



## NOTICE OF MEETING

### MEMBERS OF THE BOARD OF TRUSTEES

The Gulf Coast Center Board of Trustees meeting for the month of June will be held on Wednesday, **June 24, 2020** at **12:00 p.m.**

Join the meeting by phone (audio only) United States:

**Phone Number: +1 (646) 749-3112**

**Access Code: 745-266-421**

Thanks,

  
Cathy Claunch-Scott  
Secretary to the Board of Trustees

cc: June Board of Trustees File



10000 Emmett F Lowry,  
Suite 1220  
Texas City, TX 77591

409.763.2373

Toll Free- 1-800-643-0967

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[www.GulfCoastCenter.org](http://www.GulfCoastCenter.org)

*Better community healthcare promoting healthy living.*

**THE GULF COAST CENTER**

Regular Board of Trustees Meeting  
Wednesday, June 24, 2020 at 12:00pm  
Join the meeting by phone (audio only) :  
**Phone Number: +1 (646) 749-3112**  
**Access Code: 745-266-421**



**"Better community healthcare promoting healthy living."**

- 1. **Call To Order** ..... Jamie Travis, Board Chair
- 2. **Citizens' Comments**
- 3. **Program Report: NONE**
- 4. **Board Member Reports**
  - a. Texas Council of Community Centers ..... Jamie Travis, Board Chair
  - b. Texas Council Risk Management Fund. ....Mary Lou Flynn-Dupart, TCRMF Board Chair
- 5. **CEO Report** ..... Melissa Tucker, CEO
  - a. COVID-19 Update:
- 6. **Operations Report: NONE**
- 7. **Budget, Finance and Admin Reports** ..... Rick Elizondo, CFO
  - a. Financial & Operational Monthly Report & YTD Summary **(Pg. 1-4)**
  - b. Sale of Property Update: Jones Building location
- 8. **Consent Agenda** .....Linda Bell, JD  
**Consideration and Approval of Recommendations and Acceptance of Consent Agenda Items.** *(Consent agenda items may be pulled from this consideration for individual action or presentation.)*
  - a. Review and approval of May 27, 2020 board meeting minutes. **(Pg. 5-9)**
  - b. Review and approval of May 2020 check register.
- 9. **Action Items**.....Linda Bell, JD
  - a. Consider approval of the EideBailly engagement letter for the FY2020 Audit. **(Pg. 10-20)**
  - b. Consider approval **of the Resolution by the Board of Trustees of the Gulf Coast Center approving the transfer of existing Interlocal Agreements between the GCC and cities located within Brazoria and Galveston counties to the Gulf Coast Transit District.**
  - c. Consider approval authorizing the Chief Executive Officer to execute the Amended Interlocal Agreements with the cities of Lake Jackson, Angleton, Clute and Freeport; Texas City, LaMarque and Dickinson. The City approval of the Amended ILA's and City

*If you need additional assistance to effectively participate in or observe this meeting, please contact (409) 763-2373 at least 24 hours prior to the meeting so that reasonable accommodations can be made to assist you.*

Council/Commission Resolutions are being approved in the month of June. The Amended ILA's become effective as of September 1, 2020.

- d. Consider approval of the Resolution by the Board of Trustees of the Gulf Coast Center approving The Goodman Corporation Work Order #28 for FY21-22 Gulf Coast Center General Planning services with The Goodman Corporation. This includes On-site Consultant Services (month-to-month), Program Management, Grant Development and Management, Procurement, Capital and Operating Budgets and Planning, Pursuit of Funds, and Operations and Service Planning.
- e. Consider approval of the FY20 Amendment to the below identified Signal of Sobriety Providers. The amendment identifies an increase in budget allotted for the specified service.

Provider	Service	CURRENT BUDGET	AMEND #1	REVISED BUDGET
ADA	TRF-Intensive	\$103,443.00	\$150,000.00	\$253,443.00
BARC	TRA-Detox	\$31,782.00	\$20,000.00	\$51,782.00
ADAPT	TRA-Detox	\$31,782.00	\$55,015.00	\$86,797.00
	TRA-Intensive	\$257,254.40	\$46,379.04	\$303,633.44
	TRF-Detox	\$42,500.00	\$209,950.00	\$252,450.00
	TRF-Intensive	\$4,310.00	\$608,451.40	\$612,761.40
	TRF-Supportive	\$10,234.00	\$100,000.00	\$110,234.00

- f. Consider approval of the new **CPWE Medical Director Services Agreement with THE UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON**. The Community Psychiatry Workforce Expansion (“CPWE”) is an initiative to improve access to psychiatrists for children and adolescents with behavioral health needs. (Funding from The University of Texas System through the Texas Higher Education Coordinating Board to provide the Services.)

- g. Consider approval of the below FY21 Renewal Agreements with no change from FY20

IDD Services Contractor	Description	Amount
John Chaconas, DDS	To provide dental services under the HCS waiver program	not to exceed \$2,000/plan year
Terry Driggers, DDS	To provide dental services under the HCS waiver program	not to exceed \$2,000/plan year
James T. Floyd	To provide Host Home/Companion Care services	\$50.89/day (LON 5) not to Exceed: \$18,574.85
Jamie Lynne Travis	To provide Host Home/Companion Care services	\$69.19/day (LON 8) not to Exceed: \$25,254.35

**10. Pending or Revised Action Items.....Linda Bell, JD**

*Pending or revised items are those items which were on a prior board agenda but not completely resolved or there has been a revision since approval. The items may be listed for update purposes or final action by the Board.*

**11. Calendar.....**Jamie Travis, Board Chair

<b>Date</b>	<b>Event</b>	<b>Time</b>	<b>Location</b>
July 22, 2020	Board Meeting	6:15 PM	Texas City
August 26, 2020	Board Meeting	6:15 PM	Angleton

**12. Executive Session**

*As authorized by Chapter §551.071 of the Texas Government Code, the Board of Trustees reserves the right to adjourn into Executive Session at any time during this meeting to seek legal advice from its Attorney about any matters listed on the agenda.*

**13. Adjourn**

**The Gulf Coast Center**  
**Fiscal Year 2020**  
**Board Operational Budget Schedule**

EXPENSES - OPERATING	FY2020 Preliminary	FY2020 Sep-19	FY2020 Oct-19	FY2020 Nov-19	FY2020 Dec-19	FY2020 Jan-20	FY2020 Feb-20	FY2020 Mar-20	FY2020 Apr-20	FY2020 May-20	FY2020 Actual	FY2020 YTD Actual	FY2020 YTD % \$/6 50%
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Salary and Wages	15,118,123	1,141,961.46	1,174,705.76	1,278,076.32	1,144,734.39	1,221,350.35	1,224,372.91	1,139,346.79	1,204,306.22	1,155,355.58	10,684,209.78	71%
Travel	5,982,912	418,986.73	448,825.99	487,994.53	469,790.49	481,239.29	498,887.22	489,673.22	506,887.88	500,682.84	4,302,667.39	72%
Consumable Supplies	1,791,941	17,063.99	20,772.86	32,269.26	19,578.64	16,566.23	18,518.51	16,406.84	6,977.33	1,478.47	149,631.73	83%
Pharmaceuticals/Laboratory	422,792	20,708.65	13,539.00	21,148.76	26,584.09	31,668.39	21,927.79	32,674.06	29,077.31	29,138.12	197,723.57	47%
Capital Outlay - Furniture/Equipment/Facilities	318,500	23,500.00	26,309.96	38,158.07	401,268.85	527,031.92	843,423.89	289,891.30	2,014,877.07	23,392.63	239,083.62	75%
Facilities - Rent/Maintenance/Utilities	428,401	73,566.84	22,620.88	110,592.54	117,001.79	123,630.96	107,786.73	1,416,173.36	85,080.41	124,978.47	5,627,783.93	1314%
Other Operating Expenses	1,459,439	137,188.11	222,527.03	202,172.95	220,816.49	179,265.89	183,686.18	249,779.23	226,696.20	226,824.39	1,014,003.16	69%
Client Support Costs	521,792	51,457.46	24,659.70	27,252.29	25,973.41	26,743.49	27,150.76	24,979.16	22,917.58	22,917.58	1,844,699.36	68%
Consultant/Professional Providers	9,812,064	577,156.10	609,343.93	843,822.59	739,338.99	707,067.88	815,356.18	662,452.01	1,048,775.95	922,727.08	2,540,995.31	49%
TOTAL EXPENSE	\$ 36,950,985	\$ 2,572,033.48	\$ 2,704,052.18	\$ 3,434,175.45	\$ 3,313,534.90	\$ 3,654,212.03	\$ 3,216,160.30	\$ 4,162,899.31	\$ 5,156,795.48	\$ 3,021,386.43	\$ 6,926,040.71	71%
											\$ 31,240,229.56	85%

REVENUES - OPERATING	FY2020 Preliminary	FY2020 Sep-19	FY2020 Oct-19	FY2020 Nov-19	FY2020 Dec-19	FY2020 Jan-20	FY2020 Feb-20	FY2020 Mar-20	FY2020 Apr-20	FY2020 May-20	FY2020 Actual	FY2020 YTD Actual	FY2020 YTD % \$/6 50%
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County Funds	1,250,815	92,849.71	97,245.78	97,557.90	95,148.09	103,767.05	101,432.38	98,734.92	97,533.14	96,791.93	881,080.90	70%
Patient Fees Insurance/Reimbursement	519,693	58,981.22	55,736.73	38,604.38	73,818.37	62,033.15	60,509.98	28,597.97	41,348.85	51,019.02	470,649.67	91%
Miscellaneous Local Income	1,056,312	61,615.31	54,074.68	59,071.60	75,052.42	81,751.75	186,146.81	227,192.91	189,398.66	8,071.24	942,375.38	89%
Earned/Grant Income	2,826,820	213,446.24	207,057.19	195,233.88	244,018.88	247,551.95	348,089.17	334,545.80	328,280.65	155,882.19	2,294,105.95	81%
HUD - Transitional/Permanent Housing	1,282,965	153,000.00	132,669.31	75,150.28	73,754.36	79,103.27	77,494.03	47,478.54	99,618.43	81,880.83	810,149.05	63%
Recovery - Fee for Services / Grants	4,617,026	254,700.00	189,529.17	371,781.51	164,603.35	299,399.91	287,918.62	215,539.32	218,886.31	222,572.68	2,224,930.87	48%
Title XIX - Medicaid	2,659,295	181,051.41	235,396.17	182,978.07	210,840.12	241,265.72	218,491.00	160,488.20	178,472.88	186,283.61	1,795,267.18	68%
Transportation - Federal/State	3,844,412	211,540.69	334,455.52	906,788.14	784,516.66	1,186,472.69	537,564.33	1,617,224.94	2,497,744.88	480,039.16	8,556,347.21	223%
Medicaid 1115 Waiver/Misc Federal	4,368,000	289,840.00	293,064.21	349,981.28	396,883.79	398,378.25	390,898.38	470,792.49	613,509.11	612,003.26	3,815,410.77	87%
Other State/Federal Funds/MAC	1,107,198	70,173.83	72,221.52	85,324.52	72,207.80	78,951.77	81,310.55	79,245.02	59,577.49	72,669.79	671,772.29	61%
Performance Contract DSIS & DADS	17,878,895	1,160,305.93	1,247,335.90	1,972,003.80	1,702,896.28	2,283,571.61	1,593,676.91	2,590,768.51	3,667,869.10	1,655,449.33	17,878,877.37	78%
General Revenue - MH (Adult & Child) & Veis) - 10%	7,602,215	594,526.28	598,426.26	659,858.27	674,360.94	674,360.96	674,360.96	674,360.94	674,360.95	674,360.94	5,808,976.50	78%
General Revenue - Regional Hospital	4,082,246	340,187.17	340,187.17	340,187.17	340,187.19	340,187.17	340,187.17	340,187.19	340,187.17	340,187.17	3,061,684.57	75%
General Revenue - NGM (Adult & Child)	1,125,427	60,226.65	60,226.65	60,226.65	66,758.65	66,758.65	66,758.65	66,758.65	66,758.65	66,758.65	581,231.85	52%
General Revenue - Crisis Services - 10%	2,195,156	180,968.95	186,337.04	183,884.57	191,383.88	162,830.67	190,434.91	182,341.57	168,643.68	181,246.03	1,628,091.30	74%
General Revenue/Permanency Plan - IDD	1,059,301	82,948.58	82,948.58	96,417.61	122,779.27	96,329.55	98,365.40	103,225.94	103,225.34	106,648.13	828,895.40	84%
Federal Block - MH (Adult & Child) and Chris	16,064,345	1,258,857.63	1,268,125.70	1,340,811.95	1,395,469.93	1,340,487.00	1,370,107.09	1,366,874.29	1,353,182.79	1,369,200.92	12,062,879.62	76%
TOTAL REVENUES	\$ 36,770,060	\$ 2,538,609.80	\$ 2,722,518.79	\$ 3,507,811.95	\$ 3,342,385.09	\$ 3,871,610.56	\$ 3,311,873.17	\$ 4,312,188.60	\$ 5,349,332.54	\$ 3,180,532.44	\$ 32,230,862.94	88%
SUBTOTAL OPERATING (Rev-Exp)	\$ (180,925)	\$ 55,569.32	\$ 18,466.61	\$ 73,636.50	\$ 28,850.19	\$ 217,398.53	\$ 95,712.87	\$ 149,289.29	\$ 197,537.06	\$ 159,146.01	\$ 990,633.38	

FUND BALANCE EXPENDITURES (NOT INC. ABOVE)	FY2020 Preliminary	FY2020 Sep-19	FY2020 Oct-19	FY2020 Nov-19	FY2020 Dec-19	FY2020 Jan-20	FY2020 Feb-20	FY2020 Mar-20	FY2020 Apr-20	FY2020 May-20	FY2020 Actual	FY2020 YTD Actual	FY2020 YTD % \$/6 50%
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Pretable Spending		300.00	2,500.00	300.00	300.00	1,400.00	484.59	-	878.99	1,137.98	7,301.56	
Flexible Spending - MH Adult		1,370.00	495.00	1,000.00	500.00	619.00	200.00	-	250.00	100.00	4,534.00	
Flexible Spending - IDD Services		3,515.70	2,673.00	5,643.00	3,726.00	3,105.00	4,347.00	15,053.50	54.00	-	38,117.20	
All Center Staff Recognition		-	-	-	-	-	-	-	-	-	-	-
IDD Services - Community Support		-	-	-	-	-	-	-	-	-	-	-
Connect Transit		-	-	-	-	-	-	-	-	-	-	-
Connect Transit - Braxton County		-	-	-	-	-	-	-	-	-	-	-
Asset Management - Special Facility Projects		-	-	-	-	-	-	-	-	-	-	-
Capital Projects - MIS Services		-	-	-	-	-	-	-	-	-	-	-
Capital Projects - Major Facility/Equipment		-	-	-	-	-	-	-	-	-	-	-
SUBTOTAL FUND BALANCE EXPENSE	\$ -	\$ 5,185.70	\$ 5,668.00	\$ 6,943.00	\$ 4,526.00	\$ 5,124.00	\$ 5,031.59	\$ 15,053.50	\$ 1,182.99	\$ 1,237.98	\$ 49,952.76	
VARIANCE (REV-EXP) -	\$ -	\$ 50,410.62	\$ 12,798.61	\$ 66,693.50	\$ 24,324.19	\$ 212,274.53	\$ 90,681.28	\$ 134,235.79	\$ 191,354.07	\$ 157,908.03	\$ 940,600.62	

**The Gulf Coast Center**  
**FY2020 Monthly Board Financial Review**

Unaudited as of 5/31/2020

**Fiscal Year 2020 Unaudited Centerwide General Fund Balance Status**

Total General Fund Balance as of 08/31/2020 (Aaudited).....				\$	(4,950,085)
FY2019 Year-to-Date Reported Expense and Revenue Totals (Unaudited)					
Expenditures	Operational	31,240,230			
	Non-Operational	-			
	Fund Balance	49,953	31,290,182		
Revenues	Operational	32,230,863			
	Non-Operational	-	32,230,863	\$	940,681
Total General Fund Balance Year-to-Date (Unaudited).....				\$	(5,890,766)

**Board Committed Use General Funds (Fiscal Year Committed)**

Capital Projects - Facility (FY2008-FY2011)	(200,000)				
Capital Projects - Facility (FY2013)	(100,000)				
Capital Projects - Facility (FY2014)	(100,000)				
Capital Projects - Facility (FY2015)	(150,000)	(550,000.00)			
fy2008-fy2015 Expenditure		408,065.86			
fy2016 Expenditure		31,088.00			
fy2017 Expenditure		-			
fy2018 Expenditure		-			
					(110,846)
Capital Projects - IT (FY2003-FY2014)	(600,000)				
Capital Projects - IT (FY2015)	(150,000)				
Capital Projects - IT (FY2017)	(140,000)	(890,000.00)			
fy2003-fy2015 Expenditure		677,587.43			
fy2016 Expenditure		-			
fy2017 Expenditure		66,432.75			
fy2018 Expenditure		-			
					(145,980)
IDD Community Service Support (FY2011-2014)	(300,000)				
IDD Community Service Support (FY2016)	(100,000)				
IDD Community Service Support (FY2018)	(100,000)	(500,000.00)			
fy2005-fy2017 Expenditure		347,565.95			
fy2018 Expenditure		62,298.00			
fy2019 Expenditure		61,667.90			
fy2020 Expenditure		38,117.20			
					9,649
Connect Transit (FY2015) LJ Urban	(320,000)	(320,000.00)			
fy2016-fy2017 Expenditure		-			
fy2018 Expenditure		-			(320,000)
Connect Transit (FY2013) General Services	(422,869)	(422,869.00)			
fy2015-fy2016 Expenditure		300,000.00			
fy2017 Expenditure		-			
fy2018 Expenditure		-			
					(122,869)
Major Facility Repairs (FY2014)	(186,940)	(186,940.00)			
fy2014-fy2015 Expenditure		186,940.00			
fy2016 Expenditure		-			
fy2017 Expenditure		-			
fy2018 Expenditure		-			
Flexible Spending Supports (FY2004-2013)	(500,000)				
Flexible Spending Supports (FY2018)	(100,000)	(600,000.00)			
fy2005-fy2017 Expenditure		485,466.77			
fy2018 Expenditure		15,893.58			
fy2019 Expenditure		16,303.09			
fy2020 Expenditure		11,835.56			
					(70,501)

Total General Fund Balance Year-to-Date (Unaudited)				\$	(5,890,766)
Unrestricted Use General Fund Balance (Unaudited)				\$	(5,130,219)

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**The Gulf Coast Center**  
**FY2020 Monthly Fund Balance Report**

*Unaudited as of 5/31/2020*

<b>Fiscal Year 2020 Unaudited Centerwide General Fund Balance Status</b>												
Total General Fund Balance as of 08/31/19 (Audited)..... \$ (4,950,085)												
<b>FY2019 Monthly Reported Expense and Revenue Totals (Unaudited)</b>												
	September	October	November	December	January	February	March	April	May	June	July	August
<i>Operational Expenses:</i>	2,577,013	2,704,052	3,434,175	3,313,535	3,654,212	3,216,160	4,162,899	5,156,795	3,021,386	-	-	-
<i>Non-Operational Expenses:</i>	5,186	5,668	(416,212)	(493,506)	(805,278)	(258,521)	(1,384,010)	(1,975,594)	-	-	-	-
<i>Fund Balance Expenses:</i>	2,582,199	2,709,720	3,024,906	2,824,555	2,854,059	2,962,671	2,793,943	3,182,385	3,022,624	-	-	-
<i>Total Expenses:</i>	2,632,610	2,722,519	3,507,812	3,342,385	3,871,611	3,311,873	4,312,189	5,349,333	3,180,532	-	-	-
<i>Operational Revenues:</i>			(416,212.00)	(493,506.00)	(805,278.00)	(258,520.83)	(1,384,010)	(1,764,634)				
<i>Non-Operational Revenues:</i>												
<i>Fund Balance Revenues:</i>												
<i>Total Revenues:</i>	2,632,610	2,722,519	3,091,600	2,848,879	3,066,333	3,053,352	2,928,179	3,584,699	3,180,532	-	-	-
<i>Net increase/decrease to Fund Balance</i>	50,411	12,799	66,694	24,324	212,274	90,681	134,236	402,314	157,908	-	-	-
<b>Total General Fund Balance:</b>												
	(5,000,496)	(5,013,294)	(5,079,988)	(5,104,312)	(5,316,586)	(5,407,267)	(5,541,503)	(5,943,817)	(6,101,725)	(6,101,725)	(6,101,725)	(6,101,725)
<b>Total Unrestricted Fund Balance</b>												
	(4,060,652)	(4,038,177)	(4,069,432)	(4,140,651)	(4,533,537)	(4,629,250)	(4,762,600)	(4,971,071)	(5,130,219)			
<b>Avg. Cost per day:</b>												
September	85,900	86,753	91,394	91,323	91,473	93,176	92,733	94,380	94,734			
<b>DAYS OF OPERATION OF TOTAL FUND BALANCE</b>												
September	58	58	56	56	58	58	60	63	64	#DIV/0!	#DIV/0!	#DIV/0!
<b>DAYS OF OPERATION OF UNRESTRICTED FUND BALANCE</b>												
September	47	47	45	45	50	50	51	53	54	#DIV/0!	#DIV/0!	#DIV/0!

# HEALTH INSURANCE FUND

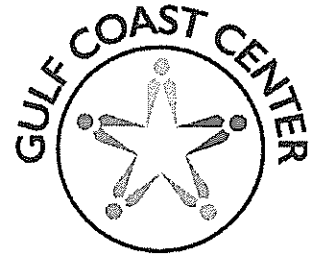
MAY 2020

	<u>MONTHLY</u> <u>FY2020</u> <u>BUDGET</u>	<u>MONTHLY</u> <u>FY 2020</u> <u>May</u>	<u>ANNUAL</u> <u>FY 2020</u> <u>BUDGET</u>	<u>YEAR TO DATE</u> <u>FY 2020</u> <u>May</u>	<u>YTD</u> <u>Percent</u> <u>Variance</u>	<u>YTD</u> <u>Dollar</u> <u>Variance</u>
<b><u>REVENUES:</u></b>						
Employer Contributions:	\$256,000.00	\$275,413.24	\$3,072,000.00	\$2,369,900.28	(77)	\$702,099.72
Employee Contributions:	\$28,000.00	\$29,112.50	\$336,000.00	\$252,568.43	(75)	\$83,431.57
<b>Total Revenue:</b>	<b>\$284,000.00</b>	<b>\$304,525.74</b>	<b>\$3,408,000.00</b>	<b>\$2,622,468.71</b>	<b>(77)</b>	<b>\$785,531.29</b>
<b><u>EXPENSES:</u></b>						
Medical Claims:	\$150,000.00	\$175,839.71	\$1,800,000.00	\$1,491,697.88	83	\$308,302.12
Pharmaceutical Claims:	\$32,333.00	\$44,696.60	\$387,996.00	\$314,365.94	81	\$73,630.06
Stop-Loss Premiums:	\$47,000.00	\$49,146.28	\$564,000.00	\$424,016.84	75	\$139,983.16
Administration Fees:	\$13,000.00	\$13,021.26	\$156,000.00	\$89,331.90	57	\$66,668.10
Increase to Fund Balance:	\$41,666.74	\$0.00	\$500,002.34	\$0.00	0	\$500,002.34
<b>TOTAL EXPENSES:</b>	<b>\$283,999.74</b>	<b>\$282,703.85</b>	<b>\$3,407,998.34</b>	<b>\$2,319,412.56</b>	<b>68</b>	<b>\$1,088,585.78</b>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>\$0.26</b>	<b>\$21,821.89</b>	<b>\$1.66</b>	<b>\$303,056.15</b>	<b>(18256395)</b>	<b>(\$303,054.49)</b>



## THE GULF COAST CENTER

Regular Board of Trustees Meeting  
Wednesday, May 27, 2020 at 3:00pm  
Join the meeting by phone (audio only) :  
**Phone Number: +1 (646) 749-3112**  
**Access Code: 745-266-421**



"Better community healthcare promoting healthy living."

### Minutes

- 1) **Call To Order**– Jamie Travis, Chair of the Board of Trustees, convened the regular meeting on Wednesday, May 27, 2020 at 3:03 p.m.

**The following Board Members were present:** Jamie Travis, Mary Lou Flynn-Dupart, Caroline Rickaway, Stephen Holmes, Lt. Jaime Castro, Galveston County Sheriff's Department and Vivian Renfrow.

**The following Board Members were absent:** Rick Price, Excused; Wayne Mallia, Excused; Lori Rickert, Excused

**Also present were:** Melissa Tucker, CEO – Gulf Coast Center, Barry Goodman-The Goodman Corporation and several Center staff.

- 2) **Citizens' Comments**: None

- 3) **Program Report**: None

- 4) **Board Member Reports**:

a. Texas Council of Community Centers: Jamie Travis, Chair of the Board of Trustees stated that the June 2020 Annual Conference has been cancelled and rescheduled for December 17-19, 2020.

b. Texas Council Risk Management Fund: Mary Lou Flynn-Dupart gave a brief overview of the board meeting summary report that has included in the board packet.

5. **CEO Report**: Melissa Tucker, CEO

a. COVID-19 Response Plan- Executive Summary: Melissa Tucker, CEO, provided a summary of Gulf Coast Center's response to address precautions necessary across the organizations due to COVID-19. Health and wellness of individuals served, their family members, and our employees remain a priority. Virtual care will continue to be the primary mode of service delivery as approved by CMS through June 30, 2020. Gulf Coast Center will increase in-person services beyond the limited services provided in-person at this time once determined to be in the best interest of all.

b. 2<sup>nd</sup> Quarter Board Report – FY20: Melissa Tucker, CEO, reviewed the 2<sup>nd</sup> Quarter Board Report for FY20.

6. **Operations Report**:

- a. Gulf Coast Transit District: Barry Goodman, Goodman Corporation gave a brief summary of what's taking place with Gulf Coast Transit District as well went over the board agenda items.
- b. COVID-19 Infectious Disease Summary: Sarah Holt, CNO, gave a summary on Infectious Disease related to COVID-19.

## 7. **Budget, Finance and Admin Reports:**

- a. Financial & Operational Monthly Report & YTD Summary: Rick Elizondo, CFO, provided a summary for the Month of March 2020 with revenues exceeding expenses by \$191,354.07 and Year to Date, surplus of \$782,771.12. The Total Fund Balance provides 63 days with the unrestricted Fund Balance at 53 days.
- b. Sale of Property Update: Rick Elizondo, CFO, reported that the sale contract for Center Property, Jones Building, is on track with a closing date of July 20, 2020.

## 8. **Consent Agenda:**

### **Consideration and Approval of Recommendations and Acceptance of Consent Agenda Items.**

*(Consent agenda items may be pulled from this consideration for individual action or presentation.)*

#### a. **Review and approval of April 22, 2020 board meeting minutes.**

On motion by Stephen Holmes, seconded by Mary Lou Flynn-Dupart, the board voted the approval of the April 22, 2020 board meeting minutes. The motion carried with all members voting in favor.

#### b. **Review and approval of March & April 2020 check register.**

On motion by Stephen Holmes, seconded by Mary Lou Flynn-Dupart, the board voted the approval of the March and April 2020 check register. The motion carried with all members voting in favor.

## 9. **Action Items:**

#### a. **Consider approval of the Resolution approving a policy for the protection of bus operators and passengers seeking access to connect public transportation services, which request that passengers wear a face mask until government, health and medical professionals have deemed it safe to operate public transportation without this requirement.**

On motion by Mary Lou Flynn-Dupart, seconded by Caroline Rickaway, the board voted the approval of the Resolution approving a policy for the protection of bus operators and passengers seeking access to connect public transportation services, which request that passengers wear a face mask until government, health and medical professionals have deemed it safe to operate public transportation without this requirement. The motion carried with all members voting in favor.

#### b. **Consider approval of the revised Drug and Alcohol Testing policy for Connect Transit. This policy was revised to make it a zero-tolerance policy.**

On motion by Mary Lou Flynn-Dupart, seconded by Caroline Rickaway, the board voted the approval of the revised Drug and Alcohol Testing policy for Connect Transit. This policy was revised to make it a zero-tolerance policy. The motion carried with all members voting in favor.

#### c. **Consider approval of the new Furlough Policy.**

On motion by Mary Lou Flynn-Dupart, seconded by Caroline Rickaway, the board voted the approval of the new Furlough Policy. The motion carried with all members voting in favor.

**d. Consider approval of the Fiscal Year 2021 Holiday Calendar.**

On motion by Vivian Renfrow, seconded by Mary Lou Flynn-Dupart, the board voted the approval of the Fiscal Year 2021 Holiday Calendar. The motion carried with all members voting in favor.

**e. Consider the approval of the CFO or designee to obtain short term financing through our current financial institution by: Approving the Order Authorizing the Issuance of \$2,500,000.00 Gulf Coast Center Revenue Anticipation Notes Series 2020.**

On motion by Caroline Rickaway, seconded by Mary Lou Flynn-Dupart, the board voted the approval of the CFO or designee to obtain short term financing through our current financial institution by: Approving the Order Authorizing the Issuance of \$2,500,000.00 Gulf Coast Center Revenue Anticipation Notes Series 2020. The motion carried with all members voting in favor.

**f. Consider approval of the Resolution by the Board of Trustees of the Gulf Coast Center approving the Goodman Corporation Work Order #25 for additional compensation in support of the Texas City Administration/Emergency Management Facility Construction Phases Services Project.**

On motion by Mary Lou Flynn-Dupart, seconded by Caroline Rickaway, the board voted the approval of the Resolution by the Board of Trustees of the Gulf Coast Center approving the Goodman Corporation Work Order #25 for additional compensation in support of the Texas City Administration/Emergency Management Facility Construction Phases Services Project. The motion carried with all members voting in favor.

**g. Consider approval of the Resolution by the Board of Trustees of the Gulf Coast Center approving the Goodman Corporation Work Order #26 for a Gulf Coast Bi-County Transit District Transition Phase Services Project.**

On motion by Mary Lou Flynn-Dupart, seconded by Caroline Rickaway, the board voted the approval of the Resolution by the Board of Trustees of the Gulf Coast Center approving the Goodman Corporation Work Order #26 for a Gulf Coast Center Bi-County Transit District Transition Phase Services Project. The motion carried with all members voting in favor.

**h. Consider approval of the Resolution by the Board of Trustees of the Gulf Coast Center approving the Goodman Corporation Work Order #27 for the Gulf Coast Transit District Branding and Identity Program.**

On motion by Mary Lou Flynn-Dupart, seconded by Caroline Rickaway, the board voted the approval of the Resolution by the Board of Trustees of the Gulf Coast Center approving the Goodman Corporation Work Order #27 for the Gulf Coast Center Transit District Branding and Identity Program. The motion carried with all members voting in favor.

**i. Consider A Resolution by the Board of Trustees of the Gulf Coast Center, in response to the COVID-19 Pandemic, approving a policy which requests all Connect Transit passengers to wear a face mask until health officials have deemed it safe to operate public transportation without this precaution.**

Tabled – No action taken

**j. Consider ratification of the First Amendment to the ground lease with the City of Lake Jackson.**

On motion by Mary Lou Flynn-Dupart, seconded by Caroline Rickaway, the board voted the ratification of the First Amendment to the ground lease with the City of Lake Jackson. The motion carried with all members voting in favor.

**k. Consider ratification of the Second Amendment to Professional Service Agreement with East Texas Behavioral Healthcare Network. The amendment was done solely to add On-Call Services for Dr. Gollavelli Krishna, MD at the rate of \$60 per day effective March 1, 2020.**

On motion by Mary Lou Flynn-Dupart, seconded by Jaime Castro, the board voted the ratification of the Second Amendment to Professional Service Agreement with East Texas Behavioral Healthcare Network. The amendment was done solely to add On-Call Services for Dr. Gollavelli Krishna, MD at the rate of \$60 per day effective March 1, 2020. The motion carried with all members voting in favor.

**l. Consider approval of the below FY21 Renewal Agreements with no change from FY20:**

<b>Youth Behavioral Services Contractor</b>	<b>Description</b>	<b>Amount:</b>
Galveston County Juvenile Justice Department	Endeavor Program Discover Program	\$110,236.00 \$86,745.00
Galveston County Juvenile Justice Department (Revenue Contract)	to furnish assessment, treatment, counseling or training for Galveston County adolescent offenders and Galveston County adolescents	\$50.00/hr. for assessment, individual and family substance abuse counseling sessions; \$70.00/session for substance abuse group counseling group time length from 1 -1.5hrs; limit of 12 per group

On motion by Mary Lou Flynn-Dupart, seconded by Jaime Castro, the board voted the approval of the above FY21 Renewal Agreements with no change from FY20. The motion carried with all members voting in favor.

**m. Consider approval of the below identified FY21 renewal agreements with no change from FY20:**

<b>Hurricane Season/Disaster Management related Contractor Name:</b>	<b>DESCRIPTION:</b>	<b>AMOUNT:</b>
The Wood Group	provides emergency evacuation services in the event of a disaster in Brazoria and/or Galveston Counties	\$55/day for food, incidentals, and shelter
Richmond State Supported Living Center	ILA for Emergency day respite services for up to 75 individuals with IDD	Not to exceed \$30,000
City of Galveston	ILA for Provides for 2 CENTER-owned handicap accessible vehicles including a qualified driver in the event a formal mandatory evacuation, to a short-term shelter in the City of Austin (Host Shelter) or other designated Host Shelter.	n/a

On motion by Mary Lou Flynn-Dupart, seconded by Vivian Renfrow, the board voted the approval of the above identified FY21 renewal agreements with no change from FY20. The motion carried with all members voting in favor.

**10. Pending or Revised Action Items: NONE**

*Pending or revised items are those items which were on a prior board agenda but not completely resolved or there has been a revision since approval. The items may be listed for update purposes or final action by the Board.*

**11. Calendar.....Jamie Travis, Board Chair**

Date	Event	Time	Location
June 24-26, 2020	Annual Conference	CANCELLED	Rescheduled to December
July 22, 2020	Board Meeting	6:15 PM	Texas City
August 26, 2020	Board Meeting	6:15 PM	Angleton

**12. Executive Session: NONE**

*As authorized by Chapter §551.071 of the Texas Government Code, the Board of Trustees reserves the right to adjourn into Executive Session at any time during this meeting to seek legal advise from its Attorney about any matters listed on the agenda.*

**13. Adjourn:**

There being no further business to bring before the Board of Trustees the meeting was adjourned at 3:55 p.m.

Respectfully,

Approved as to Content and Form,

\_\_\_\_\_  
Cathy Claunch-Scott  
Secretary to the Board of Trustees

\_\_\_\_\_  
Jamie Travis  
Board Chair





CPAs & BUSINESS ADVISORS

April 29, 2020

To the Board of Trustees of  
**The Gulf Coast Center**  
C/O Mr. Rick Elizondo, CFO  
10000 Emmett F. Lowry Expressway  
Suite 1220  
Texas City, Tx. 77591

You have requested that we audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **The Gulf Coast Center** ("the Center") as of August 31, 2020, and for the year then ended, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements. In addition, we will audit the entity's compliance over major federal and state award programs for the period ended August 31, 2020. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audits will be conducted with the objectives of our expressing an opinion on each opinion unit and an opinion on compliance regarding the entity's major federal and state award programs.

Accounting principles generally accepted in the United States of America require that certain information be presented to supplement the 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 required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by accounting principles generally accepted in the United States of America. This RSI will be subjected to certain limited procedures but will not be audited:

- Management's Discussion and Analysis

Supplementary information other than RSI will accompany the Center's basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling the supplementary information to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 the following supplementary information in relation to the financial statements as a whole:

- Schedule of Expenditures of Federal and State Awards

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### **Schedule of Expenditures of Federal and State Awards**

We will subject the schedule of expenditures of federal and state 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 and state awards is presented fairly in all material respects in relation to the financial statements as a whole.

Also, the document we submit to you will include the following other additional information that will not be subjected to the auditing procedures applied in our audit of the financial statements:

- Introductory Section
- Statistical Section

### **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 and state 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.

### **Audit of the Financial Statements**

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (U.S. 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), the State of Texas Uniform Grant Management Standards (UGMS), the Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers promulgated by THHSC; and the State of Texas Single Audit Circular (TSAC). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements.



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. If appropriate, our procedures will therefore include tests of documentary evidence that support the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of cash, investments, and certain other assets and liabilities by correspondence with creditors and financial institutions. As part of our audit process, we will request written representations from your attorneys, and they may bill you for responding. At the conclusion of our audit, we will also request certain written representations from you about the financial statements and related matters.

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 and/or state or regulatory audit requirements. Please note that the determination of abuse is subjective, and *Government Auditing Standards* does not require auditors to detect abuse.

In making our risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. 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 Center's basic financial statements. Our report will be addressed to the governing body of the Center. We cannot provide assurance that any 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**

Our audit of the Center's major federal and state award program(s) compliance will be conducted in accordance with the requirements of the Single Audit Act, as amended; the provisions of the Uniform Guidance and the State of Texas Single Audit Circular (TSAC); and will include tests of accounting records, a determination of major programs in accordance with the Uniform Guidance, TSAC and other procedures we consider necessary to enable us to express such an opinion on major federal and state 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 the entity has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major federal and state award programs. 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. 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 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 and state award programs. However, 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.

We will issue a report on compliance that will include an opinion or disclaimer of opinion regarding the entity's major federal and state 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 Responsibilities**

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance, acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the basic 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 basic financial statements that are free from material misstatement, whether due to fraud or error;
3. For identifying, in its accounts, all federal and state awards received and expended during the period and the federal programs under which they were received, including federal and state awards and funding increments received prior to December 26, 2014 (if any), 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 expenditures of federal and state awards (including notes and noncash assistance received) in accordance with the Uniform Guidance and TSAC requirements;
6. For the design, implementation, and maintenance of internal control over federal and state awards;
7. For establishing and maintaining effective internal control over federal and state awards that provides reasonable assurance that the nonfederal entity is managing federal and state awards in compliance with federal statutes, regulations, and the terms and conditions of the federal and state awards;
8. For identifying and ensuring that the entity complies with federal statutes, regulations, and the terms and conditions of federal and state award programs and implementing systems designed to achieve compliance with applicable federal statutes, regulations, and the terms and conditions of federal and state award programs;
9. For disclosing accurately, currently, and completely, the financial results of each federal and state award in accordance with the requirements of the award;

10. 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;
11. For taking prompt action when instances of noncompliance are identified;
12. 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;
13. For following up and taking corrective action on current year audit findings and preparing a corrective action plan for such findings;
14. For submitting the reporting package and data collection form to the appropriate parties;
15. For making the auditor aware of any significant contractor relationships where the contractor is responsible for program compliance;
16. 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 and state award programs, such as records, documentation, and other matters;
  - b. Additional information that we may request from management for the purpose of the audit; and
  - c. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.
17. For adjusting the basic 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 period under audit are immaterial, both individually and in the aggregate, to the basic financial statements as a whole;
18. For acceptance of nonattest services, including identifying the proper party to oversee nonattest work;
19. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
20. 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;
21. For the accuracy and completeness of all information provided;
22. For taking reasonable measures to safeguard protected personally identifiable and other sensitive information; and
23. For confirming your understanding of your responsibilities as defined in this letter to us in your management representation letter.

With respect to any nonattest services we perform, we agree to perform the following:

- Assist with preparing financial statements, schedule of expenditures of federal and state awards, and related notes of the Organization in conformity with U.S. generally accepted accounting principles and Uniform Guidance and the State of Texas Single Audit Circular based on information provided by you.
- Completion of the auditee's portion of the Data Collection Form.
- Preparing GASB 34 adjusting Journal entries.

The Center'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.

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

As part of our audit process, we will request from management and, when appropriate, those charged with governance, 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.

The Center will be responsible for ensuring that the audit report is received by the Texas Health and Human Services Commission by February 1, 2021. The Center is further responsible for ensuring that other appropriate governmental agencies receive copies of the audit report according to instructions in the current *Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers*.

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.

#### **Fees and Timing**

L. Diane Terrell is the engagement partner for the audit services specified in this letter. Responsibilities include supervising services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report. We expect to begin our interim audit procedures in approximately August 2020 and our final audit procedures in approximately December 2020.

Our fees are based on the amount of time required at various levels of responsibility, inclusive of out-of-pocket expenses. Invoices are payable upon presentation. We estimate that our fee for the audit will be \$62,050. This fee includes testing for one major federal program. However, it is possible you may have more than one major federal program due to additional funding obtained related to CARES Act or other COVID 19 related funding. A major federal program is typically one that has federal expenditures greater than \$750,000 in the fiscal year. For each additional major federal program we are required to audit, the additional fee is estimated at \$5,000. We will communicate the number of major programs as early as it is possible to identify them. We will notify you immediately of any other circumstances we encounter that could significantly affect this initial fee estimate. While we do not currently anticipate any circumstances with the uncertainty around the economy and circumstances surrounding COVID 19, it is difficult to predict what significant additional audit procedures may be required.

We also estimate that our fees for the August 31, 2021 and 2022 audits will be \$63,900 and \$65,000, respectively. Whenever possible, we will attempt to use the Center's 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. Further, we will be available during the year to consult with you on financial management and accounting matters of a routine nature.

In addition, we will be compensated for any time and expenses, including time and expenses of legal counsel, we may incur in conducting or responding to discovery requests or participating as a witness or otherwise in any legal, regulatory, or other proceedings as a result of our Firm's performance of these services. You and your attorney will receive, if lawful, a copy of every subpoena we are asked to respond to on your behalf and will have the ability to control the extent of the discovery process to control the costs you may incur.

Should our relationship terminate before our audit procedures are completed and a report issued, you will be billed for services to the date of termination. All bills are payable upon receipt. A service charge of 1% per month, which is an annual rate of 12%, will be added to all accounts unpaid 30 days after billing date. If collection action is necessary, expenses and reasonable attorney's fees will be added to the amount due.

#### **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.

We may use third party service providers and/or affiliated entities (including Eide Bailly Shared Services Private Limited) (collectively, "service providers") in order to facilitate delivering our services to you. Our use of service providers may require access to client information by the service provider. We will take reasonable precautions to determine that they have the appropriate procedures in place to prevent the unauthorized release of confidential information to others. We will remain responsible for the confidentiality of client information accessed by such service provider and any work performed by such service provider.

The audit documentation for this engagement is the property of Eide Bailly LLP and constitutes confidential information. However, we may be requested to make certain audit documentation available to the Texas Health and Human Services Commission, or its designee and federal agencies and the U.S. Government Accountability Office pursuant to authority given to it by law or regulation. If requested, access to such audit documentation will be provided under the supervision of Eide Bailly LLP's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the Texas Health and Human Services Commission, or its designee and federal agencies and the U.S. Government Accountability Office. The Texas Health and Human Services Commission, or its designee and federal agencies and the U.S. Government Accountability Office 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 eight 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.

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.

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 Board of Trustees 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.

*Government Auditing Standards* require that we provide, upon request, a copy of our most recent external peer review report and any subsequent review reports to the party contracting for the audit. Accordingly, a copy of our most recent peer review report accompanies this letter.

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Eide Bailly LLP formed The Eide Bailly Alliance Network, a network for small to mid-sized CPA firms across the nation. Each member firm of The Eide Bailly Alliance, including Eide Bailly LLP, is a separate and independent legal entity and is not owned or controlled by any other member of The Eide Bailly Alliance. Each member firm of The Eide Bailly Alliance is solely responsible for its own acts and omissions and no other member assumes any liability for such acts or omissions. Neither Eide Bailly LLP, nor any of its affiliates, are responsible or liable for any acts or omission of The Eide Bailly Alliance or any other member firm of The Eide Bailly Alliance and hereby specifically disclaim any and all responsibility, even if Eide Bailly LLP, or any of its affiliates are aware of such acts or omissions of another member of The Eide Bailly Alliance.

## **DISPUTE RESOLUTION**

The following procedures shall be used to resolve any disagreement, controversy or claim that may arise out of any aspect of our services or relationship with you, including this engagement, for any reason ("Dispute"). Specifically, we agree to first mediate.

### ***Mediation***

All Disputes between us shall first be submitted to non-binding mediation by written notice ("Mediation Notice") to the other party. In mediation, we will work with you to resolve any differences voluntarily with the aid of an impartial mediator. The mediator will be selected by mutual agreement, but if we cannot agree on a mediator, one shall be designated by the American Arbitration Association ("AAA").

The mediation will be conducted as specified by the mediator and agreed upon by the parties. The parties agree to discuss their differences in good faith and to attempt, with the assistance of the mediator, to reach an amicable resolution of the Dispute. Mediation will be conducted with the parties in person in Abilene, Texas.

Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally by the parties.

Either party may commence suit on a Dispute after the mediator declares an impasse.

## **INDEMNITY**

You agree that none of Eide Bailly LLP, its partners, affiliates, officers or employees (collectively "Eide Bailly") shall be responsible for or liable to you for any misstatements in your financial statements that we may fail to detect as a result of knowing representations made to us, or the concealment or intentional withholding of information from us, by any of your owners, directors, officers or employees, whether or not they acted in doing so in your interests or for your benefit, and to hold Eide Bailly harmless from any claims, losses, settlements, judgments, awards, damages and attorneys' fees from any such misstatement, provided that the services performed hereunder were performed in accordance with professional standards, in all material respects.

If a claim is brought against you by a third-party that arises out of or is in any way related to the services provided under this engagement, you agree to indemnify Eide Bailly LLP, its partners, affiliates, officers and employees, against any losses, including settlement payments, judgments, damage awards, punitive or exemplary damages, and the costs of litigation (including attorneys' fees) associated with the services performed hereunder provided that the services were performed in accordance with professional standards, in all material respects.

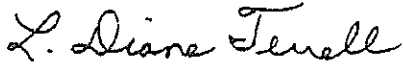
## **ASSIGNMENTS PROHIBITED**

You agree that you will not and may not assign, sell, barter or transfer any legal rights, causes of actions, claims or Disputes you may have against Eide Bailly LLP, its partners, affiliates, officers and employees, to any other person or party, or to any trustee, receiver or other third party.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements compliance over major federal and state award programs including our respective responsibilities.

We appreciate the opportunity to be your certified public accountants and look forward to working with you and your staff.

Respectfully,



L. Diane Terrell  
Partner

\*\*\*\*\*

**RESPONSE:**

This letter correctly sets forth our understanding.

**Acknowledged and agreed on behalf of management of The Gulf Coast Center by:**

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

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

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

**Acknowledged and agreed on behalf of the Board of Trustees of The Gulf Coast Center by:**

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

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

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



## Report on the Firm's System of Quality Control

December 28, 2017

To the Partners of Eide Bailly LLP and the  
National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Eide Bailly LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended July 31, 2017. 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 as described in the Standards may be found at [www.aicpa.org/prsummary](http://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 compliance audits under the Single Audit Act; audits of employee benefit plans, audits performed under FDICIA, and examinations of service organizations [SOC 1 and SOC 2 engagements].

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 Eide Bailly LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended July 31, 2017, 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*. Eide Bailly LLP has received a peer review rating of *pass*.

Cherry Bekaert LLP

Cherry Bekaert LLP