

Village Of Salado



SPECIAL BOARD OF ALDERMEN
MEETING
SALADO MUNICIPAL BUILDING
301 N. STAGECOACH, SALADO, TEXAS
JULY 2, 2024, AT 6:30P.M.

THIS WILL BE AN IN-PERSON MEETING THAT WILL ALSO BE AVAILABLE VIRTUALLY USING **YouTube** YOU CAN ACCESS THE MEETING FROM YOUR COMPUTER, TABLET OR SMARTPHONE USING THE FOLLOWING LINK:

www.youtube.com/@VillageofSalado



Join the meeting 5 minutes before posted start time.

AGENDA

<u>CALL TO ORDER</u>	JULY 2, 2024, AT 6:30 P.M.
<u>CALL OF ROLL</u>	VILLAGE SECRETARY
<u>INVOCATION</u>	MAYOR BERT HENRY

1. **PUBLIC COMMENTS**

THE BOARD OF ALDERMEN WELCOMES COMMENTS FROM CITIZENS ON ISSUES AND ITEMS OF CONCERN NOT ON THE AGENDA. THOSE WISHING TO SPEAK MUST SIGN IN BEFORE THE MEETING BEGINS AND OBSERVE A FIVE (5) MINUTE TIME LIMIT WHEN ADDRESSING THE BOARD. SPEAKERS WILL HAVE ONE (1) OPPORTUNITY TO SPEAK DURING THIS TIME-PERIOD. SPEAKERS DESIRING TO SPEAK ON AN AGENDA ITEM WILL BE ALLOWED TO SPEAK WHEN THE AGENDA ITEM IS CALLED. INQUIRIES ABOUT MATTERS NOT LISTED ON THE AGENDA WILL EITHER BE DIRECTED TO STAFF OR PLACED ON A FUTURE AGENDA FOR ALDERMEN CONSIDERATION.

2. **CONSENT AGENDA**

- (A) APPROVAL OF MINUTES OF JUNE 20, 2024, REGULAR BOARD OF ALDERMEN MEETING
- (B) APPROVAL OF APPOINTMENT OF THERESA HOWARD TO THE PARKS ADVISORY BOARD

3. **DISCUSS AND CONSIDER POSSIBLE ACTION REGARDING ANY ITEM REMOVED FROM THE CONSENT AGENDA**

4. **STATUS REPORTS**

- (A) CITY ADMINISTRATOR'S REPORT
 - MIXED BEVERAGE TAXES ALLOCATION
 - ROAD REPAIRS UPDATE

5. **DISCUSSION AND POSSIBLE ACTION**

- (A) DISCUSS AND POSSIBLE ACTION ON APPROVAL OF FINAL PLAT FOR WEST AMITY SUBDIVISION PHASE 2
- (B) DISCUSS AND POSSIBLE ACTION ON CONDITIONAL APPROVAL OF MINOR PLAT FOR DOROTHY TWO.
- (C) DISCUSS AND POSSIBLE ACTION ON APPROVAL OF STAGECOACH ECONOMIC DEVELOPMENT AGREEMENT BETWEEN THE VILLAGE OF SALADO AND STAGECOACH 1943, LP., AND AUTHORIZING MAYOR BERT HENRY TO EXECUTE THE AGREEMENT.
- (D) DISCUSS AND POSSIBLE ACTION ON APPROVAL OF AN AUDIT ENGAGEMENT LETTER WITH ARMSTRONG, VAUGHAN & ASSOCIATES, P.C., IN THE AMOUNT OF \$15,900.00.

(E) DISCUSSION ON PROPOSED FISCAL YEAR 2024-2025 BUDGET,
INCLUDING CAPITAL IMPROVEMENT PROJECTS

ADJOURNMENT

NOTE

THE BOARD OF ALDERMEN MAY RETIRE INTO EXECUTIVE SESSION AT ANY TIME BETWEEN THE MEETING'S OPENING AND ADJOURNMENT FOR THE PURPOSE OF DISCUSSING ANY MATTERS LISTED ON THE AGENDA AS AUTHORIZED BY THE TEXAS GOVERNMENT CODE INCLUDING, BUT NOT LIMITED TO, HOMELAND SECURITY PURSUANT TO CHAPTER 418.183 OF THE TEXAS LOCAL GOVERNMENT CODE; CONSULTATION WITH LEGAL COUNSEL PURSUANT TO CHAPTER 551.071 OF THE TEXAS GOVERNMENT CODE; DISCUSSION ABOUT REAL ESTATE ACQUISITION PURSUANT TO CHAPTER 551.072 OF THE TEXAS GOVERNMENT CODE; DISCUSSION OF PERSONNEL MATTERS PURSUANT TO CHAPTER 551.074 OF THE TEXAS GOVERNMENT CODE; DELIBERATIONS ABOUT GIFTS AND DONATIONS PURSUANT TO CHAPTER 551.076 OF THE TEXAS GOVERNMENT CODE; DISCUSSION OF ECONOMIC DEVELOPMENT PURSUANT TO CHAPTER 551.087 OF THE TEXAS GOVERNMENT CODE; ACTION, IF ANY, WILL BE TAKEN IN OPEN SESSION.

CERTIFICATION

I hereby certify the above Notice of Meeting was posted on the Bulletin Board at the Salado Municipal Building on June 28, 2024, by 5:00 p.m.

Debra Bean

Debra Bean, City Secretary

The Village of Salado is committed to compliance with the Americans with Disabilities Act. Reasonable modifications and equal access to communications will be provided upon request. Please contact Debra Bean, City Secretary at 254-947-5060 for information. Hearing-impaired or speech-disabled persons equipped with telecommunication devices may utilize the statewide Relay Texas Program at 1-800-735-2988.

BOA Agenda Item #2A-B



Date Submitted:
Agenda Date Requested: June 28, 2024

Agenda Item:
CONSENT AGENDA

Council Action Requested:
Ordinance
Resolution
Motion
Discussion

Project/Proposal Summary:

2. CONSENT AGENDA

(A) APPROVAL OF MINUTES OF JUNE 20, 2024, REGULAR BOARD OF ALDERMEN MEETING

(B) APPROVAL OF APPOINTMENT OF THERESA HOWARD TO THE PARKS ADVISORY BOARD

Submitted on Monday, June 17, 2024 - 11:59am

Submitted by anonymous user: 24.155.46.174

Submitted values are:

I AM INTERESTED IN SERVING ON THE FOLLOWING BOARDS AND COMISSIONS

Boards and Commissions Parks Advisory Board

Personal Information

First Name Theresa

Last Name Howard

Street Address 518 Creek Run Circle

City Salado

Zip Code 76571

Email

Phone Number

Do you live inside the corporate limits of the Village of Salado? Yes

Qualifications

Please list any professional and/or community organizations and activities you are involved in.

I am the co-founder of Legacy CTX Inc., the non-profit the organizes the annual Sirena Festival in Salado.

Please list any areas of expertise, experience, training, skills, or interests which you belief qualifies you for membership on this board or commission.

As the co-founder of Legacy CTX Inc, our organization was responsible for providing a significant donation to fund the all abilities playground at Pace Park. We have worked with the Village for a number of years to help make the park more appealing to residents and tourists, and we have advocated and helped fund park improvements.

Resume resume2024.pdf

References

References

Other

Current or Previous Public Service

Are you currently serving on a Village of Salado board or commission? No

Have you ever served on a Village of Salado board or commission? No

Do you have any relatives or members of your household serving as an elected or appointed official of the Village of Salado? No

Ethics Agreement

Have you ever been convicted of a crime, excluding traffic violations? No

If yes, please explain NA

Do you know of any reason you might have a conflict of interest because your service on the board or commission that you are applying for? If so, please list below. No known conflicts of interest

Supplemental Questions

Have you ever attended a meeting of the board or commission you are applying for? No

Why are you willing to commit time to volunteer for this appointed position?

The main reason that I and Amber Dankert established the non-profit Legacy CTX Inc was to ensure that 1) donations for the Pace Park all abilities playground were secure and no longer being mismanaged, as had been done previously, 2) that all donations were appropriately accounted for, and 3) to ensure that the all abilities playground project actually came to fruition. Prior to our non-profit being established, the all-abilities playground project was nothing more than an idea and much of the money that had been raised for it, had been severely mismanaged. After our non-profit took over the Sirena Festival, we were able to raise and donate, in one year, more than the previous event organizer had in the previous 4 years. Additionally, our actions encouraged Village officials to seek funding for the remaining balance needed to build the park. I believe that my actions over the last several years have demonstrated my commitment to improving Salado. I would like to continue in those efforts, because our parks are a large part of what makes this community such a beautiful place to live and visit.

PLEASE READ THE FOLLOWING STATEMENT CAREFULLY BEFORE SUBMITTING YOUR APPLICATION

I CERTIFY THAT ALL STATEMENTS THAT I HAVE MADE ON THIS APPLICATION AND ANY OTHER SUPPLEMENTARY MATERIALS ARE TRUE AND CORRECT. I HEREBY AUTHORIZE THE VILLAGE OF SALADO TO INVESTIGATE THE ACCURACY OF THIS INFORMATION FROM ANY PERSON OR ORGANIZATION, AND I RELEASE THE VILLAGE OF SALADO AND ALL PERSONS AND ORGANIZATION FROM ALL CLAIMS AND LIABILITIES ARISING FROM SUCH INVESTIGATION OR THE SUPPLYING OF INFORMATION FOR SUCH INVESTIGATION. I ACKNOWLEDGE THAT ANY FALSE STATEMENT OR MISREPRESENTATION ON THIS APPLICATION OR SUPPLEMENTARY MATERIALS WILL BE CAUSE FOR REFUSAL OF APPOINTMENT OR IMMEDIATE DISMISSAL AT ANY TIME DURING THE PERIOD OF MY APPOINTMENT.

Name of Applicant Theresa Howard

Date of Application Mon, 06/17/2024

employees and rostered those employees in the logistics portal to ensure all routes were assigned

- Counseled employees for various infractions and terminated employees as necessary
- Produced company documents and new policies and ensured distribution to all employees
- Managed daily call-outs and no-call, no-shows by employees to ensure route drops did not occur
- Maintained open communication with Amazon management and staff to resolve issues and ensure compliance
- Participated in daily meetings with the owner on matters involving company growth and improvement
- Miscellaneous as needed tasks to include ordering supplies, picking up vehicles, etc.
- Completed bi-weekly payroll

Real Estate Investor / Property Manager

El Paso Texas

8/2015 – 10/2023

- Negotiated the buying and selling of real estate
- Managed all rental units and ensured the property was properly maintained
- Scheduled all necessary repairs and maintenance
- Conducted new tenant interviews and background screenings, collected monthly rental payments, and worked closely with tenants to ensure a cohesive living environment for all
- Prepared and distributed necessary court documentation when eviction was necessary, as well as attended all necessary court hearings
- Responsible for all bookkeeping matters which included maintaining financial records, preparing all federal tax documents and issuing all vendor checks

Small Business Owner

Jacleyn's Rose, El Paso Texas

10/2015 – 12/2017

- Provided customized boutique, in-home, and live online shopping experiences for clients

- Organized charity shopping events at the request of clients
- Listed, sold, and shipped items to clients across the U.S.
- Managed and created all social media marketing campaigns
- Responsible for all bookkeeping matters to include compiling sales reports, maintaining financial records of expenses and profits, and filing all sales tax and federal taxes

Small Business Co-Owner

JBF Bell County, Belton, TX

10/2012 – 2/2016

- Responsible for all bookkeeping matters to include compiling all data and reports from the registers, maintaining all financial records, preparing all federal, state, county and franchise tax documents and issuing all consignor checks
- Created and distributed press releases to newspapers, radio stations, television stations, bloggers, etc. Coordinated and participated in subsequent interviews and maintained a positive working relationship with media personnel
- Set up and maintained all POS equipment and software during each sale.
- Responsible for event preparation and execution, to include working with venue staff prior to and after the sales events, securing all necessary licenses and insurance, and maintaining the business website
- Managed and trained event volunteers on operation of the POS and on proper set up of each sale
- Provided customer complaint resolution

Education

Tarleton State University
Killeen, TX

8/2006

Master's Degree

Major: Counseling Psychology

Tarleton State University
Killeen, TX

8/2004

Bachelor's Degree

Major: Psychology

Job Related
Trainings

Crisis Intervention Training

Management Training

How to Deal with Difficult Employees Training

Licenses

LPC – Licensed Professional Counselor

State of Texas

2008-Present

BOA Agenda Item #4A



Date Submitted:

Agenda Date Requested: June 28, 2024

Agenda Item:

STATUS REPORTS

Council Action Requested:

Ordinance
Resolution
Motion
Discussion

Project/Proposal Summary:

4. STATUS REPORTS

(A) CITY ADMINISTRATOR'S REPORT

- MIXED BEVERAGE TAXES ALLOCATION
- ROAD REPAIRS UPDATE



TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

June 21, 2024

TREASURER
CITY OF SALADO
PO BOX 219
SALADO TX 76571

Authority code is 2014120

Mixed Beverage Taxes Allocation Summary: MAY 2024 (APRIL 2024 REPORTS)

	Gross Receipts Tax	Sales Tax	TOTAL
(1) Total Period Collections _ + \$	2,043.96	2,473.01	4,516.97
(2) Carry Forward from Prior Allocation ----- + \$	0.00	0.00	0.00
(3) Retained Amount Balance _ - \$	0.00	0.00	0.00
(4) Net Payment (1 + 2 - 3 = 4) _ _ _ = \$	2,043.96	2,473.01	4,516.97

NOTE: A negative figure in item 3 represents an outstanding amount owed to the State.

The Total Net Payment shown above is your monthly allocation payment, which includes revenue from monthly reports plus collections derived from audit payments. It has been deposited directly to your account. If for some reason your payment could not be deposited, a warrant is enclosed.

Mixed beverage and private club registration permittees remit mixed beverage taxes (gross receipts tax and sales tax) to the Comptroller's office. We allocate a percentage of the total tax remittances for each calendar month to the counties where permittees are located. If the permittees are also located in an incorporated city or authorized special purpose district, an additional percentage is allocated to that city or special purpose district.

The percentage for this allocation is 10.7143%.

Allocation payment information is also available online through the Comptroller's website at <https://mycpa.cpa.state.tx.us/allocation/MixBev>.

The Mixed Beverage Taxes Comparison Summary Report is available at <https://comptroller.texas.gov/transparency/local/allocations/mixed-beverage/>.

If you have any questions about your mixed beverage taxes allocation payment, please contact us by email at TaxAllocation@cpa.texas.gov or call 800-531-5441, ext. 3-4530, or 512-463-4530.

BOA Agenda Item #5A



Date Submitted:
Agenda Date Requested: June 28, 2024

Agenda Item:
DISCUSSION AND POSSIBLE ACTION

Council Action Requested:
Ordinance
Resolution
Motion
Discussion

Project/Proposal Summary:

5. DISCUSSION AND POSSIBLE ACTION

(A) DISCUSS AND POSSIBLE ACTION ON APPROVAL OF FINAL PLAT FOR WEST AMITY SUBDIVISION PHASE 2

Note: The Planning and Zoning Commission recommended approval of the final plat on June 11, 2024, during a regular meeting. The property site is located in the Village's ETJ.

March 13, 2024

Village of Salado
Manny De La Rosa, Village Administrator,
301 N Stagecoach Rd.
Salado, Texas 76571

**RE: West Amity Subdivision Phase 2 Final Plat and Construction Plans 3rd Submittal
Review
1963.22**

Mr. De La Rosa,

MRB Group has completed our review of the referenced project and offer the following comments:

Final Plat

1. All previous comments have been addressed.

Construction Plans

1. All previous comments have been addressed.

MRB Group has completed our review of the referenced project and find the submission meets the Village of Salado's subdivision/plat requirements. If you have any questions, please feel free to contact me.

If you have any questions, please feel free to contact me.

Sincerely,



Solomon Thomas, P.E.
Solomon.Thomas@mrbgroup.com

BOA Agenda Item #5B



Date Submitted:

Agenda Date Requested: June 28, 2024

Agenda Item:

DISCUSSION AND POSSIBLE ACTION

Council Action Requested:

Ordinance
Resolution
Motion
Discussion

Project/Proposal Summary:

5(B) DISCUSS AND POSSIBLE ACTION ON CONDITIONAL APPROVAL OF MINOR PLAT FOR DOROTHY TWO.

Note: The Planning and Zoning Commissioner conditionally approved the minor plat on June 25, 2024, during a regular meeting. The property is located on Williams Road, south of FM 2484, south of the proposed new high school, in the Village's ETJ.

June 18, 2024

Mr. Manuel De La Rosa, Village Administrator
Village of Salado
301 N. Stagecoach Rd.
Salado, TX 76571

**RE: DOROTHY TWO MINOR PLAT—REVIEW COMMENTS
MRB PROJECT NO. 1963.22000.000**

Mr. De La Rosa:

MRB Group has completed our review of the referenced project and offers the following comments. Please contact me if you have any concerns or questions.

1. Please provide completed & signed Master Application, signed Plat Submittal Checklist, & Bell County Tax Certificate / Proof of Ownership.
2. Final Plat Submittal Checklist pg. 6 indicates Property Owner's Certificate – Section 2.4h(19). Please match Subdivision Ordinance text (see below).

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS:

UTILITIES, SAID USE BY PUBLIC UTILITIES BEING SUBORDINATE TO THE PUBLIC'S AND VILLAGE OF SALADO'S USE THEREOF. THE VILLAGE OF SALADO AND PUBLIC

~~THAT CAMPBELL BRANCH INVESTMENTS LLC, BEING THE OWNER OF THE REMAINDER OF THAT CERTAIN TRACT OF LAND RECORDED IN VOLUME 1999, PAGE 292, ACTING HEREIN BY AND THROUGH HIS DULY AUTHORIZED OFFICER(S), DOES HEREBY ADOPT THIS PLAT DESIGNATING THE HEREIN ABOVE DESCRIBED PROPERTY AS FINAL PLAT OF DOROTHY TWO, A SUBDIVISION SITUATED IN THE ETJ OF THE VILLAGE OF SALADO, TEXAS, AND DOES HEREBY DEDICATE, IN FEE SIMPLE TO THE PUBLIC USE FOREVER, THE STREETS, RIGHTS-OF-WAY, AND OTHER PUBLIC IMPROVEMENTS SHOWN THEREON. THE STREETS AND ALLEYS, IF ANY, ARE DEDICATED FOR STREET PURPOSES. THE EASEMENTS AND PUBLIC USE AREAS AS SHOWN ARE DEDICATED FOR STREET PURPOSES. THE EASEMENTS AND PUBLIC USE AREAS, AS SHOWN, ARE DEDICATED, FOR THE PUBLIC USE FOREVER, FOR THE PURPOSES INDICATED ON THIS PLAT. NO BUILDINGS, FENCES, TREES, SHRUBS OR OTHER IMPROVEMENTS OR GROWTHS SHALL BE CONSTRUCTED OR PLACED UPON, OVER OR ACROSS THE EASEMENTS AS SHOWN, EXCEPT THAT LANDSCAPE IMPROVEMENTS MAY BE PLACED IN LANDSCAPE EASEMENTS, IF APPROVED BY THE BOARD OF ALDERMEN OF THE VILLAGE OF SALADO. IN ADDITION, UTILITY EASEMENTS MAY ALSO BE USED FOR THE MUTUAL USE AND ACCOMMODATION OF ALL PUBLIC UTILITIES DESIRING TO USE OR USING THE SAME UNLESS THE EASEMENT LIMITS THE USE TO PARTICULAR UTILITY ENTITIES SHALL HAVE THE RIGHT TO REMOVE AND KEEP REMOVED ALL OR PARTS OF ANY BUILDINGS, FENCES, TREES, SHRUBS OR OTHER IMPROVEMENTS OR GROWTHS WHICH MAY IN ANY WAY ENDANGER OR INTERFERE WITH THE CONSTRUCTION, MAINTENANCE OR EFFICIENCY OF THEIR RESPECTIVE SYSTEMS IN SAID EASEMENTS. THE VILLAGE OF SALADO AND PUBLIC UTILITY ENTITIES SHALL AT ALL TIMES HAVE THE FULL RIGHT OF INGRESS AND EGRESS TO OR FROM THEIR RESPECTIVE EASEMENTS FOR THE PURPOSE OF CONSTRUCTING, RECONSTRUCTING, INSPECTING, PATROLLING, MAINTAINING, READING METERS, AND ADDING TO OR REMOVING ALL OR PARTS OF THEIR RESPECTIVE SYSTEMS WITHOUT THE NECESSITY AT ANY TIME PROCURING PERMISSION FROM ANYONE.~~

MINOR PLA

Comments continued on next page.

3. Final Plat Submittal Checklist pg. 6 indicates Surveyor certificate and Notary Block – Section 2.4h(19). Please match Subdivision Ordinance text (see below).

KNOW ALL MEN BY THESE PRESENTS:

THAT I, THE UNDERSIGNED, DO HEREBY CERTIFY THAT I PREPARED THIS PLAT FROM AN ACTUAL AND ACCURATE SURVEY OF THE LAND AND THAT THE CORNER MONUMENTS SHOWN THEREON ~~SHALL BE PROPERLY PLACED UNDER MY PERSONAL SUPERVISION, IN ACCORDANCE WITH THE SUBDIVISION REGULATIONS OF THE VILLAGE OF SALADO, TEXAS.~~

AS "SET" WERE

Sincerely,



Lee Lingenfelter, PE, CFM

Project Manager

N:\1963.22000.000\10 - Plat and Plan Reviews\43 - Dorothy Two\2nd Submittal\2024-06-18 Dorothy Two Minor Plat Review Comments.docx

BOA Agenda Item #5C



Date Submitted:
Agenda Date Requested: June 28, 2024

Agenda Item:
DISCUSSION AND POSSIBLE ACTION

Council Action Requested:
Ordinance
Resolution
Motion
Discussion

Project/Proposal Summary:

5(C) DISCUSS AND POSSIBLE ACTION ON APPROVAL OF STAGECOACH ECONOMIC DEVELOPMENT AGREEMENT BETWEEN THE VILLAGE OF SALADO AND STAGECOACH 1943, LP.

STAGECOACH ECONOMIC DEVELOPMENT PROGRAM AGREEMENT

This Economic Development Program Agreement ("**Agreement**") is entered into this day of _____, 2024, by and between the **Village of Salado, Texas**, ("**Village**"), and **Stagecoach 1943, LP**, a Texas limited partnership ("**Stagecoach**").

WHEREAS, the Village has authorized the Mayor to enter into this Agreement with Stagecoach in recognition of the positive economic benefits to the Village through Stagecoach's renovation of Stagecoach Inn & Restaurant described on the attached **Exhibit A** ("**Property**") as an upscale boutique hotel containing 48 hotel rooms. ("**Project**"); and

WHEREAS, the purpose of this Agreement is to implement an economic development program of the Village that promotes tourism and the hotel industry as contemplated by Chapter 351 of the Texas Tax Code, and to promote economic development as contemplated by Chapter 380 of the Texas Local Government Code, whereby Stagecoach intends to renovate, develop, and operate the Project in conformance with the Village's development approvals for the Project, and;

WHEREAS, Stagecoach intends to invest approximately \$2,000,000 in improvements to real property in the Village; and

WHEREAS, Stagecoach intends to hire for the Project at least 25 full-time and/or full-time equivalent employees as defined by **Section 2.4** of this Agreement; and

WHEREAS, the Village agrees to provide Economic Incentive Payments (as defined below) to Stagecoach to defray a portion of the Project's costs and/or promote tourism and the hotel industry within the Village;

WHEREAS, promoting the commercial investment in the form of a hotel and restaurant will generate economic development, stimulate commercial activity, create jobs, generate additional sales tax and hotel occupancy tax, and will enhance the property tax base and economic vitality of the Village;

WHEREAS, This Agreement and the economic development incentives set forth herein are given and provided by the Village pursuant to and in accordance with its program for the economic development of the Village;

WHEREAS, the Village is authorized by Article III, Section 52-a of the Texas Constitution and Texas Tax Code Chapter 312 to approve ad valorem property tax abatements to promote local economic development and to stimulate business and commercial activity in the Village; and

WHEREAS, the Village has determined that providing incentives to Stagecoach in accordance with this Agreement will: (i) further the objectives of the Village; (2) benefit the Village and the Village's inhabitants; and (iii) promote local economic development and stimulate business and commercial activity in the Village; and

WHEREAS, the Village has determined that the grant of Hotel Occupancy Tax incentives to Stagecoach will directly support and fulfill a public purpose and that all

transactions involving the use of public funds and resources in the establishment and administration of the incentive program will contain controls likely to ensure that the public purpose is accomplished;

NOW, THEREFORE, in consideration of the mutual benefits and promises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Village and Stagecoach agree as follows:

1. **Authority**. The Village's execution of this Agreement is authorized by Chapter 380 of the Texas Local Government Code and by action of the Salado Board of Aldermen, and constitutes a valid and binding obligation of the Village in the event Stagecoach proceeds with the development of the Project. The Village acknowledges that Stagecoach is acting in reliance upon the Village's performance of its obligations under this Agreement in making its decision to commit substantial resources and money to develop the Project.
2. **Definitions**.
 - 2.1 ***"Base Year Value"*** means the taxable value of the Project existing as of the Effective Date of this Agreement on the January 1 preceding the execution of this Agreement.
 - 2.2 ***"Economic Incentive Payment(s)" ("EIPs")*** means all of the payments required to be paid by the Village to Stagecoach under this Agreement, as well as the amount of any development application fees waived.
 - 2.3 ***"Effective Date"*** is the date this Agreement is executed to be effective by the Village and Stagecoach.
 - 2.4 ***"Full Time Equivalent Employee" ("FTE")*** means a combination of employees, each of whom individually is not a full-time employee because they are not employed on average at least 35 hours per week, but who, in combination, are counted as the equivalent of a full-time employee. FTE's shall include original hires or their replacements over time.
 - 2.5 ***"HOT"*** means the Village's Hotel Occupancy Tax imposed by the Village pursuant to Chapter 351 of the Texas Tax Code.
 - 2.6 ***"Hotel"*** means the 48-room upscale boutique hotel to be operated in accordance with this Agreement.
 - 2.7 ***"Program"*** means the economic development program established by the Village pursuant to Chapter 380 of the Texas Local Government Code to promote local economic development and stimulate business and commercial activity within the Village.
 - 2.8 ***"Project"*** means Stagecoach's planned development of the Property which shall consist of the Hotel & Restaurant.
 - 2.9 ***"Property"*** means approximately 6.0 acres of land more particularly described in **Exhibit A**.
 - 2.10 ***"Recapture Liability"*** means the total amount of all EIP's that are paid as result of

this Agreement that are subject to recapture by the Village from Stagecoach in the event of a Stagecoach default.

3. **Term.** This Agreement shall become enforceable upon its Effective Date. This Agreement shall terminate ten (10) years following the Effective Date. Regardless of the foregoing, some EIPs may become due and payable after the term of this Agreement.

4. **Rights and Obligations of Stagecoach.** In consideration of the Village's compliance with this Agreement, Stagecoach agrees as follows:

4.1 **Compliance with Development Regulations and Other Ordinances.** Stagecoach shall comply with the Village's development approval processes and shall develop the Project on the Property in compliance with Village ordinances, Village-approved zoning for the Property, Village-approved development regulations, and other Village development requirements.

4.2 **Improvements and Additions to Real and Personal Property.** Stagecoach agrees to spend a cumulative total of at least \$2,000,000 in improvements to real property within the Village as part of the Project no later than December 31, 2026, and maintain real property and improvements within the Village with a historic cost of \$2,000,000.00 during the Term of this Agreement.

4.3 **Provision of Jobs.** Within 60 days after the Village issues a Certificate of Occupancy for the Restaurant, Stagecoach agrees to employ in the at least 25 full-time employees and/or FTE's and to retain said employees and/or FTE's (or their replacements) for the full term of this Agreement.

4.4 **Job Compliance Affidavit.** Stagecoach agrees to provide to the Village a Job Compliance Affidavit for each calendar year during the term of this Agreement. A copy of the Job Compliance Affidavit form is attached hereto as **Exhibit B**. Village shall have the right, following reasonable advance notice to Stagecoach, to audit Stagecoach's records to verify that this obligation has been satisfied.

4.5 **Stagecoach Accounting.** Stagecoach shall maintain complete books and records showing its compliance with its obligations under this Agreement, which books and records shall be deemed complete if kept in accordance with generally acceptable accounting principles as applied to Texas corporations. Such books and records shall be available for examination by the duly authorized officers or agents of the Village during normal business hours upon request made not less than ten (10) business days prior to the date of such examination. Stagecoach shall maintain such books and records throughout the term of this Agreement and for four (4) years thereafter. The Village reserves the right for the Village's finance or internal audit department personnel, or an independent certified public accounting firm selected by the Village, to conduct examinations, during normal business hours, of the books and records maintained by Stagecoach with respect to the Hotel Occupancy Tax Account, which books and records shall be made available to the Village upon reasonable notice for the Village's inspection and audit. Any and all such audits will be at the sole expense of the Village, unless such audit indicates fraud or neglect by Stagecoach in its record keeping, in which case the Village may compel Stagecoach to cover the costs of the audit.

4.6 Compliance with Tax Code. Stagecoach agrees that the HOT EIP's must be expended in a manner directly enhancing and promoting tourism and the convention and hotel industry within the Village and only as authorized by Chapter 351 of the Texas Tax Code, as amended. Stagecoach agrees to make annual reports listing the expenditures made by Stagecoach with the HOT EIP's. The reports shall be included with a Certificate of Compliance to certify under oath that Stagecoach is in full compliance with each of its obligations under this Agreement, and shall include documentation to establish that Stagecoach has spent previous EIP's for purposes and activities described in Section 351.101(a)(1) through (a)(6) of the Texas Tax Code. A copy of the Certificate of Compliance is attached hereto as **Exhibit C**. Should any expenditure of EIP's by Stagecoach be for a use that is found to be improper or illegal, the Village shall have no liability in connection thereof. In the event the Village determines that Stagecoach has made an improper or illegal expenditure of EIP's, Stagecoach must, no later than 30 days after receipt of written notification from the Village, reimburse the Village in an amount equal to the improper expenditure, plus the rate of interest paid for delinquent taxes. Stagecoach's failure to make reimbursement pursuant to this Section will constitute a default of this Agreement.

4.6.1 Sub-grants by Stagecoach to other parties necessary to develop and implement the marketing strategies contemplated herein shall be allowed without the Village's prior written approval. Sub-grantees shall be required to comply fully with all applicable laws and with all applicable terms of this Agreement and Stagecoach is ultimately solely responsible for all use of funds by sub-grantees.

4.6.2 In the event this Agreement is terminated by either Party pursuant to the terms of this Agreement, or in the event that the Agreement expires by its own terms, and, at the time of such termination or expiration, unspent HOT EIP funds exist, then unspent HOT EIP funds shall revert to the Village for such uses as are permitted under Chapter 351 of the Texas Tax Code. Nothing herein shall be construed to prohibit the Village from entering into a subsequent agreement with Stagecoach for use of the unspent HOT EIP funds.

4.6.3 Preparation of Proposed Annual Plan and Budget. Stagecoach shall prepare and submit to the Village a proposed Annual Plan and Budget for the forthcoming Fiscal Year (including, if applicable, any Year at the beginning or end of the term that is less than a full Fiscal Year) on an annual basis. The proposed Annual Plan and Budget shall be submitted to the Village no later than the October 1 immediately prior to commencement of the Fiscal Year in question so as to permit appropriate review and evaluation by the Village prior to the commencement of the Fiscal Year covered thereby; provided that the proposed Annual Plan and Budget for any partial Fiscal Year at the beginning of the term shall be submitted to the Village not later than ninety (90) days prior to the anticipated Opening Date. The proposed Annual Plan and Budget shall include, at a minimum:

- (a) A narrative description of the various programs and activities which Stagecoach proposes to carry out during the Year in question pursuant to this Agreement explaining the basis for each program or activity using HOT EIP funds, and how it qualifies as an authorized use of HOT funds under the Tax Code.
- (b) A budget indicating how much of the Hotel Occupancy Tax available to Stagecoach hereunder (including unspent HOT EIP funds from prior years, if applicable) that Stagecoach

proposes to spend on each particular program for the Fiscal Year in question.

(c) A statement of the amount of Hotel Occupancy Tax that Stagecoach expects to be paid to the Village during the Year in question, based on Stagecoach's understanding of the Project's anticipated operations for the Year in question.

4.6.4 Approval of Annual Plan and Budget. The Village shall approve or disapprove the Annual Plan and Budget submitted by Stagecoach prior to the commencement of the Fiscal Year (or partial Fiscal Year) to which it relates. The Village shall have and maintain the right to approve, disapprove, and request modifications to the Annual Plan and Budget, including specifically the right to participate in decisions related to the expenditures of HOT funds by Stagecoach content as they relate to the Village. The Village's approval shall not be unreasonably withheld, conditioned, or delayed.

4.6.5 Alternatives. If desired, Stagecoach may request that the Village approve one or more alternative programs in the overall Annual Plan and Budget for a particular Year, so long as all applicable alternatives are in fact authorized by the Tax Code. By way of example, the Annual Plan and Budget could include a specific amount to be utilized for either of two designated programs, with the final decision on which program to implement to be made by Stagecoach later in the Year based on events and circumstances.

4.6.6 Effect of Non-Approval. Upon approval by the Village of the proposed Annual Plan and Budget for the Year, the proposed Annual Plan and Budget shall then become the official Annual Plan and Budget for the Year in question. If an Annual Plan and Budget has not been approved by the beginning for a particular Year, then the Annual Plan and Budget for the prior Year shall be deemed renewed and extended and shall be in effect until an Annual Plan and Budget for the Year in question is approved. The Parties agree and acknowledge that they have a duty to act in good faith to work diligently toward developing an acceptable Annual Plan and Budget for each Year the Agreement is in effect.

4.7 Submission of Data. Within thirty (30) days following the end of each calendar year, Stagecoach shall submit to the Village the Job Compliance Affidavit, the Certificate of Compliance, and a schedule detailing the HOT fund expenditures for such calendar year. As backup for the schedule, Stagecoach shall submit the following:

- (a) A copy of all HOT Tax returns for the Project, including amended reports, filed by Stagecoach for that year showing the HOT collected and paid; and
- (b) Such other data as the parties mutually determine reasonably appropriate to evidence the HOT funds paid.

4.8 Continuous Operation. Stagecoach agrees that from the opening date of the Hotel and throughout the Term of this Agreement, Stagecoach will continuously use and operate the Hotel, and the Project shall not be used for any other purpose other than as a hotel and related amenities, open to the public and serving tourism.

4.9 Room Block Agreement. During the Term of this Agreement, Stagecoach shall make available to the Village, at no cost, a maximum of ten (10) room nights annually. The value of the room nights shall not exceed \$4,000.00 based on the rates at the time of making the reservation. These rooms are to be booked only by the Village Administrator, and will be used solely for official Village business. The Village will be responsible for applicable surcharges, customary employee tips related to room usage, and any food, beverage, or incidental charges.

4.10 Minimum Standards for the Hotel. The Hotel shall have a minimum of 48 guest rooms and shall be an upscale boutique hotel. An upscale boutique hotel is one that appeals to guests because of its atypical amenity and room configurations, which has a higher average rate and offers higher levels of service.

5 Rights and Obligations of the Village. In consideration of Stagecoach's compliance with this Agreement, the Village agrees as follows:

5.1 Economic Incentive Payments.

5.1.1 EIP's Based on HOT. Village shall, pursuant to Chapter 380 of the Texas Local Government Code, but subject to the conditions set out herein, make annual EIPs to Stagecoach within thirty (30) days after Stagecoach submits to the Village the Job Compliance Affidavit, the Certificate of Compliance, and HOT Tax returns reflecting the tax generated by the Project and actually paid to the Village during the preceding calendar year, as required in **Section 4.7** above. The HOT EIPs will be an amount equal to a percentage, as set forth below, of the HOT generated by the Project and collected by Stagecoach and actually paid to the Village. The HOT EIPs are to be calculated as follows:

(a) Calculations will be based upon HOT generated by the Project, collected by Stagecoach and actually paid to the Village.

(b) The HOT EIP's will be an amount equal to the percentage of the HOT paid each calendar year as set forth below, subject to the Maximum Amount of EIPs set out in Section 5.1.4 of this Agreement:

<u>Year</u>	<u>Percentage of HOT Paid</u>
2024-2025	90%
2026-2027	80%
2028-2029	70%
2030-2031	60%
2032-2033	50%

(c) All Hotel Occupancy Tax revenue provided to Stagecoach by the Village pursuant to this Agreement shall be maintained by Stagecoach in a separate bank account (the “Hotel Occupancy Tax Account”) and shall be used by Stagecoach solely for purposes of this Agreement. Funds in the Hotel Occupancy Tax Account shall not be commingled with any other funds. Amounts in the Hotel Occupancy Tax Account shall be expended by Stagecoach solely to cover the costs of carrying out authorized projects that are included in the Annual Plan and Budget for the Year.

5.1.2 EIP’s Based on Ad Valorem Property Tax.

The Village shall, subject to Chapter 380 of the Texas Local Government Code, but subject to the conditions set out herein, make annual Property Tax EIPs to Stagecoach within thirty (30) days after Stagecoach submits to the Village the Job Compliance Affidavit and Ad Valorem Tax schedule for such calendar year as required in **Section 4.8** above. The Property Tax EIPs are to be calculated as follows:

- (a) Calculations will be based upon Ad Valorem Property Tax actually paid by Stagecoach and collected by the Village;
- (b) The Property Tax EIP’s will be an amount equal to the percentage of the Ad Valorem Property Tax actually paid for each calendar year as set forth below, subject to the Maximum Amount of EIPs set out in Section 5.1.4 of this Agreement:

<u>Year</u>	<u>Percentage of Property Tax Paid</u>
2024-2028	75%
2029-2033	50%

- (c) Stagecoach shall maintain a level of not less than 25 FTEs using employee headcount as of 60 days after the Village issues a Certificate of Occupancy for the Restaurant as the starting point. Stagecoach may reduce employment levels due to improved efficiencies or changing economic conditions during the term of this Agreement as long as such employment levels do not fall below 16 full-time jobs for total on site employment by Stagecoach during said term. If such employment falls below 16 full-time jobs for total on site employment, the Property Tax EIP shall be reduced proportionately to such employment decline beginning with the tax year in which the decline occurs and each tax year thereafter.
- (d) Upon request of the Village during the construction phase of the Project.

Stagecoach shall make available to the Village information concerning the details of contractor bids, under the express understanding that Stagecoach is providing the Village such contractor bid information on a strictly confidential basis so as to maintain the integrity of the competitive bid process;

- (e) Stagecoach shall ensure that qualified local labor, vendors, suppliers, and sub-contractors are given a timely opportunity to bid on contracts for the provision of supplies, goods and services (including engineering and construction services, *e.g.*, electrical, mechanical, civil, fabrication) in connection with construction of the Project. Such consideration shall be made in good faith without discrimination. For purposes of the foregoing:
 - “Local labor” is defined as those qualified laborers or craftsmen who are residents of the Village or Bell County, Texas.
 - “Local vendors” and “local suppliers” shall include only those located or having a principal office in the Village or in Bell County, Texas. “Local Subcontractors” shall include only those located or having a principal office in the Village or Bell County, Texas.
- (f) Stagecoach agrees that it will provide sufficient notice and information regarding the project to qualified local contractors to enable them to submit bids for materials in the initial procurement processes.
- (g) Stagecoach shall report and certify monthly to the Village the total number of dollars spent on local labor, local subcontractors, and local vendors/suppliers, as total and percentage compared to total dollars spent in connection with the Project.
- (h) Stagecoach will invoice purchases during construction locally to the maximum extent possible to ensure that sales taxes collected on such purchases is credited to the benefit of Village.
- (i) Stagecoach shall consult with chambers of commerce, business associations, trade associations, and other regional economic development organizations to identify local vendors, suppliers, and sub-contractors;
- (j) Stagecoach shall notify qualified local vendors, suppliers, and sub-contractors, allowing sufficient time for effective preparation of bids for the planned work to be sub-contracted or materials, supplies, or equipment to be purchased;
- (k) Stagecoach shall provide qualified local vendors, suppliers, and sub-contractors who are interested in bidding on a subcontract or contract for materials, supplies, equipment, or the provision of engineering and construction services and labor adequate information regarding the project as early as is practicable in the bidding process in order to allow the local vendors, suppliers, and sub-contractors sufficient time to prepare a bid (*i.e.*,

plans, specifications, scope of work, bonding and insurance requirements, and a point of contact within the general/prime contractor);

- (l) Stagecoach shall negotiate in good faith with interested qualified local vendors, suppliers, or sub-contractors, and award sub-contracts or contracts for materials, supplies, equipment, or the provision of engineering and construction services and labor to local vendors, suppliers, or sub-contractors when they are the lowest qualified responsive bidder who meets all of the applicable bid specifications;
- (m) Stagecoach shall provide access to and authorize the inspection of the Eligible Property by the Village's personnel to ensure that the improvements or repairs thereto are made according to the specifications and conditions of this Agreement;
- (n) Stagecoach shall include a provision in its contract with the general/prime contractor on the Project which requires the general/prime contractor to read and comply with the terms of this Agreement.

5.1.3 **Adjustments to Property Tax EIP.** The Bell County Appraisal District will establish the certified values of the Project as of January 1, 2024 (year abatement executed), and such values shall be the values used to calculate the Base Year Value as herein defined.

- (a) If on January 1st of any tax year during the Term of this Agreement the Taxable Value of the eligible Property is less than the Base Year Value, then the abatement of value otherwise available shall be reduced by one dollar for each dollar that the Taxable Value of realty improvements is less than the Base Year Value, except that no such reduction of Stagecoach's abatement shall be made should any reduction to Taxable Value of Stagecoach's Eligible Property result from a Force Majeure event.
- (b) In the event the Village terminates this Agreement as a result of any event of default by Stagecoach, including, for the avoidance of doubt, if Stagecoach fails to make the improvements to the Project as provided by this Agreement or ceases or fails to operate the Hotel, the Village shall be entitled to recapture and to be paid all taxes previously abated by virtue of this Agreement within thirty (30) days of the termination, together with all penalties and interest required by the Texas Property Tax Code.

5.1.4 **EIPs based on development fees waiver.** The Village agrees to waive up to \$13,000 in development application fees. "Development application fees" do not include water and wastewater impact fees and meter fees associated with connection to the utilities, regional detention fees, and fees associated with services performed by third party vendors.

5.1.5 **Maximum Amount of EIPs.** Regardless of anything contained herein to the contrary, the maximum total amount of all EIPs paid by the Village to Stagecoach pursuant to this Agreement shall not exceed \$984,000 of HOT rebate and \$94,940 of property tax abatement, respectively.

5.2 Payments Subject to Future Appropriations. Although certain payments under this Agreement are calculated based on a formula applied to HOT and/or Ad Valorem Property

Tax, this Agreement shall not be construed as a commitment, issue, or obligation of any specific taxes or tax revenues for payment to Stagecoach. The payments to be made to Stagecoach, if paid, shall be made solely from annual appropriations from the general funds of the Village or from such other funds of the Village as may be legally set aside for the implementation of Article III, Section 52a of the Texas Constitution or Chapter 380 of the Texas Local Government Code or any other economic development or financing program authorized by statute or general law powers of the Village under applicable Texas law, subject to any applicable limitations or procedural requirements. In the event that the Village does not appropriate funds in any fiscal year for payments due under this Agreement, such failure shall not be considered a default under **Section 6.3**, and the Village shall not be liable to Stagecoach for such payments otherwise due during such fiscal year; however, the term of this Agreement shall be extended one (1) year for each year the Village fails to appropriate funds for payments otherwise due under this Agreement. Stagecoach shall also have the right but not the obligation to rescind this Agreement. To the extent there is a conflict between this paragraph and any other language or covenant in this Agreement, this paragraph shall control.

5.3 Utility Services for the Property. The Village may provide wastewater service to Stagecoach for the Project, subject to the same impact fees, utility rates, and service charges assessed for wastewater service to similarly situated properties.

5.4 Permitting. The Village shall cooperate with Stagecoach to expeditiously process permit applications and Village inspections.

5.5 EIP Recapture. In the event the Village terminates this Agreement as a result of Stagecoach's default, the Village may recapture and collect from Stagecoach the Recapture Liability. Stagecoach shall pay to the Village the Recapture Liability within thirty (30) days after the Village makes demand for same, subject to any and all lawful offsets, settlements, deduction, or credits to which Stagecoach may be entitled. Notwithstanding anything herein to the contrary, such Recapture Liability shall not exceed, in the aggregate, an amount equal to all EIPs that were paid pursuant to this Agreement from the Effective Date to the date of termination (together with interest thereon to be charged at the statutory rate for delinquent taxes as determined by Section 33.01 of the Property Tax Code of the State of Texas, but without the addition of a penalty). The Village shall have all remedies for the collection of the Recapture Liability as provided generally in the Tax Code for the collection of delinquent property taxes

6. Miscellaneous.

6.1 Mutual Assistance. The Village and Stagecoach will do all things reasonably necessary or appropriate to carry out the terms and provisions of this Agreement, and to aid and assist each other in carrying out such terms and provisions in order to put each other in the same economic condition contemplated by this Agreement regardless of any changes in public policy, the law, or taxes or assessments attributable to the Property.

6.2 Representations and Warranties. The Village represents and warrants to Stagecoach that this Agreement is within its authority, and that it is duly authorized and empowered to enter into this Agreement, unless otherwise ordered by a court of competent jurisdiction. Stagecoach represents and warrants to the Village that it has the requisite authority to enter into this Agreement.

6.3 Default. If the Village or Stagecoach default in the performance of any obligations of this Agreement, or if any representation or warranty contained herein or any financial statement, certificate, report, or opinion submitted to the Village in connection with or pursuant to the requirements of this Agreement were false or misleading in any material respect when made, the other party shall provide such defaulting party written notice of the default, and a minimum period of thirty (30) days to cure such default, prior to instituting an action for breach or pursuing any other remedy for default. If the Village remains in default after notice and opportunity to cure, Village shall have the right to pursue any remedy at law or in equity for the Village's breach. If Stagecoach remains in default after notice and opportunity to cure, the Village's remedy shall initially be limited to suspension of the EIPs that accrue after the date of such default until such default is cured. After any such default is cured, the Village shall promptly forward any suspended payment to Stagecoach. If Stagecoach's default is not cured within sixty (60) days after Stagecoach's receipt of a second notice of default from the Village that clearly indicates the Village's intention to terminate this Agreement, the Village may terminate this Agreement by giving Stagecoach written notice of such termination prior to the date Stagecoach cures such default.. Any funds owed by Stagecoach to the Village which are not timely paid by Stagecoach shall accrue interest at the statutory rate for delinquent taxes as determined by Section

33.01 of the Property Tax Code of the State of Texas, but without the addition of a penalty from the date such funds are due until paid.

6.4 Attorney's Fees. In the event any legal action or proceeding is commenced between the Village and Stagecoach to enforce provisions of this Agreement and recover damages for breach, the prevailing party in such legal action shall be entitled to recover its reasonable attorney's fees and expenses incurred by reason of such action, to the extent allowed by law.

6.5 Entire Agreement. This Agreement contains the entire agreement between the parties. This Agreement may only be amended, altered or revoked by written instrument signed by the Village and Stagecoach.

6.6 Binding Effect. This Agreement shall be binding on and inure to the benefit of the parties, their respective successors, and assigns.

6.7 Assignment. Stagecoach may assign all or part of its rights and obligations to a third party with the express written consent of the Village (which consent shall not be unreasonably withheld, conditioned, or denied). If the proposed assignee is an affiliated entity under the common control of the assignor, the Village shall consent to an assignment if the assignor is in compliance with all terms of this Agreement. A collateral assignment of this Agreement under the terms of a loan shall not be an assignment for purposes of this Section. In all cases where Stagecoach makes an assignment hereof, Stagecoach shall endeavor in good faith and in the exercise of commercially reasonable due diligence to assure that any assignee of the rights and obligations of Stagecoach hereunder is an entity that (either itself or through association with a sponsorship group and/or professional operator) has access to sufficient financial resources, operational capability, and experience appropriate for the operation of the hotel and to fulfill its obligations under this Agreement

(a) For purposes of the foregoing, an assignee must meet the following minimum conditions:

- (i) such person or entity is not then in default or in breach, beyond any applicable grace or cure periods, of its obligations under any material written agreement with the Village, or any division, department, agency or instrumentality thereof;
- (ii) such person or entity is not, directly or indirectly, controlled by or in control of a person or entity that is in default or in breach, beyond any applicable grace or cure periods, of its obligations under any material written agreement with the Village, or any division, department, agency, or instrumentality thereof;
- (iii) neither such person or entity, nor any person or entity that, directly or indirectly, either controls or is controlled by, such person or entity is a person that has been convicted of violation of any statute in any criminal proceeding for a felony or a crime involving moral turpitude;
- (iv) neither such person or entity, nor any person or entity that, directly or indirectly, either controls or is controlled by, such person or entity, is listed on any list of terrorists or terrorist organization maintained by any federal governmental agency;

- (v) such person or entity is not then subject to an order for relief under the federal Bankruptcy Act;
- (vi) such person or entity is not one that would cause the hotel to be ineligible to be listed with or to advertise in any official travel publication of the State of Texas that includes general listings or advertisements of hotel/motel properties, including particularly the Texas Accommodations Guide, or its successor publications; and
- (vii) such person or entity is not one that would cause the hotel to be ineligible for membership, in good standing, in the Texas Hotel and Lodging Association, or its successor trade association which serves as the industry's principal trade association in Texas.

(1) Upon any assignment (whether or not the consent of the Village thereto is required, as aforesaid), the assignee and assignor shall execute an assignment and assumption agreement with respect to this Agreement and shall supply a copy thereof to the Village and Stagecoach. In connection with any assignment of this Agreement, the assignee shall assume all duties and obligations of Stagecoach arising from and after the date of such assignment, and the assignor shall be released from any liability or obligation arising hereunder from and after such assignment.

(2) If Stagecoach assigns its rights and obligations under this Agreement and, pursuant to Section 6.7 of this Agreement, that assignment is made to an entity that is not an affiliated entity under the common control of the assignor, the Village may recapture and collect from Stagecoach the HOT and Property Tax EIP payments as follows, based on the year in which said assignment is made:

<u>Assignment Year</u>	<u>Percentage of EIP to Recapture</u>
2024-2025	40%
2026-2027	40%
2028-2029	30%
2030-2031	20%
2032-2033	10%

The Village, acting through its Board of Aldermen, may agree to waive the recapture of EIP payments following an assignment.

- (b) Any assignment made in contravention of this Article is void and of no effect.

6.8 Amendment. This Agreement may be amended only by the mutual written agreement of the parties.

6.9 Termination.

General. This Agreement shall terminate upon the earliest occurrence of any one or more of the following:

- (i) the written agreement of the Parties;
- (ii) upon the occurrence of the Expiration Date;
- (iii) upon the election of the Village, upon the occurrence of an Event of Default by Stagecoach that remains uncured beyond applicable grace, notice, and cure periods, provided, however, that no election may be made if Stagecoach cures an Event of Default (regardless of whether such cure was completed beyond the applicable cure period) and Village has accepted such cure;
- (iv) upon the election of the Stagecoach, upon the occurrence of an Event of Default by the Village that remains uncured beyond applicable grace, notice, and cure periods, provided, however, that no election may be made if the Village cures an Event of Default (regardless of whether such cure was completed beyond the applicable cure period), and Stagecoach has accepted such cure;
or
- (v) upon Stagecoach receiving the Maximum Payment Amount.

6.9.1 Upon the termination of this Agreement, neither Party shall have any obligations or liabilities to the other, except of those items that either specifically or due to their nature, survive the termination of this Agreement.

6.10 Notice. Any notice and or statement required and permitted to be delivered shall be deemed delivered by actual delivery, facsimile with receipt of confirmation, or by depositing the same in the United States mail, certified with return receipt requested, postage prepaid, addressed to the appropriate party at the following addresses:

If to Village: Village of Salado
301 North Stagecoach Rd
Salado, TX76571
Attn: Village Administrator
Phone: (254) 947-5060
Email: mdelarosa@saladotx.gov

With a required copy to:
jkatz@bickerstaff.com

512-472-8021

If to
Stagecoach: Stagecoach 1943, LP
1207 East Caesar Chavez St. Austin,
TX 78702
Phone: (830) 279-2261
Email: bree.carrico@alexamgmt.com

With required copies to:

Bree Carrico
1805 W. 33rd St.
Austin, TX 78703
Phone: (830) 279-2261
Email: bree.carrico@alexamgmt.com

Either party may designate a different address at any time upon written notice to the other party.

6.11 Interpretation. Each of the parties has been represented by counsel of its choosing in the negotiation and preparation of this Agreement. Regardless of which party prepared the initial draft of this Agreement, this Agreement shall, in the event of any dispute, regarding its meaning or application, be interpreted fairly and reasonably and neither more strongly for or against either party.

6.12 Applicable Law. This Agreement is made, and shall be construed and interpreted, under the laws of the State of Texas and venue for any suit arising out of this Agreement shall lie in a court of competent jurisdiction in Bell County, Texas.

6.13 Severability. In the event any provisions of this Agreement are illegal, invalid, or unenforceable under present or future laws, it is the intention of the parties that the remainder of this Agreement shall not be affected. It is also the intention of the parties of this Agreement that in lieu of each clause and provision that is found to be illegal, invalid or unenforceable, a provision be added to this Agreement which is legal, valid or enforceable and is as similar in terms as possible to the provision found to be illegal, invalid or unenforceable.

6.14 Paragraph Headings. The paragraph headings contained in this Agreement are for convenience only and will in no way enlarge or limit the scope or meaning of the various and several paragraphs.

6.15 No Third Party Beneficiaries. This Agreement is not intended to confer any rights, privileges, or causes of action upon any third party.

6.16 Force Majeure. Except as otherwise provided herein, an equitable adjustment shall be made for delay or failure in performing if such delay or failure is caused, prevented, or restricted by conditions beyond that Party's reasonable control (an "*event of force majeure*"). An *event of force majeure* for the purposes of this Agreement shall include, but not be limited to, acts of God, fire; explosion; vandalism; storm or similar occurrences; orders or acts of military or civil authority; changes in law, rules, or regulations outside the control of the affected Party; national emergencies or insurrections; riots; acts of terrorism; or supplier failures, shortages or breach or delay. Except as otherwise expressly provided herein, there shall be an equitable adjustment allowed for performance under this Agreement as the result of any event of *force majeure*.

6.17 Exhibits. The following Exhibits A - C are attached and incorporated by reference for all purposes:

Exhibit A: Stagecoach Property Description

Exhibit B: Job Compliance Affidavit

Exhibit C: Certificate of Compliance

6.18 No Joint Venture. It is acknowledged and agreed by the parties that the terms hereof are not intended to and shall not be deemed to create any partnership or joint venture between the parties. The Village, its past, present, and future officers, elected officials, employees and agents of the Village, do not assume any responsibilities or liabilities to any third party in connection with the development of the Project or the design, construction or operation of any portion of the Project.

6.19 No Liability of Village Personnel. The Parties agree that no provision of this Agreement is intended to or shall be interpreted to negate or diminish any statutory or common law rights the Village may have to immunity under the laws of the State of Texas. Further, with respect to any breach of contract claim that the Village has violated the terms of this Agreement, the Village and Stagecoach agree that they may assert claims only against the assets of the Village and that under no circumstances shall any officer or employee of the Village be personally liable for any of the obligations of the Village under this Agreement.

6.20 Indemnification. STAGECOACH AGREES TO INDEMNIFY, SAVE AND HOLD HARMLESS THE VILLAGE, ITS ELECTED OFFICIALS AND EMPLOYEES OF AND FROM ANY AND ALL PRESENT OR FUTURE CLAIMS, DEMANDS, OR CAUSES OF ACTION THAT MAY ACCRUE ON ACCOUNT OF, OR IN ANY WAY ARISING OUT OF, STAGECOACH'S WRONGFUL ACTS AND/OR OMISSIONS THAT ARE A DEFAULT UNDER THIS AGREEMENT AND/OR STAGECOACH'S WRONGFUL MISUSE OF HOTEL OCCUPANCY TAX REVENUE AND/OR WRONGFUL MISMANAGEMENT OF SUCH REVENUES, AS PER THIS AGREEMENT. **Waivers.** No failure or delay of a Party in the exercise of any right given to such Party hereunder or by Law shall constitute a waiver thereof, nor shall any single or partial exercise of any such right preclude other further exercise thereof or of any other right. The waiver by a Party of any breach of any provision hereof shall

not be deemed to be a waiver of any subsequent breach thereof or of any breach of any other provision hereof.

6.21 Authority. The person executing this Agreement on behalf of Stagecoach and the Village each represents that he/she has the power and authority to do so and to bind his/her principal to the terms of this Agreement.

6.22 Counterparts. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original of this Agreement but all of which, taken together, shall constitute one and the same agreement.

EXECUTED to be effective as of the ____ day of _____, 2024. (the “*Effective Date*”).

(SIGNATURES ON FOLLOWING PAGES)

VILLAGE OF SALADO, TEXAS,

By: _____
Bert Henry, Mayor

Stagecoach 1943, LP

By: _____

Its: _____

Date: _____

Exhibit A: Stagecoach Property Description

Exhibit B: Job Compliance Affidavit

Exhibit C: Certificate of Compliance

BOA Agenda Item #5D



Date Submitted:

Agenda Date Requested: June 28, 2024

Agenda Item:

DISCUSSION AND POSSIBLE ACTION

Council Action Requested:

Ordinance
Resolution
Motion
Discussion

Project/Proposal Summary:

5(D) DISCUSS AND POSSIBLE ACTION ON APPROVAL OF AN AUDIT ENGAGEMENT LETTER WITH ARMSTRONG, VAUGHAN & ASSOCIATES, P.C., IN THE AMOUNT OF \$15,900.00.



Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

June 24, 2024

Village of Salado, Texas

You have requested that we audit the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Village of Salado, Texas, as of September 30, 2024, and for the year then ended and the related notes to the financial statements, which collectively comprise Village of Salado, Texas' basic financial statements as listed in the table of contents.

In addition, we will audit the entity's compliance over major federal award programs for the period ended September 30, 2024 (if necessary based on federal expenditures and if an examination is not selected). We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audit will be conducted with the objective of our expressing an opinion on each opinion unit and an opinion on compliance regarding the entity's major federal award programs.

The objectives of our audit of the financial statements are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (GAAS), and in accordance with *Government Auditing Standards*, will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

The objectives of our compliance audit are to obtain sufficient appropriate audit evidence to form an opinion and report at the level specified in the governmental audit requirement about whether the entity complied in all material respects with the applicable compliance requirements and identify audit and reporting requirements specified in the governmental audit requirement that are supplementary to GAAS and *Government Auditing Standards*, if any, and perform procedures to address those requirements.

Accounting standards generally accepted in the United States of America require that required supplementary information (RSI), such as management's discussion and analysis (MD&A) and budgetary comparison information, be presented to supplement the Village of Salado, Texas' basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Village of Salado, Texas RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist 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 will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Budgetary Comparison Schedule – General Fund and any Major Special Revenue Funds with legally adopted budgets
- 3) Schedules of Liabilities and Contributions - Pension and Other Post-employment Benefits

We have also been engaged to report on supplementary information other than RSI that accompanies the Village's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole:

- 1) Combining Balance Sheet and Statements of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds
- 2) Comparative Balance Sheets and Statements of Revenues, Expenditures and Changes in Fund Balances – Major Funds

Schedule of Expenditures of Federal Awards (If Necessary)

We will subject the schedule of expenditures of federal awards to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling the schedule to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. We intend to provide an opinion on whether the schedule of expenditures of federal awards is presented fairly in all material respects in relation to the financial statements as a whole.

Data Collection Form

Prior to the completion of our engagement, we will complete the sections of the Data Collection Form that are our responsibility. The form will summarize our audit findings, amounts and conclusions. It is management's responsibility to submit a reporting package including financial statements, schedule of expenditure of federal awards, summary schedule of prior audit findings and corrective action plan along with the Data Collection Form to the federal audit clearinghouse. The financial reporting package must be text searchable, unencrypted, and unlocked. Otherwise, the reporting package will not be accepted by the federal audit clearinghouse. We will assist you in the electronic submission and certification. You may request from us copies of our report for you to include with the reporting package submitted to pass-through entities.

The Data Collection Form is required to be submitted within the earlier of 30 days after receipt of our auditors' reports or nine months after the end of the audit period, unless specifically waived by a federal cognizant or oversight agency for audits. Data Collection Forms submitted untimely are one of the factors in assessing programs at a higher risk.

Auditor Responsibilities

We will conduct our audits in accordance GAAS, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America; the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). As part of an audit of financial statements in accordance with GAAS and, in accordance with Government Auditing Standards,

we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements or noncompliance (whether caused by errors, fraudulent financial reporting, misappropriation of assets, detected abuse, or violations of laws or governmental regulations) may not be detected exists, even though the audit is properly planned and performed in accordance with U.S. GAAS and *Government Auditing Standards* of the Comptroller General of the United States of America. Please note that the determination of abuse is subjective and *Government Auditing Standards* does not require auditors to detect abuse.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any other periods.

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

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

Audit of Major Program Compliance (if necessary)

Our audit of the Village's major federal award program(s) compliance will be conducted in accordance with the requirements of the Single Audit Act, as amended; and the Uniform Guidance, and will include tests of accounting records, a determination of major programs in accordance with the Uniform Guidance and other procedures we consider necessary to enable us to express such an opinion on major federal award program compliance and to render the required reports. We cannot provide assurance that an unmodified opinion on compliance will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or withdraw from the engagement.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether material noncompliance with applicable laws and regulations, the provisions of contracts and grant

agreements applicable to major federal award programs, and the applicable compliance requirements occurred, whether due to fraud or error, and express an opinion on the entity's compliance based on the audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the entity's compliance with the requirements of the federal programs as a whole.

As part of a compliance audit in accordance with GAAS and in accordance with Government Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks.

Our procedures will consist of determining major federal programs and, performing the applicable procedures described in the U.S. Office of Management and Budget OMB Compliance Supplement for the types of compliance requirements that could have a direct and material effect on each of the entity's major programs, and performing such other procedures as we considers necessary in the circumstances. The purpose of those procedures will be to express an opinion on the entity's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Also, as required by the Uniform Guidance, we will obtain an understanding of the entity's internal control over compliance relevant to the audit in order to design and perform tests of controls to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each of the entity's major federal award programs. Our tests will be less in scope than would be necessary to render an opinion on these controls and, accordingly, no opinion will be expressed in our report. However, we will communicate to you, regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we have identified during the audit.

We will issue a report on compliance that will include an opinion or disclaimer of opinion regarding the entity's major federal award programs, and a report on internal controls over compliance that will report any significant deficiencies and material weaknesses identified; however, such report will not express an opinion on internal control.

Management's Responsibilities

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

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
2. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements;
3. For identifying all federal awards expended during the period including federal awards and funding increments received prior to December 26, 2014, and those received in accordance with the Uniform Guidance generally received after December 26, 2014;
4. For maintaining records that adequately identify the source and application of funds for federally funded activities;
5. For preparing the schedule of expenses of federal awards (including notes and noncash assistance

- received) in accordance with the Uniform Guidance requirements;
6. For the design, implementation, and maintenance of internal control over compliance;
 7. For identifying and ensuring that the entity complies with laws, regulations, grants, and contracts applicable to its activities and its federal award programs;
 8. For disclosing accurately, currently, and completely the financial results of each federal award in accordance with the requirements of the award;
 9. For identifying and providing report copies of previous audits, attestation engagements, or other studies that directly relate to the objectives of the audit, including whether related recommendations have been implemented;
 10. For taking prompt action when instances of noncompliance are identified;
 11. For addressing the findings and recommendations of auditors, for establishing and maintaining a process to track the status of such findings and recommendations and taking corrective action on reported audit findings from prior periods and preparing a summary schedule of prior audit findings;
 12. For following up and taking corrective action on current year audit findings and preparing a corrective action plan for such findings;
 13. For submitting the reporting package and data collection form to the appropriate parties;
 14. For making the auditor aware of any significant vendor relationships where the vendor is responsible for program compliance;
 15. To provide us with:
 - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, and relevant to federal award programs, such as records, documentation, and other matters;
 - b. Additional information that we may request from management for the purpose of the audit;
 - c. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence;
 - d. A written acknowledgement of all the documents that management expects to issue that will be included in the annual report and the planned timing and method of issuance of that annual report; and
 - e. A final version of the annual report (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditor's report.
 16. For adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year period(s) under audit are immaterial, both individually and in the aggregate, to the financial statements as a whole;
 17. For acceptance of nonattest services, including identifying the proper party to oversee nonattest work;
 18. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
 19. For informing us of any known or suspected fraud affecting the entity involving management, employees with significant role in internal control and others where fraud could have a material effect on compliance;
 20. For the accuracy and completeness of all information provided;
 21. For taking reasonable measures to safeguard protected personally identifiable and other sensitive information; and
 22. For confirming your understanding of your responsibilities as defined in this letter to us in your management representation letter.

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

and our report thereon.

As part of our audit process, we will request from management, written confirmation concerning representations made to us in connection with the audit.

We understand that your employees will prepare all confirmations we request and will locate any documents or invoices selected by us for testing.

If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

Nonattest Services

With respect to any nonattest services we perform:

At the end of the year, we agree to perform the following:

- Propose adjusting or correcting journal entries to be reviewed and approved by the Village's management.
- Assistance with depreciation schedule
- Prepare a draft annual report for review by the Village's management.

We will not assume management responsibilities on behalf of the Village. However, we will provide advice and recommendations to assist management of the Village in performing its responsibilities.

The Village's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities.

Our responsibilities and limitations of the nonattest services are as follows:

- We will perform the services in accordance with applicable professional standards.
- The nonattest services are limited to the services previously outlined. Our firm, in its sole professional judgment, reserves the right to refuse to do any procedure or take any action that could be construed as making management decisions or assuming management responsibilities, including determining account coding and approving journal entries.

Fees and Timing

We anticipate conducting fieldwork in January and preparing draft reports for management's review in January.

Phil Vaughan is the engagement partner for the audit services specified in this letter. His responsibilities include supervising Armstrong, Vaughan & Associates, P.C.'s services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report.

Our fees for the financial statement audit services will be \$15,900. Should a single audit be required, additional fees will be \$4,000. We will notify you immediately of any circumstances we encounter that could significantly affect this initial fee estimate. Whenever possible, we will attempt to use Village of Salado, Texas' personnel to assist in the preparation of schedules and analyses of accounts. This effort could substantially reduce our time requirements and facilitate the timely conclusion of the audit.

Other Matters

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and

you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

Regarding the electronic dissemination of audited financial statements, including financial statements published electronically on your Internet website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Professional standards prohibit us from being the sole host and/or the sole storage for your financial and non-financial data. As such, it is your responsibility to maintain your original data and records and we cannot be responsible to maintain such original information. By signing this engagement letter, you affirm that you have all the data and records required to make your books and records complete.

The audit documentation for this engagement is the property of Armstrong, Vaughan & Associates, P.C. and constitutes confidential information. However, we may be requested to make certain audit documentation available to federal agencies and the U.S. Government Accountability Office pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of Armstrong, Vaughan & Associates, P.C.'s personnel. Furthermore, upon request, we may provide copies of selected audit documentation to these agencies and regulators. The regulators and agencies may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies.

We agree to retain our audit documentation or work papers for a period of at least five years from the date of our report.

Further, we will be available during the year to consult with you on financial management and accounting matters of a routine nature.

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

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

At the conclusion of our audit engagement, we will communicate to the Village Council the following significant findings from the audit:

- Our view about the qualitative aspects of the entity's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

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

If any dispute arises among the parties hereto, the parties agree to first try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Rules for Professional Accounting and Related Services Disputes, before resorting to litigation. The costs of any mediation proceeding shall be shared equally by all parties.

Client and accountant both agree that any dispute over fees charged by the accountant to the client will be submitted for resolution by arbitration in accordance with the Rules for Professional Accounting and Related Services Disputes of the American Arbitration Association. Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that, in the event of a dispute over fees charged by the accountant, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury and instead we are accepting the use of arbitration for resolution.

We appreciate the opportunity to be of service to the Village of Salado, Texas and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Respectfully,



Armstrong, Vaughan & Associates, P.C.

RESPONSE:

This letter correctly sets forth the understanding of the Village of Salado, Texas.

By: _____

Title: _____ Date: _____



WILF & HENDERSON, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Member of American Institute of Certified Public Accountants
Member of Private Company Practice Section
Member of AICPA Governmental Audit Quality Center

Report on the Firm's System of Quality Control

September 15, 2023

To the Shareholders of Armstrong, Vaughan & Associates, P.C.
and the Peer Review Committee of the Texas Society of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Armstrong, Vaughan & Associates, P.C. (the firm) in effect for the year ended March 31, 2023. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Armstrong, Vaughan & Associates, P.C. in effect for the year ended March 31, 2023, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Armstrong, Vaughan & Associates, P.C. has received a peer review rating of *pass*.

Wilf & Henderson, P.C.

1810 Galleria Oaks • Texarkana, Texas 75503 • 903.793.5646 • Fax 903.792.7630 • www.wilhen.com

BOA Agenda Item #5E



Date Submitted:

Agenda Date Requested: June 28, 2024

Agenda Item:

DISCUSSION AND POSSIBLE ACTION

Council Action Requested:

Ordinance
Resolution
Motion
Discussion

Project/Proposal Summary:

5 (E) DISCUSSION ON PROPOSED FISCAL YEAR 2024-2025 BUDGET, INCLUDING CAPITAL IMPROVEMENT PROJECTS