</b>	<b>First Public Hearing</b>
<b>December 14, 2009</b>	<b>Second Public Hearing</b>
<b>January 5, 2010</b>	<b>Reading of Annexation Ordinance</b>

# City of Copperas Cove City Council Agenda Item Report

November 17, 2009

## Agenda Item No. I-3

Contact – Wanda Bunting, Director of Financial Services, 547-4221

wbunting@ci.copperas-cove.tx.us

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**SUBJECT: Consideration and action on a resolution calling for the election of a candidate(s) to serve on the Coryell County Appraisal District Board of Directors.**

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### 1. Background/History

On October 13, 2009, the City Council nominated the following individuals to serve on the Coryell County Board of Directors for the term of January 1, 2010 through December 31, 2011:

- Mike Lam
- Jay Manning
- Annabelle Smith
- Jack Wall
- Bob Weiss

In addition, Coryell County Chief Appraiser, Mitch Fast, received the following nomination from another taxing jurisdiction within the county:

- Al Castillo

Coryell County Chief Appraiser, Mitch Fast, has requested the City of Copperas Cove cast votes for one or more nominees, not to exceed five. The City is not limited to the candidates the City nominated and can cast as many or few votes, for one or up to five candidates. An important factor for the City to consider is the requirement of 834 votes to guarantee that the City has a representative on the board. Should the City choose to concentrate 834 votes for one candidate, the residual votes can be allocated any way preferred.

### 2. FINDINGS/CURRENT ACTIVITY

The Coryell County Appraisal District Board of Directors will serve for the term of January 1, 2010 through December 31, 2011. The City of Copperas Cove must approve the ballot by resolution and return to the Coryell County Appraisal District not later than December 15, 2009. The total number of votes the City of

Copperas Cove has to cast in the election of the Coryell County Appraisal District Board of Directors is 1,019.

On October 30, 2009, the City Manager was notified by the Coryell County Chief Appraiser that Annabelle Smith was considered ineligible to serve on the Appraisal District Board at the current time; therefore, no votes should be cast for the candidate.

**3. FINANCIAL IMPACT**

None.

**4. ACTION OPTIONS/RECOMMENDATION**

City staff recommends that the City Council approve Resolution No. 2009-51, electing a candidate(s) to serve on the Coryell County Appraisal District Board of Directors.

**RESOLUTION NO. 2009-51**

**A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF COPPERAS COVE, TEXAS, CALLING FOR THE ELECTION OF A MEMBER OR MEMBERS OF THE BOARD OF DIRECTORS OF THE CORYELL COUNTY APPRAISAL DISTRICT.**

**WHEREAS,** The City of Copperas Cove is a participating taxing jurisdiction within the Coryell County Appraisal District, and is authorized by Section 6.03 of the Texas Property Tax Code to cast the entitled votes of the City of Copperas Cove to elect from one to five members for the Board of Directors; and

**WHEREAS,** The City of Copperas Cove desires to cast its allocated 1,019 votes for the following individual(s) as board member(s) of the Coryell County Appraisal District:

Mike Lam	# of votes _____
Jay Manning	# of votes _____
Jack Wall	# of votes _____
Bob Weiss	# of votes _____
Al Castillo	# of votes _____; and

**WHEREAS,** The votes cast will be delivered to the chief appraiser for the election of members to the board of directors.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COPPERAS COVE, CORYELL COUNTY, TEXAS** to adopt this resolution for the benefit of the citizens of the City of Copperas Cove.

**PASSED AND APPROVED** at a regular meeting of the City Council of the City of Copperas Cove, Texas, this 17th day of November 2009, at which meeting a quorum was present, held in accordance with the provisions of V.T.C.A., Government Code § 551.001 et seq.

\_\_\_\_\_  
John Hull, Mayor

**ATTEST:**

---

Jane Lees, City Secretary

**APPROVED AS TO FORM:**

---

Denton, Navarro, Rocha  
& Bernal, P.C., City Attorney



# Coryell Central Appraisal District

P. O. Box 1058  
801 East Leon Street  
Gatesville, Texas 76528

received  
10/29/09 J. Lee

October 27, 2009

John Hull, Mayor  
City of Copperas Cove  
PO Box 1449  
Copperas Cove, TX 76522

Dear Mr. Hull,

Enclosed is the ballot listing the candidates nominated by the entities for the Board of Directors of the Coryell Central Appraisal District for the 2010-2011 term. Also enclosed is the listing of each entity's allocated votes.

Copperas Cove City is entitled to 1019 votes. You may cast all of your votes for one candidate, or you may distribute your votes among any number of the candidates. **Please cast your votes by written resolution BY DECEMBER 15<sup>TH</sup>**. Return the resolution to the appraisal district to my attention. Votes will be tallied and results will be announced before December 31st.

If you have any questions, please contact me at (254) 865-6593.

As always, your continued support is greatly appreciated.

Sincerely,

Mitch Fast  
Chief Appraiser



# Coryell Central Appraisal District

P. O. Box 1058  
801 East Leon Street  
Gatesville, Texas 76528

## Coryell Central Appraisal District Board of Directors Ballot for 2010-2011

Candidate Name	Number of Votes
• Al Castillo	_____
• Mike Lam	_____
• Jay Manning	_____
• Annabelle Smith	_____
• Jack Wall	_____
• Bob Weiss	_____

Jurisdiction Name	2008 Property Taxes/Unit	2008 Property Taxes/District	Number of Directorships	Voting Entitlement
050 - Coryell County	\$8,186,993	\$40,073,305	5	1019
CCC - City of Copperas Cove	\$8,155,565	\$40,073,305	5	1019
COP - Copperas Cove ISD	\$13,197,240	\$40,073,305	5	1644
CTC - Central Texas College	\$1,749,877	\$40,073,305	5	220
EVC - Evant City	\$26,617	\$40,073,305	5	5
EVT - Evant ISD	\$478,339	\$40,073,305	5	60
GV - Gatesville ISD	\$6,220,786	\$40,073,305	5	775
GVC - City of Gatesville	\$1,127,836	\$40,073,305	5	140
JB - Jonesboro ISD	\$339,128	\$40,073,305	5	40
MDY - Moody ISD	\$100,205	\$40,073,305	5	15
OG - Oglesby ISD	\$356,553	\$40,073,305	5	45
OGC - City of Oglesby	\$16,789	\$40,073,305	5	1
VLM - Valley Mills ISD	\$11,413	\$40,073,305	5	1
CLF - Clifton ISD	\$43,001	\$40,073,305	5	5
CRA - Crawford ISD	\$42,492	\$40,073,305	5	5
LAM - Lampasas ISD	\$20,151	\$40,073,305	5	5
MCG - City of McGregor	\$320	\$40,073,305	5	1
<b>Totals</b>	<b>\$40,073,305</b>			<b>5000</b>

# City of Copperas Cove

## City Council Agenda Item Report

November 17, 2009

### Agenda Item No. I-4

Contact – Wanda Bunting, Director of Financial Services, 547-4221  
wbunting@ci.copperas-cove.tx.us

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**SUBJECT: Consideration and action on a resolution calling for the election of a candidate(s) to serve on the Lampasas County Appraisal District Board of Directors.**

---

#### 1. Background/History

On October 13, 2009, the City Council nominated the following individual to serve on the Lampasas County Board of Directors for the term of January 1, 2010 through December 31, 2011:

- Robert M. McKinnon

In addition, Lampasas County Chief Appraiser, Glenda January, received the following nominations from other taxing jurisdictions within the county:

- David Hamilton
- Milton Kellner
- Mike Kriegel
- Ted Newsom
- Bob Wright

Lampasas County Chief Appraiser, Glenda January, has requested the City of Copperas Cove cast votes for one or more nominees, not to exceed five. The City may choose to cast the total number of votes for one nominee in order to increase the City's opportunities for representation on the board.

#### 2. FINDINGS/CURRENT ACTIVITY

The Lampasas County Appraisal District Board of Directors will serve for the term of January 1, 2010 through December 31, 2011. The City of Copperas Cove must approve the ballot by resolution and return to the Lampasas County Appraisal District not later than December 14, 2009. The total number of votes the City of Copperas Cove has to cast in the election of the Lampasas County Appraisal District Board of Directors is 59.

**3. FINANCIAL IMPACT**

None.

**4. ACTION OPTIONS/RECOMMENDATION**

City staff recommends that the City Council approve Resolution No. 2009-52 electing a candidate(s) to serve on the Lampasas County Appraisal District Board of Directors.

**RESOLUTION NO. 2009-52**

**A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF COPPERAS COVE, TEXAS, CALLING FOR THE ELECTION OF A MEMBER OR MEMBERS OF THE BOARD OF DIRECTORS OF THE LAMPASAS COUNTY APPRAISAL DISTRICT.**

**WHEREAS,** The City of Copperas Cove is a participating taxing jurisdiction within the Lampasas County Appraisal District, and is authorized by Section 6.03 of the Texas Property Tax Code to cast the entitled votes of the City of Copperas Cove to elect from one to five members for the Board of Directors; and

**WHEREAS,** The City of Copperas Cove desires to cast its allocated 59 votes for the following individual(s) as board member(s) of the Lampasas County Appraisal District:

David Hamilton	# of votes _____
Milton Kellner	# of votes _____
Mike Kriegel	# of votes _____
Robert M. McKinnon	# of votes _____
Ted Newsom	# of votes _____
Bob Wright	# of votes _____; and

**WHEREAS,** The votes cast will be delivered to the chief appraiser for the election of members to the board of directors.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COPPERAS COVE, CORYELL COUNTY, TEXAS** to adopt this resolution for the benefit of the citizens of the City of Copperas Cove.

**PASSED AND APPROVED** at a regular meeting of the City Council of the City of Copperas Cove, Texas, this 17th day of November 2009, at which meeting a quorum was present, held in accordance with the provisions of V.T.C.A., Government Code § 551.001 et seq.

\_\_\_\_\_  
John Hull, Mayor

**ATTEST:**

---

Jane Lees, City Secretary

**APPROVED AS TO FORM:**

---

Denton, Navarro, Rocha  
& Bernal, P.C., City Attorney

LAMPASAS CENTRAL APPRAISAL DISTRICT

received  
10/20/09 J. Laas

Board of Directors

Dale DeShazo, Secretary  
David Hamilton  
Lawrence Hart, Chairman  
Milton Kellner, Vice Chairman  
Ted Newsom



P.O. Box 175  
Lampasas, Texas 76550

TELEPHONE:  
512-556-8058  
512-556-8138  
FAX: 512-556-4660

October 19, 2009

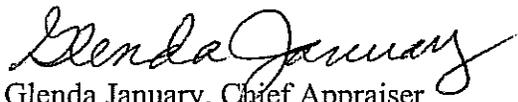
Honorable Mayor John Hull  
City of Copperas Cove  
507 W. Main  
Copperas Cove, TX 76522

Dear Mayor Hull,

Please find enclosed the official ballot and resolution for you to use in casting your votes for the Board of Directors for the Lampasas Central Appraisal District.

The ballot and resolution must be submitted to me by December 14, 2009. Feel free to call if you have any questions.

Respectfully,

  
Glenda January, Chief Appraiser  
Lampasas Central Appraisal District

Enclosure

Pc: Ms. Andrea Gardner

OFFICIAL BALLOT  
ISSUED TO CITY OF COPPERAS COVE TO ELECT  
BOARD OF DIRECTORS FOR LAMPASAS CENTRAL APPRAISAL DISTRICT 2010-2011

(DIRECTIONS): Please enter the number of votes cast on the blank space opposite the name of candidate. You may cast all of your votes for one candidate or you may divide your votes among any number of candidates that you desire. You have 59 total votes that you may cast.

NAME OF CANDIDATES

David Hamilton	_____
Milton Kellner	_____
Mike Kriegel	_____
Robert M. McKinnon	_____
Ted Newsom	_____
Bob Wright	_____

ISSUED UNDER MY HAND AND SEAL OF OFFICE THE 19<sup>th</sup> DAY OF OCTOBER, 2009

Glenda January, Chief Appraiser  
Lampasas Central Appraisal District

---

RESOLUTION OF VOTES CAST TO ELECT DIRECTORS FOR THE LAMPASAS CENTRAL  
APPRAISAL DISTRICT FOR THE YEARS 2010-2011

WHEREAS, SB 621, Section 6.03(g) requires that each taxing unit entitled to vote, to cast their vote by resolution and to submit that resolution to the Chief Appraiser of the Lampasas Central Appraisal District by December 14, 2009.

THEREFORE, City of Copperas Cove submits the above Official Ballot, as issued by the Chief Appraiser, stating our vote for candidates for the election of the Board of Directors for the Lampasas Central Appraisal District for 2010-2011.

ACTION TAKEN \_\_\_\_\_ day of \_\_\_\_\_ 2009, in \_\_\_\_\_ Session of the Board of the above mentioned taxing unit, which is entitled under SB 621 to cast votes to elect the Board of Directors of the Lampasas Central Appraisal District of Lampasas County.

\_\_\_\_\_  
John Hull, Mayor

Attest: \_\_\_\_\_

# City of Copperas Cove

## City Council Agenda Item Report

November 17, 2009

### Agenda Item No. I-5

Contact – Wesley Wright, P.E, City Engineer, 547-0751  
wwright@ci-copperas-cove.tx.us

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**SUBJECT: Consideration and action on an ordinance adding Section 18-17 (12) to the City Code of Ordinances and establishing a school zone on Big Divide Road for Taylor Creek Elementary School.**

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#### 1. BACKGROUND/HISTORY

The Lampasas Independent School District (LISD) contacted the City Manager's office to request the establishment of a school zone to serve the Taylor Creek Elementary School campus.

#### 2. FINDINGS/CURRENT ACTIVITY

Taylor Creek Elementary School was opened in August 2009 at the northeast corner of Big Divide and Hwy 190. The proposed school zone will be located on Big Divide Road and be in effect during pick-up and drop-off times on school days only.

The proposed ordinance language is attached.

#### 3. FINANCIAL IMPACT

There are no direct costs to the City. If approved, the City of Copperas Cove Street Department will install the required signage. All material for school zone signage will be provided by the LISD.

#### 4. ACTION OPTIONS/RECOMMENDATION

City staff recommends adopting Ordinance No. 2009-42, adding Section 18-17 (12) to the City Code of Ordinances and establishing a school zone on Big Divide Road for Taylor Creek Elementary School.

The ordinance shall go into effect once proper signage is installed.

**ORDINANCE NO. 2009-42**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF COPPERAS COVE, TEXAS ADDING SECTION 18-17 (12); REPEALING ALL ORDINANCES IN CONFLICT WITH THIS AMENDMENT; PROVIDING A SAVINGS CLAUSE; DECLARING AN EFFECTIVE DATE.**

**WHEREAS**, it has been determined the reasonable and safe prima facie maximum speed for motor vehicles on said sections, during school days and during the times indicated upon signs erected onsite, of the hereinabove mentioned streets in Copperas Cove, Texas, should be as set out hereinafter.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF COPPERAS COVE, TEXAS:**

**SECTION 1.**

That the City's Code of Ordinances is hereby amended by adding Sec. 18-17 (12) as follows:

Sec. 18-17 (12). Big Divide Road. Beginning at a point five hundred twenty four (524) feet north of US Hwy 190 and continuing north one thousand seven hundred forty two (1,742) feet to a point, a maximum speed of twenty (20) miles per hour.

**SECTION 2.**

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

**SECTION 3.**

That should any section, clause, or provision of this ordinance be declared by a court of competent jurisdiction to be invalid, the same shall not affect the validity of this ordinance or any other ordinance of the City as a whole or any part thereof, other ordinance of the City as a whole or any part thereof, other than the part so declared to be invalid.

**SECTION 4.**

That this ordinance shall go into effect upon passage of the ordinance.

**PASSED, APPROVED AND ADOPTED** this 17th day of November 2009, at a regular meeting of the City Council of the City of Copperas Cove, Texas, 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.

---

John Hull, Mayor

**ATTEST:**

---

Jane Lees, City Secretary

**APPROVED AS TO FORM:**

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Denton, Navarro, Rocha  
& Bernal, P.C., City Attorney

# City of Copperas Cove

## City Council Agenda Item Report

November 17, 2009

### Agenda Item No. I-6

Contact – Andrea M. Gardner, City Manager, 547-4221  
agardner@ci.copperas-cove.tx.us

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**SUBJECT: Consideration and action on establishing and appointing members to a Hotel/Motel Tax Committee.**

---

#### 1. BACKGROUND/HISTORY

Discussion of the City's existing Hotel Occupancy Tax Ordinance and the need for revisions took place on June 16, 2009 at the Council/Staff Retreat. City staff was provided direction to research the possibility of creating a Hotel Occupancy Tax Committee and to present an item to the governing body for follow-up discussion. As such, on August 20, 2009, staff was directed to proceed with the creation of the Committee.

#### 2. FINDINGS/CURRENT ACTIVITY

As was discussed at the August 20, 2009, Special Meeting of the City Council (see attached minutes). Committee objectives will include:

- Review and provide recommendations to the City's existing Hotel Occupancy Tax Ordinance.
- Develop and submit, for Council consideration, a process for requesting City Hotel Occupancy Tax funds.
- Develop and submit, for Council consideration, standard agreements and reporting formats for entities receiving Hotel Occupancy Tax funds.
- Make funding recommendations to the governing body each fiscal year prior to budget adoption.

The City Secretary has received five applications (see attached applications).

#### 3. FINANCIAL IMPACT

N/A

#### 4. ACTION OPTIONS/RECOMMENDATION

City staff recommends establishing a Hotel/Motel Tax Committee and appointing the desired number of applicants to the committee.

**Hotel/Motel Tax Committee**

**5 Applicants (applications follow)**

---

**Sarah Kindler**

**Mark Peterson**

**Daniel James Loomis**

**Samuel Banks**

**Eric R. Armstrong**

# Candidate Application for City Council-Appointed Boards & Commissions

Applications will be reviewed as vacancies arise. Information disclosed on this application or any other attached document may be disclosed in public meetings. Please print clearly.

received

7/27/09 files

logged ✓

Please attach your resume (optional).

Board Preference 1: Hotel/Motel sales tax committee

Board Preference 2: \_\_\_\_\_

Name: Sarah Kindler

Street Address: 108 E Reagan Ave

City Resident: 40 years Personal E-Mail: s.kindler@yahoo.com

Primary Phone: 254.394.1642 Home Fax: NA

Profession: Loan Officer

Business Name: First Texas Bank

Business Address: P O Box 930

City: Copperas Cove State Tx Zip: 76522

Business Phone: 254.547.8801 Business Fax: 254.547.4027

Business E-Mail: sarahk@firsttexasbank.com

Experience or Special Knowledge applicable to City board or commission function:

25 years banking knowledge & experience.

Civic Activities/Professional Affiliations Copperas Cove Crime Stoppers, Optmiat Club

Copperas Cove Citizens Police Academy.

I verify that the information I have provided in this application to be true and correct. I also understand that this information may be made available to the public.

Sarah Kindler

July 24, 2009

Signature

Date

Please return completed application and resume to:  
City Secretary's Office, City Hall  
507 S. Main Street, Copperas Cove, Texas  
Phone: (254) 547-4221



**City of Copperas Cove**

*"The City Built for Family Living"*

# Candidate Application for City Council-Appointed Boards & Commissions

Applications will be reviewed as vacancies arise. Information disclosed on this application or any other attached document may be disclosed in public meetings. Please print clearly.

received  
7/29/09  
logged

Please attach your resume (optional).

Board Preference 1: HOTEL/MOTEL TAX COMMITTEE

Board Preference 2: EDC BOARD

Name: MARK PETERSON

Street Address: 3008 SUNDOWN LN.

City Resident: 9 years Personal E-Mail: MPETERSON@CBUNITED.COM

Primary Phone: 254-371-9649 Home Fax: \_\_\_\_\_

Profession: RETIRED MILITARY

Business Name: \_\_\_\_\_

Business Address: \_\_\_\_\_

City: \_\_\_\_\_ State \_\_\_\_\_ Zip: \_\_\_\_\_

Business Phone: \_\_\_\_\_ Business Fax: \_\_\_\_\_

Business E-Mail: \_\_\_\_\_

Experience or Special Knowledge applicable to City board or commission function:

SERVED ON CITY COUNCIL FOR 15 MONTH AND  
GREAT KNOWLEDGE OF HOW THESE BOARDS WORK

Civic Activities/Professional Affiliations BOARD OF DIRECTOR FOR CHAMBER  
OF COMMERCE, EXCHANGE CLUB, CCISD FESABILITY  
COMMITTEE

I verify that the information I have provided in this application to be true and correct. I also understand that this information may be made available to the public.

M. E. Peters 29 JUL 09  
Signature Date

Please return completed application and resume to:  
City Secretary's Office, City Hall  
507 S. Main Street, Copperas Cove, Texas  
Phone: (254) 547-4221

  
**City of Copperas Cove**  
"The City Built for Family Living"

# Candidate Application for City Council-Appointed Boards & Commissions

Applications will be reviewed as vacancies arise. Information disclosed on this application or any other attached document may be disclosed in public meetings. Please print clearly.

received  
8/19/09  
Jleeh

Please attach your resume (optional).

Board Preference 1: Charter Review, Code Review, Parks and Rec,

Board Preference 2: Planning + Zoning, Hotel/Motel Tax, Code Enforcement

Name: Daniel James Loomis

Street Address: 3054 Colorado Drive

City Resident: 7 years Personal E-Mail: daniel.loomis@gmail.com

Primary Phone: 542-5977 Home Fax: N/A

Profession: Retired

Business Name: \_\_\_\_\_

Business Address: \_\_\_\_\_

City: \_\_\_\_\_ State \_\_\_\_\_ Zip: \_\_\_\_\_

Business Phone: \_\_\_\_\_ Business Fax: \_\_\_\_\_

Business E-Mail: \_\_\_\_\_

Experience or Special Knowledge applicable to City board or commission function:

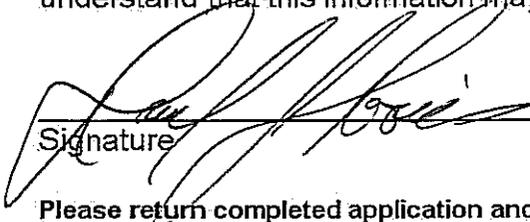
Homeowner in this city for seven years, Board member on First Assembly of God Church Council for over three years, Military Officer for over 23 years

Civic Activities/Professional Affiliations Volunteer for downtown Community Center Holiday Meals,

Men's Group Leader at church, Member of

- First Assy of God
- Legacy Outfitters
- US Army Warrant Officer Assoc.

I verify that the information I have provided in this application to be true and correct. I also understand that this information may be made available to the public.

  
Signature

19 Aug 2009  
Date

Please return completed application and resume to:  
City Secretary's Office, City Hall  
507 S. Main Street, Copperas Cove, Texas  
Phone: (254) 547-4221

  
**City of Copperas Cove**  
"The City Built for Family Living"

# Candidate Application for City Council-Appointed Boards & Commissions

Applications will be reviewed as vacancies arise. Information disclosed on this application or any other attached document may be disclosed in public meetings. Please print clearly.

received  
9/11/09  
J. Lee

Please attach your resume (optional).

Board Preference 1: Land Disturbance & Drainage Criteria Committee; Sub-Division

Board Preference 2: General Code Ordinance Review; Hotel/Motel Committees

Name: Samuel Banks

Street Address: 1006 Jackie V Lane

City Resident: 2 years Personal E-Mail: samzote48@yahoo.com

Primary Phone: 254-577-5191 Home Fax: LINE 2. (SAME)

Profession: \* CCISD; TEACHER; \* TEXAS HEALTH & HUMAN SERVICE COMMISSION (ADVISEE-II).

Business Name: TEXAS HEALTH & HUMAN SERVICES - Case Mgr.

Business Address: 315 E. AVE. D.

City: KILLEEN State TX. Zip: 76541

Business Phone: N/A Business Fax: N/A

Business E-Mail: N/A

Experience or Special Knowledge applicable to City board or commission function: \*3yrs. work

EXPERIENCE - sampling & monitoring Municipal (C.S.O.'s) Combined Sewer Over Flow/Storm-Drain Run-off Systems; Ground-Water Soil Erosion-ABATEMENT (per EPA Wastewater Pollution Control Standards); \* STATE OF OHIO - Public Housing Authority Compliance Officer.

Civic Activities/Professional Affiliations \*CCISD Public School Teacher/Educator; Who's Who in Americas Colleges & Universities (1972; 1973); PR. 'Inner-city' Health Outreach Ministers.

I verify that the information I have provided in this application to be true and correct. I also understand that this information may be made available to the public.

Samuel Banks Sept. 10<sup>th</sup> 2009  
Signature Date

Please return completed application and resume to:  
City Secretary's Office, City Hall  
507 S. Main Street, Copperas Cove, Texas  
Phone: (254) 547-4221

  
**City of Copperas Cove**  
"The City Built for Family Living"

# **RESUME OF SAMUEL BANKS**

1006 JACKIE JO LANE COPPERAS COVE, TEXAS -76522

254-577-5191

EMAIL:SAMZONE48@YAHOO.COM

## **OBJECTIVE:**

SEEKING A REWARDING ; HEALTH & HUMAN SERVICES POSITION THAT WILL BOTH CHALLENGE AND COMPLIMENT, MY ACHIEVEMENTS AND JOB PERFORMANCES AS A ; PROFESSIONALLY-TRAINED , CERTIFIED SOCIAL-WORKER WITH EXPERIENCE ADVOCATING ; THE 'FULL-SPECTRUM' OF SUCH MULTI-AGENCY , COMMUNITY-BASED , HEALTH & SOCIAL SERVICES PROGRAMS AS ; SNAP , CHILDREN'S & ADULT MEDICAID ELIGIBILITY CASE-MANAGEMENT , FAMILIES-IN-CRISIS , MHMR VOCATIONAL REHABILITATION , MEDICAID/MEDICARE HEALTHCARE MANAGEMENT , EPA-WATER TREATMENT AND PUBLIC HOUSING AUTHORITY ADMINISTRATION.

## **EDUCATION & ACADEMIC ACHIEVEMENTS:**

B.S. DEGREE - SOCIOLOGY, SOCIAL-WORKER (OHIO, CERT/CREDENTIALLED), LIFE, HEALTH & CASUALTY INSURANCE /BROKER, MBA DEGREE - PUBLIC ADMINISTRATION (PENDING); WHO'S WHO \*\* AMERICAN COLLEGES & UNIVERSITIES (ACHIEVEMENT AWARD RECIPIENT).

## **CAREER & OCCUPATIONAL SKILLS:**

- PUBLIC SCHOOL EDUCATOR - CCISD, MIDDLE SCHOOL & HIGH SCHOOL.
- TEXAS- DEPT. OF HEALTH & HUMAN SERVICES - TWA-II; ELIGIBILITY.
- P.R.-MINISTRIES - (FAITH-BASED) COMMUNITY HEALTH/SOCIAL SERVICES-PROGRAM COORDINATOR (OHIO); FAMILY CRISIS OUTREACH NETWORK.
- OHIO-MHMR; (ADA) REHABILITATION VOCATIONAL; SOCIAL-WORKER; CASE MANAGER.
- OHIO - MENTAL HEALTH & BEHAVIOR CLINIC; RESIDENTIAL GROUP-HOME; STAFF CAREGIVER.
- 3<sup>rd</sup>. PARTY MAMAGED HEALTHCARE CONSULTANT - HOSPITAL REIMBURSEMENT SPECIALIST.
- OHIO - PUBLIC HOUSING AUTHORITY; LANDLORD/TENANT COMPLIANCE-OFFICER.
- OHIO - MUNICIPAL; EPA WATER TREATMENT TECHNICIAN.

# Candidate Application for City Council-Appointed Boards & Commissions

Applications will be reviewed as vacancies arise. Information disclosed on this application or any other attached document may be disclosed in public meetings. Please print clearly.

received  
10/26/09 J.Lods

Please attach your resume (optional).

Board Preference 1: Hotel/Motel Tax Board/Committee

Board Preference 2: Subdivision Ordinance Review Committee

Name: Eric R. Armstrong

Street Address: 412 John Henry Circle

City Resident: 0 <sup>3 months</sup> years Personal E-Mail: eric\_armstrong@earthlink.net

Primary Phone: 254-577-6112 Home Fax: \_\_\_\_\_

Profession: Retired Military

Business Name: \_\_\_\_\_

Business Address: \_\_\_\_\_

City: \_\_\_\_\_ State \_\_\_\_\_ Zip: \_\_\_\_\_

Business Phone: \_\_\_\_\_ Business Fax: \_\_\_\_\_

Business E-Mail: \_\_\_\_\_

Experience or Special Knowledge applicable to City board or commission function:

Economics, Administration, Logistics

Civic Activities/Professional Affiliations Boy Scouts of America, Veterans of Foreign Wars, American Legion, International Society of Logistics Engineers

I verify that the information I have provided in this application to be true and correct. I also understand that this information may be made available to the public.

Eric R. Armstrong  
Signature

26 Oct 09  
Date

Please return completed application and resume to:  
City Secretary's Office, City Hall  
507 S. Main Street, Copperas Cove, Texas  
Phone: (254) 547-4221



**City of Copperas Cove**

*"The City Built for Family Living"*

## ERIC R. ARMSTRONG

412 John Henry Circle  
Copperas Cove TX 76522

Home: 254-577-6112  
Mobile: 254-317-2383  
[Eric\\_Armstrong@earthlink.net](mailto:Eric_Armstrong@earthlink.net)

### EXECUTIVE SUMMARY

Career logistician with a proven track record of maximizing organizational performance through interpersonal and innovative leadership combined with astute program and process management. Experienced in pinpointing ineffective and inefficient programs and processes and re-engineering to align with organizational vision, missions, and goals.

### CAPABILITIES

- Over 20 years experience leading and implementing logistics planning and operations in the U.S. Air Force
- Experienced in intermodal transportation, supply chain management, petroleum delivery, and logistics planning
- Versed in culturally diverse environments having lived and worked in Asian and European countries
- Proficient in Microsoft Office suite of software and other programs targeted to logistics planning functions
- Skilled financial manager, accountable for on-target budget execution valued in the millions of dollars
- **Granted a Top Secret Sensitive Compartmented Information clearance, renewed March 2007**

### PROFESSIONAL EXPERIENCE

**Corporate Liaison, Headquarters Defense Logistics Agency** Stuttgart, Germany 2005 - Present  
Provided multi-supply chain headquarters-level relationship supporting 93 countries and 21 million square miles encompassing Europe, Eurasia, and Africa with sales over \$5 billion annually

- Orchestrated DLA support to Operation ASSURED DELIVERY; partnered with US AID and U.S. European Command in the acquisition and delivery of 1,050 tons of humanitarian assistance supplies and subsistence stocks to Republic of Georgia, meeting the basic needs of 111,000 internally displaced persons at 710 camps
- Hosted three DLA-U.S. European Command Performance Based Agreement (PBA) Partnership Counsel conferences; initiated DLA-U.S. Africa Command PBA coordination—developed organizational relationship
- Partnered with U.S. European Command to solve European Union food importation restrictions and upgraded customs processes; averted stoppage of food imports to 95,000 Department of Defense personnel and families
- DLA-lead on Naval Air Station Keflavik closure Operational Planning Team; oversaw removal of \$20 million of material and 12.6 million gallons of jet fuel from Iceland while maintaining positive diplomatic relationships

**Commander, 27<sup>th</sup> Logistics Readiness Squadron** Cannon AFB, Clovis, NM 2003 - 2005

Commanded 406 personnel supporting 81 F-16 fighter aircraft. Lead logistician for a \$1.2 million supply account and a \$35 million fuel storage and dispensing system. Led deployment processing for 3,300 personnel and 1,400 tons of cargo supporting war and contingency operations. Oversaw expenditure of \$5.5 million annually in freight shipment and passenger ticketing. Maintained a 472-vehicle, \$22.5 million fleet and executed a \$900 million budget.

- Successfully led processing and shipment of \$2 billion in Air Force assets achieving a 100% acceptance rate
- Developed a Logistics Readiness Squadron Quality Assurance program—led Air Combat Command (ACC) and Air Force to test at Cannon AFB. Result: Air Force adopted/implemented this model service-wide
- Supported 81 F-16C/D aircraft flying 12,951 sorties; achieved a record of zero sorties lost for logistics support
- Led the processing of over 2,500 passengers and 3,000 tons of cargo supporting 31 unit deployment operations
- Issued 14 million gallons of fuel for 14,000 requests; 13.9-minute average response crushed 30-minute standard
- Led unit to multiple awards—recognized with the 12th Air Force #1 Industrial Safety Award, the Secretary of Defense Maintenance Award, and the 27th Mission Support Group, Squadron of the Year for 2004 and 2005

**Department Head, Logistics Readiness Division** Kirtland AFB, Albuquerque, NM 2001 - 2003  
 Leads inspection teams in development and conduct of Air Force-wide logistical assessments for the Secretary of the Air Force, Inspector General. Documents areas for improvement and recommends solutions to resolve major issues affecting Air Force business practices. Publishes final reports and presents to senior leaders.

- Revealed severe deficiencies in munitions inventory environmental assessments; delivered Air Force-wide solutions avoiding billions of dollars in spending to Air Force Director of Installations and Logistics
- Identified Air Force personnel accounting system understatement of Air Expeditionary Force impact on direct combat support jobs—senior Air Force leaders used findings to improve shortfall quantification processes
- Discovered errors in wing readiness reporting; made recommendation that consolidated readiness status in one report providing combatant commanders an accurate picture of materiel and personnel ready for combat

**Commander, 5th Logistics Support Squadron** Minot AFB, Minot, ND 1997 - 2001  
 Directed training for 1,015 logisticians spanning 34 career specialties. Administered a \$1.2 million support agreement program and a \$6.6 million war reserve materiel program. Executed deployment operations for 4,665 personnel and 2,269 tons of cargo. Led management of 757 TF-33 engines for a fleet of 36 B-52s, valued at \$145.7 million. Planned and executed a \$95,300 squadron budget; executed a \$26 million flying hour budget.

- Improved unit morale 100% across-the-board; proven by February 2000 Air Force Unit Climate Assessment; squadron rated best in 5<sup>th</sup> Bomb Wing for organizational culture and work environment
- Implemented information technology training program—put \$5K AF investment to best use; developed unit program to train group information managers; 26 personnel trained yielded \$130K return on investment
- Achieved top rating of “Satisfactory” during Air Combat Command Nuclear Surety Inspection; 1 of only 2 bases to pass first time in last 24 inspections; contributed with zero discrepancies in random sample of 948 training records

## EDUCATION

M. S., Administration, Central Michigan University, 1991  
 B. S., Economics, Angelo State University, 1985  
 Air War College, Correspondence, 2003  
 Air Command and Staff College, Correspondence, 1998

## RELEVANT TRAINING

Joint/Combined Warfare Course, Norfolk Naval Air Station, VA, 2007  
 Strategic Logistics Management, Air Force Institute of Technology, Wright-Patterson AFB, OH, 2006  
 Aircraft Maintenance Officers Course, Sheppard AFB, TX, 2000  
 Advanced Logistics Officers Course, Lackland AFB, TX, 1998  
 Combat Logistics, Air Force Institute of Technology, Wright-Patterson AFB, OH, 1993

## AWARDS AND HONORS

- Defense Meritorious Service Medal (1 award) and the Meritorious Service Medal (6 awards)
- Received Chairman’s Standard of Excellence Award as Program Coordinator for the 1998 Air Education & Training Command Combined Federal Campaign—at \$345,000, the most successful campaign in nine years
- Leadership recognized with the 5<sup>th</sup> Logistics Group Lance P. Sijan Leadership Award
- Management recognized as the 5<sup>th</sup> Bomb Wing Thomas P. Gerrity Logistics Management Award winner
- Selected by-name to coordinate the Spring 1997 Air Force Logistics Board of Advisors, Air Force Engine Summit, Supply General Officers Steering Committee—received General Officer recognition and decoration
- Selected as the 11<sup>th</sup> Air Force Company Grade Officer of the Year for 1993
- Hand-picked to command 1 of 5, high-visibility material maintenance units in the Air Force—led maintenance efforts for \$620 million in military hardware and facilities at three remote airfields in the Republic of Korea

# City of Copperas Cove

## City Council Agenda Item Report

November 17, 2009

### Agenda Item No. I-7

Contact – Wanda Bunting, Director of Financial Services, 547-4221  
wbunting@ci.copperas-cove.tx.us

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**SUBJECT: Consideration and action on authorizing the City Manager to enter into an agreement with Pattillo, Brown, and Hill for the fiscal year 2008-09 audit engagement.**

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#### 1. BACKGROUND/HISTORY

Each fiscal year the City is required to have an audit completed by an independent certified public accountant.

On, September 1, 2009, City staff requested for City council to authorize the City Manager to enter into an agreement with Lott, Vernon & Company, P.C. On September 1, 2009, City Council did not authorize the agreement. City staff began the process of writing a Request for Proposal (RFP) document for audit services as directed by the City Council. The RFP was drafted by City staff and approved by the City Manager.

#### 2. FINDINGS/CURRENT ACTIVITY

The City sent the request for proposals to seven audit firms. The request for proposals was advertised in accordance with Texas Local Government Code on October 2, 2009 and October 9, 2009. The City received responses from five audit firms by the October 20, 2009 due date: Padgett Stratemann & Co., BKD, Clifton Gunderson, Weaver & Tidwell, and Pattillo, Brown & Hill. A comparison of professional fees and expenses is provided as an attachment to the agenda item.

The RFPs were reviewed by City staff and the firm, Pattillo, Brown & Hill, was selected for recommendation based on the best value to the City. Additionally, the selected firm proposed the lowest cost and has several years of experience in auditing cities of all sizes and especially cities similar to the City of Copperas Cove.

#### 3. FINANCIAL IMPACT

The preliminary proposed cost provided by Pattillo, Brown & Hill for the audit is \$42,500 which includes all aspects of the City's portion of the audit. Cost sharing is done throughout the various operational funds. Sufficient funds are available in the various departments.

The preliminary proposed cost provided by Pattillo, Brown & Hill for the CCEDC portion of the audit is \$5,000. The CCEDC will be responsible for the costs related to the CCEDC annual audit.

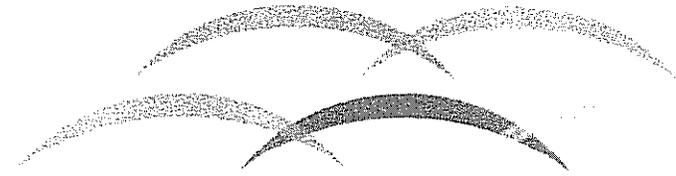
**4. ACTION OPTIONS/RECOMMENDATION**

City staff recommends that the City Council authorize the City Manager to enter into an agreement with Pattillo, Brown & Hill to complete the City's annual audit for fiscal year 2008-09.

Audit Request for Proposals  
Comparison of Professional Fees and Expenses  
Audit of FYE September 30, 2009 Financial Statements

	Quoted		Padgett Stratemann & Co.	Quoted		BKD	Quoted		Clifton Gunderson	Quoted		Weaver & Tidwell	Quoted		Pattillo, Brown & Hill
	Hours	Hourly Rates		Hours	Hourly Rates		Hours	Hourly Rates		Hours	Hourly Rates		Hours	Hourly Rates	
Partners	50	256	12,800	20	238	4,760	48	220	10,560	24	260	6,240	70	165	11,550
Managers	100	160	16,000	60	138	8,280	173	165	28,545	69	132	9,108	0	0	-
Supervisory Staff	250	115	28,750	150	117	17,550	120	115	13,800	258	100	25,800	180	85	15,300
Staff	200	92	18,400	350	91	31,850	120	80	9,600	147	84	12,348	180	60	10,800
Other (specify)			-	20	50	1,000			-	16	48	768			-
<b>Total for Audit Services</b>	<b>600</b>	<b>127</b>	<b>\$ 75,950</b>	<b>600</b>	<b>106</b>	<b>\$ 63,440</b>	<b>461</b>	<b>136</b>	<b>\$ 62,505</b>	<b>514</b>	<b>106</b>	<b>\$ 54,264</b>	<b>430</b>	<b>88</b>	<b>\$ 37,650</b>
Out of pocket expenses:															
Meals and lodging			\$ 3,950			\$ 1,000			\$ -			included			
Transportation			\$ 3,260			\$ 2,000			\$ -			included			
Other (specify)			\$ 40			\$ 1,500			\$ -			included			
															\$ 4,850
<b>Total all inclusive maximum price for audit</b>			<b>\$ 83,200</b>			<b>\$ 67,940</b>			<b>\$ 62,505</b>			<b>\$ 54,264</b>			<b>\$ 42,500</b>
						Note \$68,000 quoted - hrs do not add			Note \$60,470 quoted - hrs do not add						
<b>Special services described in Section 2.2.5</b>															
GFOA Certificate of Achievement for Excellence in Financial Reporting program			\$ 1,250			\$ 10,000			\$ 1,000			included in audit price			included in audit price
Financial advisor and/or the underwriter "consent and citation of expertise" / "comfort letters."			hrly rates above			\$ 5,000			\$ 3,000			\$2K - \$5K depends upon specific requirements			included in audit price
Single Audit Act, U.S. Office of Management and Budget (OMB) Circular A-133			see separate rate schedule			\$ 6,000			\$ 5,000			included in audit price			included in audit price
The schedule of federal financial assistance / internal controls.			included in single audit hrly rates			\$ 6,000			\$ 2,080			included in audit price			included in audit price
Accounting services to include consultations, meetings, and follow-up.			see separate rate schedule			\$ 1,000			\$ 3,000			routine meetings & issues included in audit price, additional hrly rate			included in audit price
Annual Audit Services for C.C.E.D.C.												\$ 7,500			\$ 5,000

**Note: The rate quoted should not be presented as a general percentage of the standard hourly rate or as a gross deduction from the total all-inclusive maximum price.**



# City of Copperas Cove

*DOLLAR COST PROPOSAL  
RFP NO. 2009-18-31*

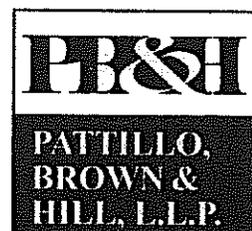
*OCTOBER 19, 2009*

*PATTILLO, BROWN & HILL, L.L.P.  
401 WEST HIGHWAY 6  
WACO, TEXAS 76710*

*TELEPHONE NUMBER: 254/772-4901*

*CONTACT: TODD PRUITT, CPA  
PAULA LOWE, CPA*

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## DOLLAR COST BID

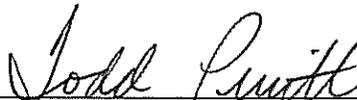
1. **Name of Firm:** Pattillo, Brown & Hill, L.L.P.

Certification that the person signing this proposal is entitled to represent the Firm and authorized to sign a contract with the City of Copperas Cove, Texas.

So Certified

Name: Todd Pruitt, CPA

Title: Partner

Signature: 

Total all-inclusive maximum fees for the audit of the City:

2009	\$42,500
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Total all-inclusive maximum fees for the audit of CCEDC:

2009	\$5,000
------	---------

Total all-inclusive maximum fees:

2009	\$47,500
------	----------

Our stated all-inclusive maximum fees include all services described in Section 2.2.5 of the City's RFP.

Increases in subsequent years' fees would not exceed three (3) %.

**PROFESSIONAL FEES AND EXPENSES**

**FOR THE AUDIT OF THE CITY'S 2009 FINANCIAL STATEMENTS**

	<u>Hours</u>	<u>Hourly Rates</u>	<u>Total</u>
Partners	70	\$ 165	\$ 11,550
Supervisory staff	180	85	15,300
Staff	180	60	<u>10,800</u>
			37,650
Out-of-pocket expenses			<u>4,850</u>
Total all-inclusive maximum price for fiscal year 2009 Audit			\$ <u>42,500</u>

**PROFESSIONAL FEES AND EXPENSES**

**FOR THE AUDIT OF THE EDC'S 2009 FINANCIAL STATEMENTS**

	<u>Hours</u>	<u>Hourly Rates</u>	<u>Total</u>
Partners	10	\$ 165	\$ 1,650
Supervisory staff	20	85	1,700
Staff	20	60	<u>1,200</u>
			4,550
Out-of-pocket expenses			<u>450</u>
Total all-inclusive maximum price for fiscal year 2009 Audit			\$ <u>5,000</u>

**REIMBURSEMENT RATES**

PB & H will accept reimbursement for travel, lodging and subsistence at the prevailing City rates for its employees.

**ADDITIONAL COSTS**

There will be no additional costs billed for under this engagement. If it should become necessary for the City to request us to render any additional services to either supplement the services requested in this request for proposals or to perform additional work as a result of the specific recommendations included in any report issued during this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the City and PB&H.

### ***RATES FOR ADDITIONAL PROFESSIONAL SERVICES***

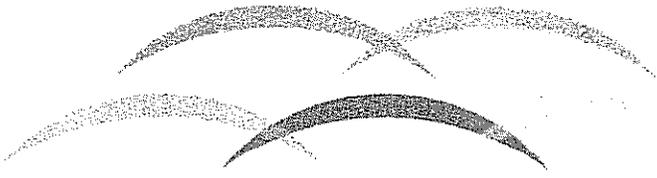
If it should become necessary for the City to request us to render any additional services to either supplement the services requested in this request for proposals or to perform additional work as a result of the specific recommendations included in any report issued during this engagement, then such additional work shall be performed at the rates set forth below:

Partner	\$165
Senior	85
Staff	60

### ***MANNER OF PAYMENT***

Pattillo, Brown & Hill, L.L.P. accepts the payment terms stated in the City's RFP.

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City of Copperas Cove

*PROPOSAL FOR  
PROFESSIONAL AUDIT SERVICES  
RFP No. 2009-18-31*

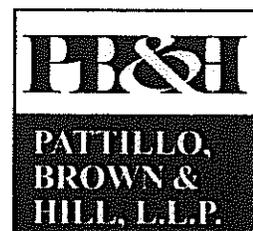
*OCTOBER 19, 2009*

*PATTILLO, BROWN & HILL, L.L.P.  
401 WEST HIGHWAY 6  
WACO, TEXAS 76710*

*TELEPHONE NUMBER: 254/772-4901*

*CONTACT: TODD PRUITT, CPA  
PAULA LOWE, CPA*

*COPY*



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### ATTACHMENTS

- Addendum No. 1
- Proposal Affidavit
- Report Format

**PB&H**  
**PATTILLO, BROWN & HILL, L.L.P.**  
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

October 19, 2009

City of Copperas Cove, Texas  
Attention: Purchasing Officer  
507 S. Main Street  
Copperas Cove, Texas 76522

Pattillo, Brown & Hill, L.L.P. (PB&H) is pleased to have the opportunity to submit the accompanying proposal to provide professional audit services to the City of Copperas Cove, Texas. As detailed in our proposal, we feel that there are few firms as qualified as PB&H to serve the City.

We believe that our firm possesses certain unique characteristics that are well-matched to the City's needs. We are a regional accounting firm that has been in existence since 1923. Our primary business is serving local governments in Texas and New Mexico. In addition to our experience with municipalities, we have extensive experience auditing other forms of local governments such as counties, school districts, regional planning commissions, workforce development boards, and special districts. We believe that these attributes, combined with the other factors outlined in this proposal, make PB&H uniquely qualified to serve the City.

Our proposed service team for the City consists of seasoned professionals who work exclusively on local government engagements. Every member of our proposed team not only has significant local government experience, but has experience auditing municipalities. This level of experience and expertise, not only in the management but throughout the service team, will ensure high quality performance for the City.

Outlined in this proposal are key factors that distinguish PB&H from other providers of government services. Among these are the experience level of our service team with audits of municipalities, our firm's commitment to providing services to the public sector, our engagement approach, and rates that are competitive and fair.

We feel that we offer the City a "best value" solution to performing these services. We bring the high level of experience and expertise as larger, national accounting firms, but with the value inherent in local firms.

Our work will be scheduled to facilitate the needs and convenience of the City. We will adhere to all deadlines of the City, as well as requirements of the GFOA. Schedules will be coordinated with the Finance Department in order to fit their schedules and demands.

As engagement partner, I am an authorized representative of the firm and my signature binds PB&H to the terms and conditions specified in this proposal. I can be reached by phone at (254) 772-4901, by email at [tpruitt@pbhcpa.com](mailto:tpruitt@pbhcpa.com), or by mail at 401 West Highway 6, Waco, Texas 76710.

I am excited about the opportunity to serve the City. Please feel free to contact me should you have any questions regarding this proposal. This proposal is a firm and irrevocable offer for 90 days.

Yours truly,

PATTILLO, BROWN & HILL, L.L.P.

A handwritten signature in cursive script that reads "Todd Pruitt".

Todd Pruitt, CPA

TP/dw

**STATEMENT  
OF INDEPENDENCE**

## **STATEMENT OF INDEPENDENCE**

We are independent in regard to the City of Copperas Cove, Texas (and all of the component units of the City of Copperas Cove, Texas), as defined by auditing standards generally accepted in the United States of America, as well as the U. S. Government Accountability Office's Government Auditing Standards. No members of PB&H have had any business relationships with the City or any of its component units for the past five (5) years.



**STATEMENT  
OF LICENSE IN TEXAS**

# *STATEMENT OF LICENSE IN TEXAS*

The firm and all key professional staff assigned to your audit will be CPAs licensed to practice in Texas.



***PATTILLO, BROWN, & HILL's  
QUALIFICATIONS AND EXPERIENCE***

## ***PATTILLO, BROWN, & HILL's QUALIFICATIONS AND EXPERIENCE***

Pattillo, Brown & Hill, L.L.P. is a regional accounting firm that has been in continuous existence since 1923. Our primary business is serving local governments in Texas and New Mexico.

- ***EXPERIENCE WITH LOCAL GOVERNMENTS***

We have extensive experience with local governments, presently serving over 100 governmental entities. We believe that our proposed service team has experience auditing municipalities in the State of Texas that few other firms can offer. We understand municipalities with a depth of knowledge that can only be gained through years of experience in performing these audits. This engagement team is able to draw on past experiences and challenges with dozens of other cities in the State of Texas. The results are an efficient and effective audit with a minimum disruption to the City's staff.

- ***COMMITMENT TO PERFORMING QUALITY GOVERNMENTAL AUDITS***

Governmental audits continue to be the fastest growing segment of our client base. We are committed to achieve the highest standards in performing quality governmental audits. As evidence of this commitment, our proposed service team includes members of the following organizations:

- AICPA's Governmental Audit Quality Center
- Government Finance Officers Association (national)
- Government Finance Officers Association of Texas
- Special Review Committee of the GFOA
- Texas Association of Regional Councils
- Texas Association of Counties
- Texas Association of School Business Officials

Many of our clients have elected to pursue the GFOA's Certificate of Achievement for Excellence in Financial Reporting on a regular basis. In all instances where we have been associated with this pursuit, our client has been awarded the certificate.



• **APPROPRIATE SIZE**

PB&H was founded in Waco in 1923 and has been in continuous existence since that time. We are a regional accounting firm with four offices located in Texas and one in Albuquerque, New Mexico. If we are awarded the contract, our Waco office will manage and execute the engagement. This office includes 10 partners, 10 managers, 50 professional staff, and 7 administrative staff. Our government audit department in this office includes 4 partners, 18 professional staff, and 3 administrative staff. These professionals work almost exclusively on governmental engagements. The only other engagements these professionals work on are not-for-profit engagements that are subject to single audits. This approach has enabled our staff to focus on government auditing and accounting services and develop a level of expertise that could not otherwise be achieved.

Our unyielding commitment to exceptional client service has resulted in the growth of our client base, positioning PB&H between the very large national accounting firms and smaller, local firms. We are large enough to have the resources to ensure high quality services will be provided according to our clients' timelines, but small enough to provide the personalized service that our clients deserve. We believe that we offer our clients a unique blend of technical expertise and responsiveness that is sometimes unavailable from larger national firms who may be focused on more sizable engagements. The City will be a significant and valued client at PB&H.

• **EXPERIENCE AUDITING GOVERNMENT ENTITIES**

A representative sample of government entities we serve or have served follows:

City Governments	Beaumont	DeSoto	Grapevine	Pearland
	Bedford	Duncanville	Keller	Rowlett
	Cedar Park	Flower Mound	La Porte	San Marcos
	Corsicana	Fredericksburg	New Braunfels	Sherman
	Del Rio	Friendswood	Pflugerville	Waco
Counties	Bastrop	Gillespie	Kaufman	Rockwall
	Bosque	Grayson	Leon	Sabine
	Bowie	Gregg	Limestone	Tom Green
	Cameron	Grimes	Medina	Tyler
	Collin	Harrison	McLennan	Upshur
	Denton	Henderson	Montgomery	Van Zandt
	Ellis	Hill	Nacogdoches	Walker
	Falls	Hood	Navarro	Williamson
	Freestone	Jasper	Orange	Wood



Councils of Government

Alamo Area Council of Governments  
Ark-Tex Council of Governments  
Brazos Valley Council of Governments  
Central Texas Council of Governments  
Concho Valley Council of Governments  
Deep East Texas Council of Governments  
East Texas Council of Governments  
Heart of Texas Council of Governments  
Permian Basin Regional Planning Commission  
Rio Grande Council of Governments  
South East Texas Regional Planning Commission  
South Plains Association of Governments  
South Texas Development Council  
Texoma Council of Governments

Workforce Development  
Boards

Central Texas Workforce Development Board  
Tarrant County Workforce Development Board  
Heart of Texas Workforce Development Board

Colleges

University of Mary Hardin-Baylor

• **EXPERIENCE WITH SINGLE AUDITS**

With recent events such as the issuance of the PCIE's Report on National Single Audit Sampling Project and the American Recovery and Reinvestment Act of 2009, recipients of federal and state awards will be scrutinized more closely than ever. In this environment of increased oversight, it is more important than ever to have a qualified auditor with experience in performing single audits, preferably having significant experience with the programs from which you receive your funding.

Most of the cities, counties, school districts, and special districts that we provide audit services for are subject to the requirements of OMB Circular A-133 and/or the State of Texas Single Audit Circular each year. PB&H conducts over 40 single audits each year. As such, we are routinely subjected to federal and state desk reviews and quality control reviews. PB&H has successfully complied with all reviews in the last three years. There has been no disciplinary action taken or pending against the firm that would adversely affect our ability to serve the City.

- ***EXPERIENCE WITH GFOA'S CERTIFICATE OF ACHIEVEMENT***

As indicated below, many of our clients have elected to pursue the GFOA's Certificate of Achievement for Excellence in Financial Reporting. In all instances where we have been associated with this pursuit, our client was awarded the certificate. Our governmental audit staff includes four members of the Special Review Committee of the GFOA. The following is a sample of our clients that have received this award:

Abilene Regional MHMR Center	Henderson County
Brazos Valley Council of Governments	City of Highland Village
City of Cedar Park	Hood County
City of Colleyville	City of Kennedale
Collin County	McLennan County
City of Deer Park	Nacogdoches County
Denton County	Navarro County
City of Duncanville	City of Pflugerville
City of Eagle Pass	City of Rosenberg
East Texas Council of Governments	City of San Marcos
Ellis County	City of Sherman
Town of Flower Mound	South Plains Association of Governments
City of Friendswood	City of Stephenville
City of Grapevine	City of Waco
Grayson County	City of West University Place
	Williamson County



- ***COMMITMENT TO AVAILABILITY OF PARTNERS***

Because our client base per partner is much smaller than that of national accounting firms, our partners are much more actively involved with the performance of engagement procedures. Benefits to the City include having more experienced professionals performing the work and greater continuity from year to year. We believe our firm's foundation is our partner relationships with our clients.

We believe it is essential to make our partners available to our clients at all times during the year. We have found that handling issues throughout the year; instead of only at audit time, makes for a cleaner audit and gives our clients peace of mind to know that the problem or situation has been resolved. Our firm handles meetings, phone calls, in-house training and other requests from our clients at all times during the year. Our fee proposal is inclusive of all phone calls and conversations during the year. All that we ask is that some advance knowledge of large requests be given in order to accommodate your needs.

- ***RESULTS OF DESK REVIEWS AND EXTERNAL QUALITY CONTROL REVIEWS***

PB&H has successfully complied with all state and federal desk reviews and quality control reviews in the last three years. There has been no disciplinary action taken or pending against the Firm in the last three years that will adversely affect our ability to serve the City.





## **EUBANK & BETTS**

A Professional Limited Liability Company

**CERTIFIED PUBLIC ACCOUNTANTS**

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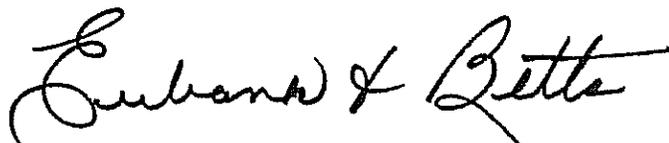
November 15, 2007

*To the Partners of  
Pattillo, Brown & Hill, LLP  
and the Center for Public Company Audit Firms Peer Review Committee*

We have reviewed the system of quality control for the accounting and auditing practice of **Pattillo, Brown & Hill, LLP** (the firm) applicable to non-SEC issuers in effect for the year ended May 31, 2007. The firm's accounting and auditing practice applicable to SEC issuers was not reviewed by us since the Public Company Accounting Oversight Board (PCAOB) is responsible for inspecting that portion of the firm's accounting and auditing practice in accordance with PCAOB requirements. A system of quality control encompasses the firm's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of complying with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of Certified Public Accountants (the AICPA). The design of the system, and compliance with it, are the responsibilities of the firm. Our responsibility is to express an opinion on the design of the system, and the firm's compliance with that system based on our review.

Our review was conducted in accordance with standards established by the Peer Review Committee of the Center for Public Company Audit Firms and included procedures to plan and perform the review that are summarized in the attached description of the peer review process. Our review would not necessarily disclose all weaknesses in the system of quality control or all instances of lack of compliance with it since it was based on selective tests. Because there are inherent limitations in the effectiveness of any system of quality control, departures from the system may occur and not be detected. Also, projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control for the accounting and auditing practice applicable to the non-SEC issuers of **Pattillo, Brown & Hill, LLP**, in effect for the year ended May 31, 2007, has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA, and was complied with during the year then ended to provide the firm with reasonable assurance of complying with applicable professional standards.



**EUBANK & BETTS, PLLC**

***PARTNER, SUPERVISORY AND STAFF  
QUALIFICATIONS AND EXPERIENCE***

## QUALIFICATIONS OF ASSIGNED PERSONNEL

Our proposed service team has thorough knowledge of government auditing and extensive experience auditing a variety of entities similar to the City. The team brings a wealth of experience in auditing municipalities in the State of Texas, and as such they are well versed in the intricacies of Generally Accepted Government Auditing Standards, OMB Circular A-133 and the State of Texas Single Audit Circular. If awarded the engagement, Todd Pruitt and a team of experienced professionals will perform the City's audit. As mentioned earlier, our partners are much more actively involved with the performance of engagement procedures than larger national firms. The proposed personnel who will be working on the engagement are as follows:

Todd Pruitt, Engagement Partner, CPA  
Paula Lowe, Concurring Partner, CPA  
Jennifer Martinka, Senior Auditor, CPA  
Don Abel, IT Specialist, CISSP, MCP  
Staff auditors with experience working on local government audits.

To maintain the highest quality of technical understanding, each member of our government audit staff annually attends at least 40 hours of technical training directly related to auditing and accounting for local governments. With staff members working exclusively in this specialized field, they are properly equipped by attending specific training for this field and gaining experience relevant to audits of local governments.

On the following pages is a summary of the proposed service team members' resumes. All of these professionals are employed on a full-time basis. All key audit professionals are certified to practice in the State of Texas. Furthermore, all of the proposed professionals have significant experience auditing local governments, including cities.



## **TODD PRUITT, CPA**

### **Partner-in-Charge**

Todd will serve as the Engagement Partner on this engagement, and will supervise and direct all of our services to the City. He will serve as the primary client contact for the engagement and will ensure its overall quality. Todd will ensure appropriate staffing, performance and timely completion of the engagement.

#### **Professional Experience**

Todd is a CPA with 15 years of experience auditing local governments in the State of Texas. He concentrates exclusively on audits of local governments. He has provided audit services to numerous cities in Texas. Additionally, he has extensive experience auditing counties and special districts. Todd frequently speaks at local government organizations including the Texas Association of Regional Councils Finance Directors Association, the GFOAT Houston Area Region, the GFOAT Heart of Texas Region and others.

#### **Sample of Experience with Cities**

City of Waco  
City of San Marcos  
City of Rosenberg  
City of Duncanville  
City of Stephenville  
City of Cedar Park  
City of Pearland  
City of Kyle  
City of Live Oak

City of Friendswood  
City of Beaumont  
City of Grapevine  
City of Sherman  
City of Pflugerville  
City of Del Rio  
City of Kennedale  
City of Kerrville  
City of New Braunfels

#### **Experience with Councils of Governments**

Alamo Area Councils of Governments  
Ark-Tex Council of Governments  
Brazos Valley Council of Governments  
Central Texas Council of Governments  
Concho Valley Council of Governments  
Deep East Texas Council of Governments  
East Texas Council of Governments  
Heart of Texas Council of Governments  
Permian Basin Regional Planning Commission  
Rio Grande Council of Governments  
South East Texas Regional Planning Commission  
South Plains Association of Governments  
Texoma Council of Governments

#### **Experience with Workforce Development Boards**

Central Texas Workforce Development Board  
Tarrant County Workforce Development Board  
Heart of Texas Workforce Development Board

### **Sample of Experience with Counties**

Williamson County  
McLennan County  
Grayson County  
Hood County  
Leon County  
Montgomery County  
Robertson County  
Upshur County

Collin County  
Denton County  
Henderson County  
Jasper County  
Limestone County  
Orange County  
Tom Green County  
Wood County

### **Educational Background**

BBA in Accounting

University of Texas at Austin

### **Professional Organizations**

American Institute of Certified Public Accountants  
Texas Society of Certified Public Accountants  
Special Review Committee of GFOA  
Texas Association of Regional Councils (Associate member)  
Government Financial Officers Association (Associate member)  
Government Finance Officers Association of Texas (Associate member)

### **Continuing Professional Education**

All individuals assigned to audits and attestation engagements subject to the *Government Auditing Standards*, including planning, directing, performing field work, or reporting, obtain at least 40 hours of CPE each year that directly enhance the auditor's professional proficiency to perform audits and/or attestation engagements in subjects directly related to government auditing, the government environment, or the specific or unique environment in which the audited entity operates.

Below is an example of some of the continuing education Todd has completed in the past 3 years:

- Solving Complex Single Audit Issues for Government and Nonprofit Organizations
- The Latest on the Recovery Act and Potential Impact on Your 2009 Single Audits
- Preventing Common OMB A-133 and Yellow Book Deficiencies
- 2009 Governmental Audit Quality Center Annual Webcast Update
- PPC Audit Risk Assessment Conference
- Audit Sampling
- Governmental Accounting, Auditing and Financial Reporting
- Statement on Auditing Standards Update
- Internal Control Deficiencies: Assessment and Reporting Under SASs 112 & 115
- OPEB Accounting By Governments
- PPC In-House Seminars: Audit Risk Assessment Suite



## **PAULA LOWE, CPA**

### **Concurring Partner**

Paula will serve as the Concurring Partner of your engagement, and will assist in planning and reviewing the audit. She will monitor and address accounting and compliance issues as they might arise. Paula has conducted numerous training seminars within our Firm and for local government organizations across the state.

#### **Sample of Experience with Cities**

City of Waco  
City of San Marcos  
City of Rosenberg  
City of Stephenville  
City of Leander  
City of Pearland  
City of Live Oak

City of Friendswood  
City of La Porte  
City of Deer Park  
City of Cedar Park  
City of Kyle  
City of Kennedale  
City of Highland Village

#### **Experience with Councils of Governments**

Alamo Area Councils of Governments  
Ark-Tex Council of Governments  
Brazos Valley Council of Governments  
Central Texas Council of Governments

#### **Experience with Workforce Development Boards**

Central Texas Workforce Development Board  
Heart of Texas Workforce Development Board

#### **Educational Background**

BBA in Accounting

Texas A & M University

#### **Continuing Professional Education**

All individuals assigned to audits and attestation engagements subject to the *Government Auditing Standards*, including planning, directing, performing field work, or reporting, obtain at least 40 hours of CPE each year that directly enhance the auditor's professional proficiency to perform audits and/or attestation engagements in subjects directly related to government auditing, the government environment, or the specific or unique environment in which the audited entity operates.

Below is an example of some of the continuing education Paula has completed in the past 3 years:

- The Latest on the Recovery Act and Potential Impact on Your 2009 Single Audits
- Preventing Common OMB A-133 and Yellow Book Deficiencies
- 2009 Governmental Audit Quality Center Annual Webcast Update
- PPC Approach to Audits of Local Governments
- County Auditors Conference
- PPC Audit Risk Assessment Conference
- PPC In-House Seminars: Audit Risk Assessment Suite
- GASB Update
- Texas Society of CPAs: Texas School District Accounting and Auditing Conference
- GFOAT Spring Institute

**Professional Organizations**

American Institute of Certified Public Accountants  
Texas Society of Certified Public Accountants



## **JENNIFER MARTINKA, CPA**

### **Senior Auditor**

A CPA with four years of experience in auditing and accounting for governmental entities, Jennifer will serve as the audit supervisor on the engagement. Jennifer has conducted training seminars within our Firm on various government accounting and auditing topics. The advantages of having an experienced “in-charge” such as Jennifer, include the elimination of time spent by your personnel training our staff and a generally more efficient and cost effective audit.

#### **Sample of Governmental Experience**

Central Texas Council of Governments  
Brazos Valley Council of Governments  
Permian Basin Regional Planning Commission  
City of Corsicana  
City of San Marcos  
City of La Porte  
City of Duncanville

East Texas Council of Governments  
Central Texas Workforce Development Board  
Williamson County  
Navarro County  
City of Balch Springs  
College Station I.S.D.  
City of Leander

#### **Educational Background**

BBA Accounting

Texas A & M University

#### **Continuing Professional Education**

All individuals assigned to audits and attestation engagements subject to the *Government Auditing Standards*, including planning, directing, performing field work, or reporting, obtain at least 40 hours of CPE each year that directly enhance the auditor’s professional proficiency to perform audits and/or attestation engagements in subjects directly related to government auditing, the government environment, or the specific or unique environment in which the audited entity operates.

- The Latest on the Recovery Act and Potential Impact on Your 2009 Single Audits
- Preventing Common OMB A-133 and Yellow Book Deficiencies
- 2009 Governmental Audit Quality Center Annual Webcast Update
- GASB 45: Implications of Additional Pension Disclosures
- PPC In-House Seminars: Audit Risk Assessment Suite
- Texas Society of CPAs: Texas School District Accounting and Auditing Conference
- GASB Update
- SAS 99: A Practical Approach for Local Governments
- Financial Reporting for Local Governments

#### **Professional Organizations**

Texas Society of Certified Public Accountants  
American Institute of Certified Public Accountants



***DON ABEL, CISSP, MCP***  
**IT Manager**

Don Abel is our Director of Information Systems. He has over 15 years of experience in the Information Systems Field – Project Manager for IT projects, Network Administrator, IT consultant specializing in network security and administration, internal auditing, a Programmer Analyst and auditor. Don will serve as part of the audit team to help determine the effect of information technology on the audit, understand the entity’s controls, and design and perform tests of controls and substantive tests. He will assist in determining what we may need from IT staff and their role in the audit and how to leverage IT and risk-based audit procedures to drive audit efficiency.

**Certified Information Systems Security Professional**

The International Information Systems Security Certification Consortium, commonly known as (ISC), promotes the CISSP certification as the “international gold standard” against which other security certifications are measured.

**Educational Background**

Business Information Systems

University of Mary Hardin-Baylor



***SIMILAR ENGAGEMENTS WITH  
OTHER GOVERNMENT ENTITIES***

## PRIOR FIRM EXPERIENCE IN PUBLIC SECTOR AUDITS

Below is a sample of audits within the last five years with reporting situations similar to the City of Copperas Cove, Texas. Please feel free to contact any of the below mentioned references as you so desire.

Dates	Audit	Engagement Partners	Contact	Estimated Hours
2008*	City of Grapevine	Todd Pruitt Paula Lowe	Fred L. Werner Grapevine, Texas 817/410-3113 f Werner@grapevintexas.gov	750
2004 - 2008*	City of Friendswood	Todd Pruitt Paula Lowe	Roger Roecker Friendswood, Texas 281/966-3200 rroecker@ci.friendswood.tx.us	450
1994 - 2008*	Williamson County	Todd Pruitt Paula Lowe	David Flores Georgetown, Texas 512/943-1500 auditor@williamson.county.org	750
2006 - 2008	Tom Green County	Todd Pruitt Paula Lowe	Nathan Craddock San Angelo, Texas 325/659-6521 nathan.craddock@co.tom-green.tx.us	600
2004 - 2008*	City of Duncanville	Todd Pruitt Chris Pruitt	Frank Trando Duncanville, Texas 972/780-6405 frando@ci.duncanville.tx.us	450

\* These entities received their Certificate of Achievement for Excellence in Financial Reporting from the GFOA.

***SPECIFIC AUDIT APPROACH***

## *SPECIFIC AUDIT APPROACH*

- *PHILOSOPHY*

We believe that a long-term professional relationship must be mutually beneficial to be of lasting value to either party. In the end, regardless of the amount of the fee, you are paying too much if you are not satisfied with the value or quality of service you received or the individuals who provide that service. Our goal in serving the City will be to deliver timely, responsive service that meets your needs, exceeds your expectations, and produces value that exceeds our fees. We have achieved that goal in serving numerous clients, and we fully expect to achieve it in serving you.

- *AUDIT COORDINATION*

Our approach will be to coordinate the audit plan with City staff as soon as possible. Work will be distributed among the audit team based on experience levels with particular areas. The timing of procedures will be coordinated with City personnel during introductory meetings. Our approach will focus on addressing accounting and auditing issues early to provide a smooth audit at year-end. We will also reassess our audit plan to ensure issues have been timely addressed, staffing is appropriate, and fieldwork is performed in a high quality manner. We will begin our audit with an initial planning meeting to discuss issues, scheduling, expectations and other relevant issues. We will then formalize a plan that corresponds to the City's expectations and that appropriately addresses areas of audit risk. Communication regarding audit progress will be incorporated in this plan, which will be provided to the City along with a list of items required to perform the audit.

- *DOCUMENTING OUR UNDERSTANDING OF THE CITY'S CONTROL STRUCTURE*

Our audit plan will be based on the risk assessment performed and impacted key processes identified. This audit plan would cover the 2009 audit and would be revised in subsequent years based on changes to the City. For each key process included in the audit plan, we will perform the following audit work:

- Understand the accounting process in depth, including significant process controls in place to mitigate risk.
- Test significant control points to determine if controls are operating as designed.
- Compare processes and controls to "best practices" to determine their effectiveness.
- Report to management on the effectiveness of processes.



- Determine whether any residual audit risk remains and whether substantive audit tests are required.

Substantive audit testing will be performed in areas where the effectiveness of process controls does not reduce risk to a relatively low level or where substantive testing is more efficient.

- ***APPROACH TO MANAGEMENT LETTER COMMENTS***

In preparing management comments and recommendations, we utilize a "bottom-up" review approach to avoid any surprises. This approach allows any draft comments or recommendations to be initially reviewed at the level within the department responsible for the activity and only subsequently discussed at higher levels. Any comments will be constructive. Our findings will contain a statement of condition describing the situation and the problem that needs attention, what should be corrected, and why. We do not dwell on matters of insignificance. Rather, we design our letters to be useful and beneficial for improving the City's performance.

- ***SAMPLING***

Our audit procedures include considerable use of sampling. Sampling will be performed for our tests of internal controls, compliance and financial statement amounts, utilizing approaches representative of populations tested. The extent to which we apply detailed audit procedures and sampling is based on materiality, evaluation of audit risks and internal controls, and the characteristics of items comprising the account balance or class of transactions. Because our sample sizes are affected by many variables, a statement about sample sizes cannot be made in absolute terms. However, in practice, sample sizes usually begin with 40 for single audit tests of controls in order to plan the audit to obtain a low level of control risk. Initial sample sizes for other tests are frequently smaller.

- ***WORKPAPER MANAGEMENT***

Our workpapers are managed using ProSystem fx Engagement, software that allows us to prepare, review, transfer and manage our work in a paperless environment.

- ***INFORMATION SYSTEMS***

Don Abel, CISSP, will serve as IT Specialist on the engagement. He will review the City's information systems environment. Don will serve as part of the audit team to help determine the effect of information technology on the audit, understand the City's controls, and design and perform tests of controls and substantive tests. He will assist in determining what we may need from IT staff and their role in the audit and how to leverage IT and risk-based audit procedures to drive audit efficiency.



• **PROPOSED SEGMENTATION OF THE ENGAGEMENT**

Specific audit programs will be developed and completed for the following areas as necessary:

	<u>Partners</u>	<u>Senior</u>	<u>Staff</u>	<u>Totals</u>
General planning procedures	25	40	-	65
Review of minutes, contracts and laws	2	15	-	17
Cash	2	5	8	15
Investments	2	5	8	15
Revenue and receivables	10	40	50	100
Expenditures for goods and services and accounts payable	10	25	30	65
Payroll and related liabilities	2	8	20	30
Inventories	2	3	6	11
Property, equipment and capital expenditures	3	20	25	48
Debt and debt service expenditures	2	8	8	18

• **ANALYTICAL PROCEDURES**

*Preliminary Analytical Procedures*

Analytical procedures will be used in general planning to improve our understanding of the City's operations and to identify audit areas for increased attention. These procedures will be applied to assist in planning the nature, timing, and extent of other auditing procedures. These procedures will include comparisons of account balances between accounting periods and ratio and trend analysis to improve our understanding of the City and its operations and to identify critical audit areas.

Preliminary analytical procedures will include, at a minimum, a comparison of current account balances to similar amounts in the prior annual period's financial statements and the current period's budget. Additionally, we believe a thoughtful consideration of expected relationships among account balances and periods by an experienced auditor is far more important than a mechanical comparison. We will consider these relationships and bring to bear other knowledge about the City and its operations.

*Analytical Procedures Used as Substantive Tests*

Our reliance on substantive tests to achieve an audit objective related to a particular assertion may be derived from tests of details, from analytical procedures, or from a combination of both. For some assertions, analytical procedures are effective in providing the appropriate level of assurance. For other assertions, however, analytical procedures may not be as effective or efficient as tests of details in providing the desired level of assurance. The expected effectiveness and efficiency of an analytical procedure in identifying potential misstatements depends on, among other things, the predictability of the relationship and the availability and reliability of the data used to develop the expectation.



**Analytical Procedures Used in the Overall Review**

The objective of analytical procedures used in the overall review stage of the audit is to assist us in assessing the conclusions reached and in the evaluation of the overall financial statement presentation. The overall review would generally include reading the financial statements and notes and considering the adequacy of evidence gathered in response to unusual or unexpected balances identified in planning the audit or in the course of the audit and unusual or unexpected balances or relationships that were not previously identified. Results of an overall review may indicate that additional evidence may be needed.

• ***DETERMINING LAWS AND REGULATIONS THAT WILL BE TESTED***

Our consideration of audit risk in planning a governmental engagement is essentially an evaluation of the inherent risk of material errors or fraud in the government's financial statements. We will obtain an understanding of the possible financial statement effects of laws and regulations that have a direct and material effect on the determination of financial statement amounts, and assess the audit risk associated with possible violations of such laws and regulations. We will consider laws and regulations that are generally recognized to have a direct and material effect on the determination of financial statement amounts.

Municipalities may be affected by many laws or regulations. If specific information comes to our attention that provides evidence concerning the existence of possible illegal acts that could have a material indirect effect on the financial statements, we will apply audit procedures specifically directed to ascertaining whether an illegal act has occurred.

• ***ASSISTANCE REQUESTED FROM CITY STAFF***

After we have completed our initial planning meeting and documented internal controls, we will meet with staff to go over a preliminary list of items to be provided by City staff. Our requests generally include trial balances and year-end reports, reconciliations and subsidiary ledgers, and the retrieval of documentation to support account balances. We provide sufficient lead-time so that any request we make will not needlessly disrupt normal office operations. One thing we do not ask is for staff to do our audit work for us. For example, we don't distribute detailed internal control questionnaires for you to complete. Rather, most of our documentation on internal controls is obtained through inquiry and observation.

• ***ANTICIPATED CHALLENGES AND PHILOSOPHY FOR RESOLUTION***

It is of utmost priority to ensure your service team professionals are current with developments in industry practices, accounting releases and auditing requirements. In addition to a highly communicative environment and industry-specific training programs, the following facilitate our efforts in this regard:



- Our service team understands the issues relevant to local governments. The combination of our Firm's resources, level of partner involvement and experienced team members provides an excellent service team of professionals capable of servicing the City's needs.
- To facilitate meeting your expectations and deadlines, we will meet with you during the planning phase of the engagement to obtain an understanding of the assistance the City will provide in performing the audit.
- Regular communication will be ongoing with City personnel, allowing for timely knowledge of significant matters as they arise. When we learn of matters the City may not be aware of, we will be active in conveying relevant information. Regular progress meetings will be scheduled with City personnel at times suitable to City staff.
- We are very much aware of federal and state grant requirements and accounting requirements affecting audits of local governments. As with other issues that may arise, we will work with the City throughout the year to achieve appropriate resolution. Our resources throughout the Firm, which continue to build in our government practice, will be utilized as appropriate.



## QUALITY CONTROL PROGRAM

As an indication of our commitment to quality, we are a member firm of the Public Company Accounting Oversight Board (PCOAB), the National Peer Review Committee (formerly known as the Center for Public Company Audit Firms) Peer Review Program and the AICPA's Governmental Audit Quality Center (GAQC). The GAQC requires member firms to establish policies and procedures specific to the firm's governmental audit practice to comply with the applicable professional standards and Center membership requirements. Additionally, member firms must have its governmental audits selected as part of the firm's peer review reviewed by a peer review team member who is employed by a GAQC member firm.

We are required to undergo peer reviews every three years. We completed our most recent review in 2007 and received an unqualified report. In addition, we also received no "letter of comments," and therefore achieved the highest possible rating, obtained by only a small percentage of accounting firms across the nation. A copy of our most recent peer review report is included in this proposal. The review included a number of specific government engagements.

Specific methods used in our quality assurance program include the following:

### General

- We have designated an audit partner (Todd Pruitt) to have firm-wide responsibility for the quality of the firm's governmental audit practice.
- All audit partners of the firm are members of the AICPA.
- We require all professionals in our governmental audit practice unit to meet the continuing professional education requirements of Government Auditing Standards, even if that professional would not otherwise be subject to those CPE requirements.
- We require all professionals in our governmental audit practice unit to participate in an annual GAQC-sponsored web cast on recent developments in governmental auditing.
- We have established policies and procedures specific to the firm's governmental audit practice to comply with the applicable professional standards and GAQC membership requirements. These policies and procedures are documented and appropriately communicated.

- In addition to meeting the quality control standards requirement for monitoring, we have established annual internal inspection procedures that include a review of the Firm's governmental audit practice by individuals possessing current experience and knowledge of the accounting and auditing practices specific to governmental audits. The engagements inspected are representative of the Firm's governmental audit practice considering the number and different types of governmental audits and the various locations at which those audits are performed. The internal inspection results specific to the Firm's governmental audit engagements are made available to the Firm's peer reviewer. Further, the Firm's monitoring process includes a review of the Firm's compliance with GAQC membership requirements.
- We make publicly available information about our most recently accepted peer review.
- We have our governmental audits selected as part of the Firm's peer review reviewed by a peer review team member who is employed by a GAQC member firm.
- We periodically file with the GAQC information about the Firm and its governmental audit practice, and agree to make such information available for public inspection.

#### **Specific to Engagement Performance**

It is our policy that all audit engagements be properly planned, performed, supervised, reviewed, documented, and reported or communicated in accordance with the requirements of professional standards, regulatory and legal requirements, and the Firm. We have adopted and integrated within our quality control system the use of Practitioners Publishing Company (PPC) accounting and auditing manuals and practice aids. Our Quality Control Document, the PPC manuals, and other practice aids are used by the Firm to assist us in achieving compliance with professional standards. In this regard, the procedures listed below are followed by all personnel assigned to those engagements:

- Evaluate whether to accept/continue the engagement considering the client's integrity and the firm's capabilities.
- Communicate the partner's identity and role to the client.
- Obtain an engagement letter.
- Assign staff based on capabilities, competence, and availability.
- Develop a preliminary audit strategy.
- Perform risk assessment procedures to obtain an understanding of the entity and its environment, including internal control.



- Perform preliminary analytical procedures.
- Evaluate and document materiality and tolerable misstatement.
- Consider potential fraud implications.
- Identify and assess risks of material misstatement and develop responses to identified risks.
- Prepare an audit plan.
- Develop a time estimate.
- Obtain partner approval of audit plan and staff assignments, and, if applicable, time estimates.
- Perform and document further audit procedures.
- Supervise procedures (including work of other auditors).
- Obtain legal representation letters.
- Evaluate and conclude on the effect of audit differences.
- Assist in drafting the financial statements.
- Perform final analytical review.
- Complete a presentation and disclosure checklist and read the financial statements.
- Obtain a management representation letter.
- Draft the reports.
- Consider and document changes from the audit strategy, planning materiality, or audit plan.
- Review the workpapers.
- Determine that all review points and open items have been cleared.
- Obtain an engagement quality control review, if required by firm policy.
- Obtain consultation when appropriate and document and implement conclusions.
- Resolve any differences of opinion and document and implement conclusions.

- Prepare required client communications.
- Have the partner sign the report or transmittal letter.
- Evaluate the staff's performance.
- Maintain the confidentiality, safe custody, integrity, accessibility, and retrievability of the workpapers.
- Assemble and retain the workpapers for a sufficient period of time (subject to monitoring review).

As a result of our commitment to quality audits, selected PB&H professionals have been approved by the AICPA to perform peer review, quality assurance review and consulting review of other CPA firms' quality assurance programs.



# *ATTACHMENTS*



City of Copperas Cove

**ADDENDUM NO. 1**

**RFP NO. 2009-18-31**  
**AUDIT SERVICES**

RFP DUE DATE: October 20, 2009 at 2:00 p.m.

October 5, 2009

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1. The following under 2.2.5 Special Considerations needs to be added:

2.2.5.6 Audit services for the Copperas Cove Economic Development Corporation (C.C.E.D.C.), Corporate Bylaws, Article V, and Section 5.02: The Board shall have prepared for each annual meeting a full and clear statement of the business and conditions of the Corporation. The Corporation will be audited as part of the City Annual Audit. Audit and billing services for the C.C.E.D.C. will be separate from the City of Copperas Cove audit and billing services.

Annual Audit Services to include C.C.E.D.C.

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Tracy Molnes, Purchasing Officer

Acknowledgement:

Signature: Todd Pruitt

Print Name: Todd Pruitt

Title: Partner

Company: Patillo, Brown & Hill, LLP

Date: 10/20/09

PROPOSAL AFFIDAVIT

All pages in offerer's proposal containing statements, letters, etc., shall be signed by a duly authorized officer of the company, whose signature is binding on the proposal.

The undersigned offers and agrees it can and will provide and make available, as a minimum, all services set forth in Section 2.2, Nature of Services Required. The period of acceptance of this proposal will be 90 calendar days from the date of the proposal opening. (period of acceptance will be ninety (90) days unless otherwise indicated by offerer.)

Furthermore, the undersigned warrants that:

- 1. it is willing and able to comply with State of Texas laws with respect to foreign (non-state of Texas) corporations;
- 2. it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof;
- 3. it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of the City;
- 4. all information provided by it in connection with this proposal is true and accurate.

STATE OF Texas COUNTY OF McLennan

BEFORE ME, the undersigned authority, a notary public in and for the State of TX, on this day personally appeared Todd Pruitt, who after being duly sworn, did depose and say:

"I, Todd Pruitt am a duly authorized officer of/agent for  
(Name)

Pattillo, Brown & Hill, LLP, and have been duly authorized to  
(Name of Firm)

execute the foregoing proposal on behalf of the said Pattillo, Brown & Hill, LLP.  
(Name of Firm)

I hereby certify that the foregoing proposal has not been prepared in collusion with any other offerer or other persons engaged in the same line of business prior to the official receipt of this proposal. Further, I certify that the offerer is not now, nor has ever been for the past six (6) months, directly or indirectly concerned in any pool or agreement or combination, to control the price of services/items offered, or to influence any person or persons to offer or not to offer thereon."

Name and Address of offerer: Pattillo, Brown & Hill, LLP  
401 W. Hwy 6  
Waco, TX 76710

Telephone Number (254) 772-4901 Fax Number (254) 772-4920

by: Todd Pruitt Title: Partner  
(Print Name)

Signature: Todd Pruitt

SUBSCRIBED AND SWORN to before me by the above-named Todd Pruitt

on this the 20th day of Oct, 2009

Susan K. Nelson Notary Public in and for the State of Texas

RETURN THIS AFFIDAVIT AS PART OF THE PROPOSAL





## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and  
Member of the City of Council  
City of Sample, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sample, Texas, as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Sample, Texas' management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sample, Texas, as of December 31, 2009, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated \_\_\_\_\_, 2010, on our consideration of the City of Sample, Texas' internal control over financial reporting and our tests of its 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 and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 14 and 59 through 60 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sample, Texas' basic financial statements. The introductory section, combining fund financial statements, supplementary schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and is also not a required part of the basic financial statements of the City of Sample, Texas. The combining fund financial statements, supplementary schedules, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

\_\_\_\_\_, 2010



**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 Honorable Mayor and  
Members of the City of Council  
City of Sample, Texas

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sample, Texas, (the "City") as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated \_\_\_\_\_, 2010. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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 reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the City Council, and federal and state awarding agencies and pass-through entities and is not included to be and should not be used by anyone other than these specified parties.

\_\_\_\_\_, 2010



PATTILLO, BROWN & HILL, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133**

The Honorable Mayor and  
Members of the City Council  
City of Sample, Texas

**Compliance**

We have audited the compliance of the City of Sample, Texas, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2009. The City of Sample, Texas' major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City of Sample, Texas' management. Our responsibility is to express an opinion on the City of Sample, Texas' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Sample, Texas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Sample, Texas' compliance with those requirements.

In our opinion, the City of Sample, Texas complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2009.

## Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

\_\_\_\_\_, 2010

# City of Copperas Cove

## City Council Agenda Item Report

November 17, 2009

### Agenda Item No. I-8

Contact – Wesley Wright, P.E., City Engineer, 547-0751  
wwright@ci.copperas-cove.tx.us

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**SUBJECT: Consideration and action upon authorizing the City Manager to enter into an Agreement with the Lampasas Independent School District for signage on Big Divide Road.**

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**1. BACKGROUND/HISTORY**

The Lampasas Independent School District (LISD) opened Taylor Creek Elementary School at Big Divide Road and Hwy 190 in August 2009.

**2. FINDINGS/CURRENT ACTIVITY**

Recently the LISD requested a school zone be established on Big Divide Road for Taylor Creek Elementary School. Through the proposed Agreement, the LISD will pay for and the City of Copperas Cove will install the signs.

**3. FINANCIAL IMPACT**

The Lampasas Independent School District will pay all direct costs associated with the signage on Big Divide Road.

The City of Copperas Cove Street Department will provide the labor necessary to install the signs

**4. ACTION OPTIONS/RECOMMENDATION**

City staff recommends the City Council authorize the City Manager to enter into an Agreement with the Lampasas Independent School District for signage on Big Divide Road.



# **City of Copperas Cove**

## **City Council Agenda Item Report**

**November 17, 2009**

### **Agenda Item No. I-9**

**Contact – Andrea M. Gardner, City Manager, 547-4221**  
agardner@ci.copperas-cove.tx.us

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**SUBJECT: Consideration and action on approving the updated Copperas Cove Economic Development Corporation bylaws.**

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**1. BACKGROUND/HISTORY**

The Copperas Cove Economic Development Corporation (CCEDC) submitted draft changes of the CCEDC bylaws to the City Council for review and consideration on September 1, 2009. However, the Council postponed the matter for further discussion until the FY 2009-10 Budget for the City was complete and the tax abatement guidelines and criteria were reviewed. On November 3, 2009, the City Council held a workshop to review the proposed changes to the CCEDC bylaws submitted from a member of the governing body.

**2. FINDINGS/CURRENT ACTIVITY**

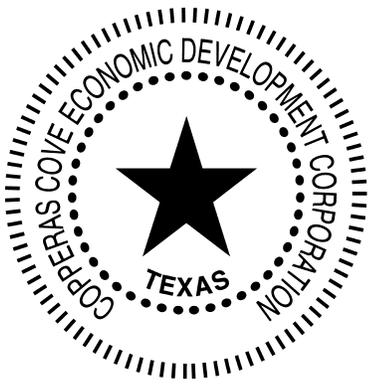
The numerous changes proposed and discussed at the November 3, 2009 Workshop are included in the attached bylaws for further review and consideration. Additionally, on November 5, 2009, staff received a request to replace the following language from the attached bylaws (Section 4.14): "Their attendance shall be for the purpose of ensuring that information about the meetings is accurately communicated to the City Council and to satisfy the City Council obligation to control the powers of the Corporation" with "Their attendance shall be for the purpose of ensuring the flow of information occurs to assist project movement".

**3. FINANCIAL IMPACT**

None.

**4. ACTION OPTIONS/RECOMMENDATION**

City staff recommends the City Council approve the by-laws for the Copperas Cove Economic Development Corporation.



**CORPORATE BYLAWS**  
**ARTICLE I**  
**POWERS AND PURPOSES**

Section 1.01

In order to implement the purposes for which the Corporation was formed as set forth in the Articles of Incorporation, the Corporation shall receive, secure, and reimburse tax proceeds from the half cent sales tax for economic development and may issue obligations to finance all or part of the cost of one or more “projects” or other uses authorized by Chapters 501, 502 and 504 of the Texas Local Government Code (the “Act”), as amended (the “Code”).

Section 1.02

The Corporation shall not issue any bonds or certificates of obligation pursuant to the Code, unless the City of Copperas Cove City Council (the “Unit”) has approved said action by resolution, adopted no less than thirty (30) days prior to the date of the issuance of the bonds or certificates of obligation. The Unit shall have the authority to direct the Corporation to expend funds and issue bonds or certificates of obligation to support eligible projects pursuant to the Code.

Section 1.03

The Corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its Board of Directors (the “Board of Directors”) and committees having any of the authority of the Board of Directors. All

books and records of the Corporation shall be kept at the principal office of the Corporation where they shall be available to the public in accordance with the Texas Public Information Act, Sec 522 et seq., Texas Government Code, as amended. The Unit shall approve all programs and expenditures of the Corporation and annually review any financial statements of the Corporation.

#### Section 1.04

All expenditures made by the Corporation shall comply with the Code and all capital project fund expenses must be presented to the Unit for specific authority. No part of its funds shall be used to benefit any individual, firm or corporation, except in compliance with the Code. No obligation or expenditure shall be made by the Corporation unless the Board of Directors shall determine that sufficient provision has been made for full payment of said obligation or expenditure, including but not limited to repayment of bonds issued in the name of the Corporation.

## **ARTICLE II**

### **DIRECTORS**

#### Section 2.01

The property and affairs of the Corporation shall be managed and controlled by the Board of Directors, subject to the restrictions imposed by law, the articles of incorporation and bylaws, and shall be composed in its entirety of persons appointed by the Unit.

#### Section 2.02

Vacancies in the Board shall be filled by the appointment of successor Directors by the Unit.

#### Section 2.03

The property and business of the Corporation shall be managed by the Board of Directors, which may exercise all powers of the Corporation.

#### Section 2.04

The number of Directors shall be five (5). Directors shall serve a term which consists of three years and are eligible for re-appointment upon approval of the Unit. Directors shall be removable at any time by the Unit official majority vote.

#### Section 2.05

(Approved by the City Council, 10-5-99)

The annual meeting of the Corporation shall be held at the principal office of the Corporation to coincide with the Regular October Meeting of the Board of Directors. All other meetings may be held at the place selected within the corporate limits of the City of Copperas Cove, Texas. Every Annual, Regular, or Special Meeting of the Board of Directors shall be open to the public, except as otherwise permitted by the Constitution of the State of Texas or by the Open Meetings Act, Texas Government Code Chapter 551.

#### Section 2.06

Regular meetings, other than the annual meeting, may be held at such time as shall from time to time be determined by resolution of the Board and with such notice as may be required by law.

#### Section 2.07

Special meetings of the Board may be called by the Chairman on three days notice to each Director, either personally, by regular mail or by electronic mail. Special meetings may also be called by the Secretary in a like manner on the written request of two Directors.

#### Section 2.08

Written notice of the date, hour, place and subject of each meeting of the Board of Directors shall be posted in compliance with Chapter 551, Texas Local Government Code, as amended.

#### Section 2.09

At all meetings of the Board of Directors the presence of three Directors shall be necessary and sufficient to constitute a quorum for the transaction of business. Unless otherwise provided in these Bylaws or in the Articles of Incorporation or as required by law, the act of a simple majority of the Directors present at any meeting for which a quorum is present shall be the act of the Board of Directors. Any Director may bring to the attention of the meeting any apparent conflict of interest or potential conflict of interest of any other Director, in which case the Board of Directors shall determine

whether a true conflict of interest exists before any vote shall be taken regarding that particular matter. The Director as to whom a question of interest has been raised shall refrain from voting with regard to the determination as to whether a true conflict exists.

#### Section 2.10

Public hearings required under Section 147(f) of the Internal Revenue Code of 1954, as amended, may be called and conducted by any officer or Director of the Corporation, and such officer or Director may establish the date, place, and time of the hearing and may give notice of the hearing.

#### Section 2.11

The Board of Directors may, by resolution or resolutions adopted by a majority of the whole Board of Directors, establish one or more committees, each committee to consist of two or more of the Directors of the Corporation. Such committee or committees shall have such name or names, and such powers, as may be determined from time to time by resolution adopted by the Board of Directors.

#### Section 2.12

The committee shall keep regular minutes of their proceedings and report the same to the Board of Directors when required.

### Section 2.13

Directors, as such, shall receive no compensation for services rendered as Directors, but shall be reimbursed for all reasonable expenses incurred in performing their duties as Directors.

## **ARTICLE III**

### **NOTICES**

#### Section 3.01

Whenever under the provisions of the statutes or these Bylaws, notice is required to be given to any Director, it shall not be construed to mean personal notice, but such notice may be given in writing, by regular mail or electronic mail addressed to such Director at such address as appears on the books of the Corporation and such notice shall be deemed to be given at the time when the same shall be thus mailed.

#### Section 3.02

Whenever any notice is required to be given under the provisions of the statutes or of these Bylaws, a waiver thereof in writing signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

## **ARTICLE IV**

### **OFFICERS**

#### Section 4.01

Each year at the Annual meeting in October, the Board of Directors will organize, appointing a Chairman, Vice-Chairman, Secretary, and Treasurer.

#### Section 4.02

The officers of the Corporation chosen pursuant to Section 4.01 shall serve until their successors are chosen and qualify in their stead.

#### Section 4.03

The Board of Directors may appoint such other officers and agents as it shall deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors.

#### Section 4.04

Any officer may be removed at any time by the affirmative vote of a majority of the whole Board. If the office of any officer becomes vacant for any reason, the vacancy shall be filled by the Board of Directors.

## **The Chairman**

### Section 4.05

The Chairman shall preside at all meetings of the Board of Directors.

### Section 4.06

The Chairman shall be an ex officio member of all standing committees, shall have a general supervision of the management of the business of the Corporation, and shall see that all orders and resolutions of the Board of Directors are carried into effect.

### Section 4.07

Once reviewed and approved by the Unit, the Chairman may execute bonds, mortgages, and other contracts requiring a seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Corporation.

## **The Vice-Chairman**

### Section 4.08

The Vice-Chairman, in the absence or disability of the Chairman, performs the duties and exercises the powers of the Chairman and shall perform such other duties as the Board of Directors shall prescribe.

## **The Secretary**

### Section 4.09

The Secretary shall attend all sessions of the Board of Directors and cause to be recorded all votes and the minutes of all proceedings in a book to be kept for that purpose and shall perform like duties for the standing committee when required. He shall give, or cause to be given, notice of all special meetings of the Board of Directors and shall perform other such duties as may be prescribed by the Board of Directors or the Chairman, under whose supervision he shall be. He shall keep in safe custody the seal of the Corporation and, when authorized by the Board, affix the same to any instrument requiring it, and when so affixed, it shall be required as to instruments executed in the course of ordinary business he shall attest to the signature of the Chairman or Vice-Chairman and shall affix the seal hereto.

## **The Treasurer**

### Section 4.10

To the extent not otherwise provided by the Board of Directors, by rules or regulation, in resolutions relating to the issuance of bonds, or in any financing documents relating to such issuance, the Treasurer shall have the custody of the Corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in a depository previously selected and secured as provided for under law for municipal funds. shall disburse the

funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the Chairman and Directors, at the regular meetings of the Board of Directors, or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the Corporation.

#### Section 4.11

The Board of Directors may require the Chairman, Vice-Chairman, the Secretary, and the Treasurer to give the Corporation bond in such sums and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of their office and for the restoration of the Corporation, in case of his death, resignation, retirement, or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation.

#### Section 4.12

All members of the Board of Directors shall be required to attend the Basic Economic Development Course (BEDC) at an acceptable institution of higher learning within twelve months of the initial appointment date to the Board of Directors. An acceptable alternative course that would meet the BEDC's curriculum requirements may be substituted with approval in advance by a majority vote of the other Board of Directors. If because of scheduling requirements or no course vacancies are available, one six-month extension period to the requisite may be granted by a majority vote of the Board of Directors. Otherwise, if this prerequisite is not met with the prescribed time frame,

the Board of Directors shall, within thirty days of the end of the prescribed period, recommend to the Unit that the non-complying Board member's position be declared vacant by the Board of Directors within thirty days of the end of the prescribed period.

#### Section 4.13

Regular attendance at the Board of Directors' meeting is required of all Directors. Should any Director miss three consecutive meetings without being excused by the remaining Directors or attendance reflecting unexcused absences constituting fifty percent (50%) of the regularly scheduled meetings over any twelve month period. In the event replacement is indicated, Director will be counseled by the Chairman and, subsequently, the Chairman shall submit, in writing, to the City Secretary, a statement informing the Unit of the need to replace the Director in question. The office shall be declared vacant and filled in accordance with these Bylaws.

#### Section 4.14

The City Manager or designee or the Unit designee may attend all meetings of the Board of Directors, including executive, private or public. These representatives shall not have the power to vote in the meetings they attend. Their attendance shall be for the purpose of ensuring that information about the meetings is accurately communicated to the Unit and to satisfy the Unit obligation to control the powers of the Corporation.

## **ARTICLE V**

### **FISCAL PROVISIONS**

#### Section 5.01

No dividends shall ever be paid by the Corporation and no part of its net earning remaining after payment of its expenses shall be distributed to or inure to the benefit of its directors or officers or any individual, firm, corporation, or association, except that in the event the Board of Directors shall determine that sufficient provision has been made for the full payment of the expenses, bonds, and other obligations of the Corporation, then any net earnings, of the Corporation thereafter accruing shall be paid to the City of Copperas Cove, Texas.

#### Section 5.02

The Board of Directors shall have prepared for each annual meeting a full and clear statement of the business and condition of the Corporation. The Corporation will be audited annually. The audit shall be presented to the Unit for review. Once a quarter the Corporation shall submit to the Unit a Quarterly Report containing unaudited financial status and other significant activities of the Corporation. Quarterly Reports shall be given in January (report will cover October, November and December), April (report will cover January, February and March), July (report will cover April, May and June) and October (report will cover July, August and September).

#### Section 5.03

All checks or demands for money and notes of the Corporation shall be signed by such officers as the Board of Directors may from time to time designate, provided that in no event shall a check be negotiable until it is signed by at least two officers.

### **Fiscal Year**

#### Section 5.04

The fiscal year shall be from October 1 to September 30 each year.

#### Section 5.05

The Executive Director shall sixty (60) days prior to the beginning of each fiscal year, prepare and submit to the Board of Directors a proposed budget for the fiscal year. The budget shall provide a plan for a program of activities. It shall also include a budget message, explain any major changes in fiscal policy, and any notable changes from the current budget in expenditure and revenue items. It shall also show revenues and expenditures to date for the current year. The proposed budget shall also provide a list of estimated revenue sources and proposed expenditures by fund and category. It shall also show a schedule of any debt owed by the Corporation and the requirements for the repayment of all debt by issue or class. The budget shall also include a category for Capital Projects, if proposed, that is within the operating budget. Capital Projects shall have a summary of proposed programs along with financing methods, cost estimates and an initial time schedule, if available, for each improvement. The budget will be submitted to the Unit prior to the beginning of each fiscal year for final review and approval by the Unit.

**Fiscal Policy for Maintaining Adequate Level of Reserves**  
**in Corporation's Operating Fund and Other Funds**

Section 5.06

The Corporation shall maintain unencumbered cash reserves equivalent to three (3) months expenditures for the Operating Fund. This twenty-five (25) percent designated reserve shall be based on the approved Operating Fund Budget for that year. Any long-term debt shall have at least a three (3) month reserve or whatever is required by bond ordinance or instrument (once reviewed and approved by the Unit). Unencumbered cash reserves in excess of the recommended amounts may be moved to the Capital Projects Fund upon approval by the Board of Directors. The Capital Projects 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. Disbursement from the Capital Project Fund shall be by budget appropriation. Upon approval by the Unit funds may also be transferred from the Capital Project Fund to the Operating Fund Reserve when the level of reserve falls below minimum levels with approval of the Board of Directors.

Section 5.07

The Executive Director shall be authorized to complete line item transfers within the Budget, without increasing the total Budget. These line item transfers will be completed by Budget Reallocation, as needed, and will be presented to the Board of Directors for approval. Estimated expenditures shall not exceed estimated resources. 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.

#### Section 5.08

Temporary and idle funds which are not needed for immediate obligations of the Corporation may be invested in any legal manner provided by the Public Funds Investment Act and authorized by the approved Copperas Cove Economic Development Corporation Investment Policy.

### **ARTICLE VI**

#### **OFFICES**

#### Section 6.01

The principal office of the Copperas Cove Economic Development Corporation (the "Corporation") shall be at 210 South First Street, Copperas Cove, TX , 76522.

### **ARTICLE VII**

#### Section 7.01

These Bylaws are not in force until approved by the Unit.

#### Section 7.02

These Bylaws may not be altered, changed, or amended in any manner without review and approval by the Unit.

#### Section 7.03 Page 15 of 16

**Executive Director**

The salary of the Executive Director may not exceed \$90,000 per year without approval of the Unit and the auto allowance provided to the Executive Director may not exceed \$300 per month without the approval of the Unit.

The Executive Director shall be a Certified Economic Developer (CEcD) as outlined by the International Economic Development Council.

APPROVED BY THE UNIT ON THIS 17<sup>th</sup> Day of November 2009 at meeting held in compliance with the Open Meetings Act (Texas Government Code, Article 551.001 et seq), at which meeting a quorum was present and voting.

\_\_\_\_\_

John A. Hull, Mayor

**APPROVED AS TO FORM:**

\_\_\_\_\_

Denton, Rocha & Bernal, P.C.  
City Attorney

**ATTEST:**

\_\_\_\_\_

Jane Lees, City Secretary