

ORANGE ECONOMIC DEVELOPMENT CORPORATION AGENDA

Orange Public Library Auditorium
220 N. Fifth Street
Orange, Texas

September 8, 2015
8:30 A.M.

1. **CALL TO ORDER** President Mortimer
2. **MOTION**
 - a) Motion finding that the advance posting and notice requirements of Article 8.1200 of the Code of Ordinances of the City of Orange, Texas have been met in relation to all minutes and pending resolutions on this agenda and that the reading of such items be confined to the caption of the resolutions. 1 Directors
3. **APPROVAL OF MINUTES**
 - a) August 25, 2015 Economic Development Corporation Meeting 2 Directors
4. **DISCUSSION/ACTION**
 - a) Consider a motion of intent to enter into an agreement with GRIFFITH MOSELEY JOHNSON AND ASSOCIATES, INC., ("GMJ") for professional consulting services for attracting industrial and retail development in the City of Orange at a rate of \$200 per hour, and approved additional expenses for travel outside a 60-mile radius of the GMJ office located in Port Arthur, Texas, for the purpose of economic development. 5 Staff: Trahan
 - b) Consider a motion authorizing the President of the Orange Economic Development Corporation to execute an engagement letter for fiscal year 2015 with the auditing firm of Charles E. Reed & Associates, P.C. 11 Staff: English
5. **REPORTS FROM DIRECTORS** Directors
6. **ADJOURNMENT**

STATE OF TEXAS }
COUNTY OF ORANGE }

August 25, 2015

BE IT REMEMBERED THAT a meeting of the Orange Economic Development Corporation of the City of Orange, Orange County, Texas, was held in the Library Auditorium on Tuesday, August 25, 2015.

EDC MEMBERS PRESENT:	George Mortimer Dean Granger David Meaux Ebb Moore Jimmy Sims Mary McKenna	President Vice-President Secretary Treasurer Director Director
DIRECTORS ABSENT:	Larry Spears Jr.	Director
COUNCIL MEMBERS PRESENT:	Patrick A. Pullen Dr. Wayne Guidry Essie Bellfield Bill Mello	Council Member Council Member Council Member Council Member
COUNCIL MEMBERS ABSENT:	None	
STAFF MEMBERS PRESENT:	Dr. Shawn Oubre Jay Trahan Jim Wolf Kelvin Knauf Gail English Rhonda Haskins Patricia Anderson Andrew Culpepper	City Manager Assistant City Manager, Director of Economic Development Director of Public Works Director of Planning & Community Development Director of Finance City Secretary Deputy City Secretary City Attorney

President Mortimer called the meeting to order at 5:00 P.M.

MOTION FINDING THAT THE ADVANCE POSTING AND NOTICE REQUIREMENTS OF ARTICLE 8.1200 OF THE CODE OF ORDINANCES OF THE CITY OF ORANGE, TEXAS HAVE BEEN MET IN RELATION TO ALL MINUTES AND PENDING RESOLUTIONS ON THIS AGENDA AND THAT THE READING OF SUCH ITEMS BE CONFINED TO THE CAPTION OF THE RESOLUTIONS

Director McKenna moved to approve the motion. Second to the motion was made by Treasurer Moore which carried unanimously.

APPROVAL OF MINUTES

Secretary Meaux moved to approve the minutes of the July 28, 2015 Orange Economic Development Corporation Meeting. Second to the motion was made by Director McKenna which carried unanimously.

Director Sims moved to approve the minutes of the August 11, 2015 Joint Meeting of the Orange City Council and the Orange Economic Development Corporation Meeting. Second to the motion was made by Treasurer Moore which carried unanimously.

PUBLIC HEARING

CONDUCT A PUBLIC HEARING FOR THE PURPOSE OF RECEIVING COMMENTS REGARDING THE UPSIZING TO A 12" WATERLINE EXTENSION ALONG STATE HIGHWAY 62, ORANGE, TEXAS IN AN AMOUNT NOT TO EXCEED \$48,000.00 FOR THE PURPOSE OF ECONOMIC DEVELOPMENT.

The public hearing began at 5:02 P.M.

There were no citizen comments.

The public hearing ended at 5:03 P.M.

RESOLUTION

RESOLUTION AUTHORIZING THE PRESIDENT OF THE ORANGE ECONOMIC DEVELOPMENT CORPORATION TO EXECUTE A PERFORMANCE AGREEMENT BETWEEN THE ORANGE ECONOMIC DEVELOPMENT CORPORATION AND INTERNATIONAL PAPER COMPANY TO PROMOTE NEW OR EXPANDED BUSINESS DEVELOPMENT WITHIN THE CITY OF ORANGE, TEXAS.

Vice-President Granger moved to approve the resolution. Second to the motion was made by Treasurer Moore which carried unanimously.

A copy of this resolution is being made a part of these minutes as Resolution Number 2015-2.

DISCUSSION/ACTION

MOTION APPROVING THE ADOPTION OF THE ORANGE ECONOMIC DEVELOPMENT CORPORATION FISCAL YEAR 2016 BUDGET.

Treasurer Moore moved to approve the motion. Second to the motion was made by Vice-President Granger which carried unanimously.

REPORTS FROM DIRECTORS

No reports were given.

ADJOURNMENT

There being no further business before the Corporation, Vice-President Granger moved to adjourn the meeting which carried unanimously.

The meeting adjourned at 5:09 P.M.

George Mortimer, President

ATTEST:

David Meaux, Secretary

ECONOMIC DEVELOPMENT DEPARTMENT

MEMORANDUM

DATE: August 28, 2015

TO: Dr. Shawn Oubre, City Manager

FROM: Jay Trahan, CEcD, EDC Director

RE: GRIFFITH MOSELY JOHNSON (GMJ) PROFESSIONAL SERVICES AGREEMENT

Please see the attached Professional Services Agreement submitted by GRIFFITH MOSELY JOHNSON AND ASSOCIATES, INC. (GMJ), for providing consulting services as stated in Exhibit A (see attachment). The Agreement includes a compensation rate of \$200 per hour, which is proposed as an annual Agreement beginning October 1, 2015.

The scope of work as stated in Exhibit A includes the following:

- (1) Work with city staff, site selectors, brokers, etc., to identify development opportunities with a focus on retail and industrial development
- (2) Review the economic development strategic plan
- (3) Identify potential development sites
- (4) Conduct outreach to industrial and commercial employers in the region to discuss available incentives when considering new expansions and/or new capital investment.

Subject to your review and approval, please place this Agreement on the next EDC and City Council agendas as a discussion and possible action. Please contact me at extension #1077 for additional information.

THE STATE OF TEXAS
THE COUNTY OF ORANGE

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PROFESSIONAL SERVICES AGREEMENT

BETWEEN

CITY OF ORANGE ECONOMIC DEVELOPMENT CORPORATION

AND

GRIFFITH MOSELEY JOHNSON AND ASSOCIATES, INC. ("GMJ")

1. This Agreement is entered into by and between City of Orange Economic Development Corporation (hereinafter, "CITY"), a non-profit corporation created pursuant to Ch. 504 Subchapter B, Texas Local Government Code, acting by and through its board of directors (hereinafter, "Board"), and Griffith Moseley Johnson and Associates, Inc. (hereinafter, "GMJ"), a Texas corporation, the two sometimes referred to as the "Parties."

2. The term of this Agreement is for a one (1) year period commencing on _____, 2015 (hereinafter, "Effective Date") and at the end of each term renewing automatically for successive one (1) year terms unless either Party provides notice of intent not to renew at least thirty (30) days prior to the termination date, or unless terminated earlier under any provision hereof.

3. GMJ will perform the scope of work as outlined in GMJ's proposal to CITY, which is attached as Exhibit "A" and incorporated herein for all purposes.

4.(a) GMJ shall be compensated for the services described herein at a rate of \$200 per hour.

(b) GMJ's ordinary expenses, including ground transportation to and from Orange, will be without reimbursement. In the event it becomes necessary for GMJ to travel beyond a 60-mile radius from GMJ's offices in Port Arthur, Texas, and with advance approval by CITY, CITY will reimburse GMJ for documented travel expenses. Travel expenses, including air travel, rental cars, and ground transportation will be reimbursed at actual cost. Hotel accommodations and *per diem* meal reimbursements will be made in accordance with the U.S. General Services Administration (GSA) current *per diem* rates for the travel destination. Documentation for travel expenses will at a minimum include name of individual who traveled, dates of travel, and itemized expense categories.

(c) CITY will forward payment to GMJ within thirty (30) days of receipt of invoice. In the event CITY disputes any portion of an invoice, CITY shall notify GMJ within seven (7) business days of the basis for such dispute, and shall pay any undisputed amount on the terms contained in this sub-paragraph.

5. (a) GMJ shall not disclose privileged or confidential communications or information acquired in the course of the performance of the services under this Agreement, unless required by law. GMJ agrees to adhere to all confidentiality requirements, as applicable, for the services performed for CITY under this Agreement.

(b) The Parties acknowledge and agree that CITY is subject, as a matter of law, to TEX. GOV'T CODE ANN. § 552, also known as the "Texas Public Information Act" (hereinafter "Public Information Act"). Notwithstanding any other provision, the Parties agree that in the event that any provision of this Agreement, or other documents related to this Agreement, including, but not limited to, any exhibit, attachment, amendment, addendum, or other incorporated document, is in conflict with the Public

Information Act, such provision shall be of no force or effect. GMJ hereby releases CITY from any and all liability or obligation of any type, kind or nature regarding any disclosure of any document, information, or any other thing or item furnished by GMJ or in the possession or knowledge of CITY that is determined by CITY or in reliance on any advice, decision or opinion of the Texas Attorney General or CITY's counsel to be available to the public or any persons.

6. Either Party may, at its option and without prejudice to any other remedy to which it may be entitled to at law or in equity, or elsewhere under this Agreement, terminate this Agreement, in whole or part, by giving thirty (30) days prior written notice thereof to the other Party with the understanding that all services being performed under this Agreement shall cease upon the date specified in such notice. CITY shall compensate the GMJ in accordance with the terms of this Agreement for the services performed prior to the date specified in such notice. In the event of cancellation, GMJ shall cease any and all services under this Agreement on the date of termination and to the extent specified in the notice of termination. Upon receipt of such notice, GMJ shall not incur any new obligations or perform any additional services and shall cancel any outstanding obligations or services to be provided. Upon termination of this Agreement as herein above provided, any and all CITY data, documents and information in GMJ's possession shall be returned to CITY within fifteen (15) working days of the date of termination.

7. Any notice to be given under this Agreement shall be deemed to have been given if reduced to writing and delivered in person or mailed by overnight or Registered Mail, postage pre-paid, to the Party who is to receive such notice, demand or request at the addresses set forth below. Such notice, demand or request shall be deemed to have been given three (3) days subsequent to the date it was so delivered or mailed.

TO CITY:

Jay Trahan
Orange Economic Development Corp.
803 W. Green Ave.
Orange, Texas 77630
409-883-1077 (facsimile)
jtrahan@orangetx.org

TO GMJ:

Carl R. Griffith
President & CEO
Griffith Moseley Johnson & Associates, Inc.
2901 Turtle Creek Drive, Suite 445
Port Arthur, Texas 77642
jjohnson@carlgriffith.com

8. If any provision of this Agreement is construed to be illegal or invalid, this will not affect the legality or validity of any of the other provisions in this Agreement. The illegal or invalid provision will be deemed stricken and deleted, but all other provisions shall continue and be given effect as if the illegal or invalid provisions had never been incorporated.

9. The validity and interpretation of this Agreement, and the rights and obligations of the Parties hereunder, shall be governed by and construed in accordance with the laws of the State of Texas and, if any provision of this Agreement is held to be invalid, void, voidable or unenforceable, the remaining provisions shall nevertheless continue in full force and effect. This Agreement is performable and enforceable in Orange County, Texas where the principal office of CITY is located and the state courts of Orange County shall be the sole and exclusive venue for any litigation, special proceeding, or other proceeding as between the Parties that may be brought, or arise out of, in connection with, or by reason of this Agreement.

10. No modification, amendment, innovation, renewal or other alteration of this Agreement shall be effective unless mutually agreed upon in writing and executed by the Parties hereto. Any alteration, addition or deletion to the terms of this Agreement required by changes in federal or state law are automatically incorporated herein without written amendment to this Agreement and shall be effective on the date designated by said law.

11. GMJ may not assign its rights and duties under this Agreement without the prior written consent of CITY.

12. The doctrine of *contra proferentum* shall not apply to this Agreement. If an ambiguity exists in this Agreement, the Agreement shall not be construed against the Party who drafted the Agreement and such Party shall not be responsible for the language used.

12. This Agreement, including its Attachments, Exhibits, and Addendums incorporated as a part hereof, shall constitute the entire agreement relating to the subject matter hereof between the Parties hereto and supersedes any other agreement concerning the subject matter of this transaction, whether oral or written, and except as otherwise provided herein, this Agreement may not be modified without prior written agreement of the Parties. Each Party acknowledges that the other Party, or anyone acting on behalf of the other Party has made no representations, inducements, promises or agreements, orally or otherwise, unless such representations, inducements, promises or agreements are embodied in this Agreement, expressly or by incorporation.

13. GMJ, including its employees, agents or licensees, is an independent GMJ and not an agent, servant, joint enterprise or employee of CITY, and is responsible for its own acts, omissions, forbearance, negligence and deeds, and for those of its agents or employees in conjunction with the performance of services covered under this Agreement, and shall be specifically responsible for sufficient supervision and inspection to ensure compliance in every respect with the contract requirements. There shall be no contractual relationship between any sub-contractor, agent, employee or supplier of the GMJ and CITY by virtue of this Agreement. This provision of this Agreement shall not be for the benefit of any other Party other than CITY and GMJ.

14. The person or persons signing and executing this Agreement on behalf of GMJ, or representing themselves as signing and executing this Agreement on behalf of GMJ, do hereby warrant and guarantee that he, she or they have been duly authorized by GMJ to execute this Agreement on behalf of GMJ and to validly and legally bind GMJ to all terms, conditions and provisions herein set forth. GMJ shall furnish to County a corporate resolution authorizing signatory authority.

ACCEPTANCES:

By their signatures below, the duly authorized representatives of CITY and GMJ accept the terms of this Agreement in full.

EXECUTED this _____ day of _____, 2015.

CITY:

GMJ:

BY: _____

BY: Carl R. Griffith, CEO

ATTACHMENT "A"
SCOPE OF WORK

GMJ will:

1. Work with the city's economic development staff and the regional economic development community, site selection consultants, real estate developers and brokers, and others, to identify economic development opportunities, including business recruitment, expansion and relocation, to generate new investment and jobs, with a focus on retail and industrial development.
2. Review the city's economic development strategic plan.
3. Work with city staff and area real estate brokers to identify, tour and catalogue potential development sites.
4. Work with city staff and developers to promote and pursue opportunities for retail development.
5. Conduct outreach to large industrial and commercial employers in the region to brief them on available incentives and explore opportunities for expansion and new investment in Orange.
6. Work with city staff to advance economic development projects through incentives and siting processes.

MOTION

Motion of intent to enter into an agreement with GRIFFITH MOSELEY JOHNSON AND ASSOCIATES, INC., ("GMJ") for professional consulting services for attracting industrial and retail development in the City of Orange at a rate of \$200 per hour, and approved additional expenses for travel outside a 60-mile radius of the GMJ office located in Port Arthur, Texas, for the purpose of economic development.

George Mortimer, President

ATTEST:

David Meaux, Secretary

September 8, 2015



Charles E. Reed & Associates, P.C.

Certified Public Accountants & Consultants

Member

American Institute of
Certified Public Accountants

Texas Society of
Certified Public Accountants

AICPA Private
Companies Practice Section

August 12, 2015

Board of Directors
Orange Economic Development Corporation
Orange, Texas

We are pleased to confirm our understanding of the services we are to provide Orange Economic Development Corporation for the year ended September 30, 2015. We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements, of Orange Economic Development Corporation as of and for the year ended September 30, 2015. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Orange Economic Development Corporation's 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 Orange Economic Development Corporation's 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 schedules
- 3) GASB-required supplementary pension
- 4) Other Post-employment Benefits (OPEB) schedules

We have also been engaged to report on supplementary information other than RSI that accompanies Orange Economic Development Corporation'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) Schedule of expenditures of federal awards.
- 2) Comprehensive Annual Financial Report (CAFR): combining statements, individual fund statements, and supporting schedules

Beaumont

6850 Phelan Boulevard
Beaumont, Texas 77706
(409) 833-8986 • Fax: (409) 833-4486

Port Arthur

3636 Professional Drive
Port Arthur, Texas 77642
(409) 983-3277 • Fax: (409) 983-3270

Silsbee

295 Hwy. 327 East
Silsbee, Texas 77656
(409) 385-2806 • Fax: (409) 385-4338

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information.

1) Comprehensive Annual Financial Report (CAFR): statistical data

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on—

- Internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The reports on internal control and compliance will each include a paragraph that states that the purpose of the report is solely to describe (1) the scope of testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance, (2) the scope of testing internal control over compliance for major programs and major program compliance and the result of that testing and to provide an opinion on compliance but not to provide an opinion on the effectiveness of internal control over compliance, and (3) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance and OMB Circular A-133 in considering internal control over compliance and major program compliance. The paragraph will also state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133, and will include tests of accounting records, a determination of major program(s) in accordance with OMB Circular A-133, and other procedures we consider necessary to enable us to express such opinions and to render the required reports. If our opinions on the financial statements or the Single Audit compliance opinions are other than unqualified (unmodified), we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. Management is also responsible for identifying government award programs and understanding and complying with the compliance requirements, and for preparation of the schedule of expenditures of federal awards in accordance with the requirements of OMB Circular A-133. As part of the audit, we will assist with preparation of your financial statements, schedule of expenditures of federal awards, and related notes. You are responsible for making all management decisions and performing all management functions relating to the financial statements, schedule of expenditures of federal awards, and related notes and for accepting full responsibility for such decisions. You will be required to acknowledge in the written representation letter our assistance with preparation of the financial statements and schedule of expenditures of federal awards and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you are required to designate an individual with suitable skill, knowledge, or experience to oversee any non-audit services we provide and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met and that there is reasonable assurance that government programs are administered in compliance with compliance requirements. You are also responsible for the selection and application of accounting principles; for the fair presentation in the financial statements of the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Orange Economic Development Corporation and the respective changes in financial position and, where applicable, cash flows in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for ensuring that management is reliable and financial information is reliable and properly recorded. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities also include identifying significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants. Additionally, as required by OMB Circular A-133, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan.

You are responsible for preparation of the schedule of expenditures of federal awards in conformity with OMB Circular A-133. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon OR make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with OMB Circular A-133; (2) that you believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with OMB Circular A-133; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) that you

believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information. With regard to using the auditor's report, you understand that you must obtain our prior written consent to reproduce or use our report in bond offering official statements or other documents. With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your 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.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors or any fraudulent financial reporting or misappropriation of assets that come to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditor is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Audit Procedures—Internal Controls

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in

scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by OMB Circular A-133, we will perform tests of controls over compliance 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 major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to OMB Circular A-133.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and OMB Circular A-133.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Orange Economic Development Corporation's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

OMB Circular A-133 requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Circular A-133 Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of Orange Economic Development Corporation's major programs. The purpose of these procedures will be to express an opinion on Orange Economic Development Corporation's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to OMB Circular A-133.

Engagement Administration, Fees, and Other

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits.

The audit documentation for this engagement is the property of Charles E. Reed & Associates, P.C. and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Charles E. Reed & Associates, P.C.'s personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit in the month of November, 2015, and to issue our reports no later than January 10 2016. Charles G. Reed, CPA is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed our proposed amount of \$5,610 for the Orange Economic Development Corporation. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes thirty days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above-referenced fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract.

We appreciate the opportunity to be of service to Orange Economic Development Corporation 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.

Very truly yours,

Charles E. Reed and Associates, P.C.

Charles E. Reed & Associates, P.C.
Certified Public Accountants

RESPONSE:

This letter correctly sets forth the understanding of Orange Economic Development Corporation.

By: _____

Title: _____

Date: _____

MOTION

Motion authorizing the President of the Orange Economic Development Corporation to execute an engagement letter for fiscal year 2015 with the auditing firm of Charles E. Reed & Associates, P.C.

George Mortimer, President

ATTEST:

David Meaux, Secretary

September 8, 2015