

**THE INDUSTRIAL DEVELOPMENT BOARD
OF
THE CITY OF BRISTOL TENNESSEE
REGULAR MEETING
AGENDA**

**MONDAY NOVEMBER 26, 2018 – 12 NOON
MUNICIPAL ANNEX CONFERENCE ROOM**

1. Call to order
2. Roll Call
3. Approval of minutes – October 22, 2018
4. Financial Report
5. Mauldin and Jenkins audit engagement letter
6. Certificate of Deposit proposals
7. October 18, 2018 Hiring Expo metrics
8. Other business
9. Adjourn

**MINUTES OF
THE INDUSTRIAL DEVELOPMENT BOARD
OF THE CITY OF BRISTOL, TENNESSEE
October 22, 2018 Meeting**

IDB Members Present:

Nancy Cook
Dirk Crandell - Vice Chairman
Jeff Jones
Logan McCabe
Rob Nicar – Secretary-Treasurer
Raj Venkataraman
David Wagner - Chairman
Chad Keen – Bristol TN City Council Liaison

Staff

Tom Anderson – Director
Danielle Kiser – City Attorney
Jon Luttrell – Business Dev. Specialist
Mike Sparks – ED Staff

Also

Don Hurst – TNECD
Clay Walker - NETWORKS
Press

Call to Order:

Chairman David Wagner opened the October 22, 2018 Industrial Development Board meeting at 12:05 p.m. Roll call was made and Chairman Wagner declared a quorum present. Note: Mr. Crandell and Mr. Venkataraman arrived after the start of the meeting and did not vote on the Approval of the Minutes or the acceptance of the Financial Report.

Approval of the minutes: Chairman Wagner asked if there were any additions or deletions to the minutes. Mr. Nicar made a motion to approve the minutes of the September 24, 2018 annual meeting as presented and Mr. McCabe seconded the motion. The motion was approved unanimously.

Financial Report: Chairman Wagner asked for the financial report. Mike Sparks advised the Board that the IDB account as of 9/1/2018 had a balance of \$1,145,065.31. \$2,222.00 had been disbursed in the month of September and of the \$1,145,065.31, \$975,693.10 was the Royal ED grant funds, leaving \$169,372.21 as IDB funds in the account. Additionally, there is a \$100,000 CD with the First Tennessee Bank that will be up for renewal in November. Tom Anderson noted that \$50,000 had been deposited by the City. Mr. Jones made a motion to accept the Financial Report and Mr. Crandell seconded the motion. The motion passed unanimously.

Board Training: Ms. Kiser reviewed the duties and powers of the Industrial Development Board through a PowerPoint presentation (attached). The members discussed the various aspects of the presentation, especially the processes involved in the approval of Payment in Lieu of Taxes (PILOT) and Tax Increment Financing (TIF).

Other Business:

October 18th Hiring Event: Tom Anderson first acknowledged Jon Luttrell's being named to the 40 under 40 by the Business Journal. He further noted the Hiring Event had been a great success last week and that Jon had been responsible for the majority of the effort putting the event on. Jon Luttrell reviewed the event briefly, noting that there were 636 job seekers and 51 employers present. He commented that the businesses noted the high quality of the job seekers. Additionally, he advised the Board the City Web Page also was providing a portal for job seekers to apply to employers. A more detailed presentation will be made in the future.

Adjournment: There being no further business Chairman Wagner adjourned the meeting at 1:05 p.m.

Approved November 19, 2018

David Wagner – Chairman

Attest:

Rob Nicar, Secretary – Treasurer

Attachments:

1. Agenda
2. Kiser presentation

**Industrial Development Board of the City of Bristol, Tennessee
October 31, 2018**

Items Affecting Cash

Beginning Balance 10/1/2018	\$ 1,145,065.31
Deposits	
Transfer from Main Operating Account Chapter 420 State Reimbursement	6,720,377.15
Total Deposits	<u>6,720,377.15</u>
Disbursements	
Payout of Chapter 420 State Reimbursement to City of Bristol Main Operating Account	728,178.74
Payout of Chapter 420 State Reimbursement to Pinnacle Partners Bank	5,992,198.41
Check 1238 Tri-Cities Southwest Virginia - IDB Meeting	87.10
Check 1239 4Imprint, INC - Hiring Expo	2,044.03
Check 1240 American Express - Annual Report	20.47
Check 1242 Speedpro Imaging of the Tri-Cities - Hiring Expo	129.00
Check 1243 Tri-Cities Southwest Virginia - IDB Meeting	61.60
Check 1244 4Imprint, INC - Hiring Expo	560.13
Check 1245 State of Tennessee - Refund Grant Funds to Royal Molding	975,693.10
Total Disbursements	<u>7,698,972.58</u>
Ending Balance 10/31/2018	<u><u>\$ 166,469.88</u></u>
Industrial Development Board of the City of Bristol, Tennessee Certificate of Deposit	
Certificate of Deposit	<u><u>\$ 100,000.00</u></u>
CD will mature on 11/15/2018 with 1.33% interest.	

**FIRST
TENNESSEE.**
Attn: Account Services
3451 Prescott Rd
Memphis, TN 38118

CD MATURITY NOTIFICATION

Return Service Requested



00000725 TFTIRAMT101318020336 01 000000000 001 P

BRISTOL INDUSTRIAL DEVELOPMENT BOARD
PO BOX 1189
BRISTOL TN 37621-1189

OCTOBER 12, 2018

CD MATURITY NOTIFICATION

Your Certificate of Deposit (CD) will mature soon. Your CD will not automatically renew and after maturity your deposit will not earn interest. To redeem your deposit or to reinvest your balance in a new CD, please contact us at 1-800-382-5465 or visit your local branch.

CD ACCOUNT #: XXXXXXXXXXXX0726
MATURITY DATE: NOVEMBER 15, 2018



Proposal for Investment Bristol Tennessee Industrial Development Board

BANK OF TENNESSEE
Name of Financial Institution

November 15, 2018
Initial Investment Date

1223 VOLUNTEER PARKWAY
Street Address

\$100,000
Amount of Investment

BRISTOL, TN 37620
City, State, Zip Code

3 MONTHS = 2.06% 9 MONTHS = 2.38%
6 MONTHS = 2.23% 12 MONTHS = 2.49%

423-990-6725
Phone Number

Proposed Interest Rate
3 MONTHS = 2.08% 9 MONTHS = 2.41%
6 MONTHS = 2.25% 12 MONTHS = 2.51%

423-990-2869
Fax Number

Proposed Interest Yield
3 MONTHS, 6 MONTHS, 9 MONTHS, OR
12 MONTHS
Date of Maturity

CERTIFICATE OF DEPOSIT (CD)
Type of Investment

FLEXIBLE TERMS THAT SUITS DIFFERENT INVESTMENT NEEDS
FIXED RATES UNTIL MATURITY

Investment Features/Options

WES ARGABRITE
Printed Name of Authorized Financial
Institution Official

OCTOBER 30TH, 2018
Date of Authorization for Proposal

[Signature]
Signature of Authorized Financial
Institution Official

Proposal for Investment
Bristol Tennessee Industrial Development Board

First Tennessee Bank
Name of Financial Institution

November 15, 2018
Initial Investment Date

235 E. Center St.
Street Address

\$100,000
Amount of Investment

Kingsport, TN 37660
City, State, Zip Code

2.66%
Proposed Interest Rate

423-370-7068
Phone Number

2.66%
Proposed Interest Yield

423-378-7070
Fax Number

November 15, 2019
Date of Maturity

Certificate of Deposit
Type of Investment

Additional Terms: 3 Months - 2.13 Yield - 2.13

 6 Months - 2.43 Yield - 2.43

 9 Months - 2.52 Yield - 2.52

Investment Features/Options

Greg Perdue
Printed Name of Authorized Financial
Institution Official

10/30/2018
Date of Authorization for Proposal


Signature of Authorized Financial
Institution Official



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Members of the City of Bristol Industrial Development Board
City of Bristol, Tennessee
801 Anderson Street, Room 203
Bristol, Tennessee 37620

Attn: Tom Anderson

We are pleased to confirm our understanding of the services we are to provide the City of Bristol Industrial Development Board (the Board) for the year ended June 30, 2018. We will audit the financial statements of the Board including the related notes to the financial statements, which collectively comprise the basic financial statements, of the City of Bristol Industrial Development Board as of and for the year then ended. 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 the Board'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 the Board'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 (MD&A).

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. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the City of Bristol Industrial Development Board and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the Board's financial statements. Our report will be addressed to the Members of the Industrial Development Board. We cannot provide assurance

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that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will fully 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 reports, or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) 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 as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states that the purpose of the report is solely to describe the scope of testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting or on compliance, and that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over financial reporting and compliance. The paragraph will also state that the report is not suitable for any other purpose.

If during our audit we become aware that the Board is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein.

Management is responsible for designing, implementing, and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information 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 the accuracy and completeness of that information. 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.

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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 affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud 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 government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of 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 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.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. You agree to oversee the nonaudit services by designating an individual, preferably from senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

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

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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 government or to acts by management or employees acting on behalf of the government. 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 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. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditors 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 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 your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the government 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*.

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

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management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City of Bristol Industrial Development Board's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit 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*.

Other Services

We will also assist in preparing the financial statements and related notes of the Board in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform these services in accordance with applicable professional standards. The other services are limited to the financial statements and related notes services previously defined. We, in our sole professional judgement, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Audit Administration, Fees, and Other

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

We will provide copies of our reports to the City of Bristol Industrial Development Board; however, management is responsible for distribution of the reports and financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Mauldin & Jenkins 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 Mauldin & Jenkins 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 date or for any additional period requested by a regulatory body. 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.

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We expect to begin our audit on approximately September 4, 2018 and to issue our reports no later than December 31, 2018. Matt Hill 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 \$8,770 for the year ended June 30, 2018. Our 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 as work progresses and are payable upon presentation. The above fees are based on anticipated cooperation from your personnel (including complete and timely receipt by us of the information on the respective client participation listings to be prepared annually) and the assumption that unexpected circumstances (including scope changes) will not be encountered during the audit. If significant additional time is necessary, we will discuss it with management and arrive at a new fee estimate before we incur the additional costs.

As a result of our prior or future services to you, we might be requested or required to provide information or documents to you or a third party in a legal, administrative, arbitration, or similar proceeding in which we are not a party. If this occurs, our efforts in complying with such requests will be deemed billable to you as a separate engagement. We shall be entitled to compensation for our time and reasonable reimbursement for our expenses (including legal fees) in complying with the request. For all requests we will observe the confidentiality requirements of our profession and will notify you promptly of the request.

We appreciate the opportunity to be of service to the City of Bristol Industrial Development Board 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.

Sincerely,

MAULDIN & JENKINS, LLC



Matt Hill

RESPONSE:

This letter correctly sets forth the understanding of the City of Bristol Industrial Development Board.

By: _____

Title: _____