MINUTES

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
BOARD OF DIRECTORS

March 21, 2023

The meeting of the Amarillo EDC Board of Directors meeting was held at FirstBank Southwest Tower, 600 S Tyler, Ed Davis Conference Room, Amarillo, TX at 12:00 p.m. on March 21, 2023. Board members in attendance were:

Voting Members	Board Position	Present	No. Meetings Held	No. Meetings Attended
ANDREW HALL	CHAIRMAN	Y	36	30
ADRIAN MEANDER	VICE-CHAIR/SECRETARY	Y	13	13
HELEN BURTON	DIRECTOR	Y	3	3
LLOYD BROWN	DIRECTOR	Y	58	50
SCOTT BENTLEY	DIRECTOR	Y	48	48

Also, in attendance were the following staff members:

KEVIN CARTER	PRESIDENT & CEO
DOUG NELSON	SR. VICE-PRESIDENT FINANCIAL SERVICES
MICHAEL KITTEN	VICE PRESIDENT BUSINESS DEVELOPMENT
HOLLIE SHANKLE	DIRECTOR BUSINESS DEVELOPMENT
ANNALISA BAILEY	RESEARCH ASSISTANT
LAURA STORRS	TREASURER/ASSISTANT CITY MANAGER
BRITTANI OCHOA	ADMINSTATIVE ASSISTANT

ITEM 1: Chairman Hall established that a quorum was present and called the meeting to order.

ITEM 2: Chairman Hall requested a motion to approve the minutes from the February 27, 2023, Board of Directors meeting. Director Brown made a motion to approve the minutes. Vice-Chair/ Secretary Meander seconded the motion. The motion was approved unanimously.

ITEM 3: EDC Audit was present by Vice-Chair/Secretary Meander made a motion to approve the audit. Director Bentley seconded the motion. The audit was approved.

ITEM 4: Chairman Hall adjourned the meeting into executive session at 12:07 pm.

No action was taken during the executive session because none is permitted by law.

The public session reconvened at 12:23 pm.

ITEM 5: Chairman Hall opened the meeting for public comment. There were no comments from the public.

ITEM 6: President/CEO Carter presented to the committee Cacique is on schedule to open. The grand opening will be May 11th.

ITEM 7: **Staff Financial & Operation Reports:**

President Carter stated that sales tax collections are up 6.81 % for the year. This brings 32 months of growth.

President Carter provided updates on the following projects:

Loge Redesign: Meeting went well. They will have another meeting soon. President Carter is hoping to

have some designs to look at by summertime.
State of Economy: We had 350 people in attendance.
CVMR: has closed on their land.
Cacique: Grand opening May 11th
POB: Will be breaking ground in April. No certain date yet.

ITEM 8: The next meeting of the Amarillo EDC Board of Directors is scheduled for Monday, April 17, 2023, at 11:00 am.

The March 21, 2023, meeting of the Amarillo EDC Board of Directors was adjourned at 1:19 pm.

The undersigned certifies that the foregoing information is correct.

Andrew Hall, Chair

Independent Auditor's 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*

The Board of Directors
Amarillo Economic Development Corporation
Amarillo, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Amarillo Economic Development Corporation (AEDC), as of and for the years ended September 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise AEDC's basic financial statements, and have issued our report thereon dated March 21, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether AEDC'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*.

Purpose of This Report

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

Amarillo, Texas
March 21, 2023

March 21, 2023

Board of Directors
Amarillo Economic Development Corporation
Amarillo, Texas

We have audited the financial statements of Amarillo Economic Development Corporation (AEDC) for the years ended September 30, 2022 and 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 19, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by AEDC are described in Note 1 to the financial statements. As described in Note 19, AEDC adopted the provisions of the following:

- Governmental Accounting Standards Board Statement No. 87, *Leases.*

- Governmental Accounting Standards Board Statement No. 93, *Replacement of Interbank Offered Rates.*

- Governmental Accounting Standards Board Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32* .

- Governmental Accounting Standards Board Statement No. 98, *The Annual Comprehensive Financial Report.*

We noted no transactions entered into by AEDC during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting AEDC's financial statements was:

Management's estimate of the allowance for doubtful accounts is based on historical data. We evaluated the key factors and assumptions used to develop the allowance for doubtful accounts in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

- Management relies on information provided by Gallagher Benefit Services, Inc. and management's own experience in order to calculate other postemployment benefit costs. We evaluated the key factors and assumptions used to develop the estimates related to other postemployment benefits in determining that they are reasonable in relation to the financial statements taken as a whole.

- Management relies on audited information provided by Texas Municipal Retirement System's agent, multiple-employer defined benefit pension plan to the net pension liability. We evaluate key factors and information provided to the Plan actuaries to determine if AEDC's net pension liability is reasonable in relation to the financial statements taken as a whole.

The financial statements disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Operating Fund

Increase (decrease) in net position attributed to adjusting journal entries:

Sales Tax Revenue	$ (25,680)
TPRDC Revenue	223,120
Business Development	21,500
Lease Expense	(26,930)
Decrease in Net Position	$ 192,010

Project Fund

Increase (decrease) in net position attributed to adjusting journal entries:

Sales Tax Revenue	$	(188,319)
Interest Income		17,778
Enterprise Challenge N/R		(62,476)
Lease revenue		19,329
Decrease in Net Position	$	(213,688)

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 21, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to AEDC's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as AEDC's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis and the Schedule of Changes in Net Pension Liability and Related Ratios – Texas Municipal Retirement System, the Schedule of Contributions – Texas Municipal Retirement System, Notes to RSI – Texas Municipal Retirement System, Schedule of Net OPEB Liabilities and Related Ratios, Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of Contributions and Related Ratios and Notes to RSI – OPEB, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on Other Supplemental Information, Tables 1-6, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of AEDC and is not intended to be, and should not be, used by anyone other than these specified parties.

Please contact Janie Arnold, if you have any questions regarding the matters included in this letter.

AMARILLO EDC

DATE March 21, 2023

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