



CITY OF BRUCEVILLE-EDDY
CITY COUNCIL MEETING
143 Wilcox Drive Bruceville-
Eddy, TX 76524

AGENDA

March 14, 2019 6:00 P.M.

CALL TO ORDER, INVOCATION, AND PLEDGE OF ALLEGIANCE

ANNOUNCEMENTS AND CITIZEN COMMENT

The announcement portion of the meeting allows the Mayor, Council, or staff to announce general items of interest to all in attendance. The public comments section of the meeting is for citizens to address the Mayor and Council (as a whole.) Because these are comments from the public and not a specific Agenda item, Council can direct the City Manager to take an appropriate action or request that the item be included on the next available Agenda.

APPROVAL OF MINUTES

1. Review and consideration of minutes from the February 14, 2019, regular meeting
2. Review and consideration of minutes from the special meeting February 27, 2019

PUBLIC HEARING

3. None scheduled.

A Public Hearing is not a forum for discussion between elected officials and the persons addressing the Council. It is intended only to allow the citizen(s) the opportunity to express their feelings and make those opinions part of the official record. It would be appropriate to open the Public Hearing to allow interested parties the opportunity to voice their opinions of the project. NO action is required on these Agenda items.

RESOLUTIONS AND ACTION ITEMS

4. Discuss and consider Multi-Family units along 4th street in Eddy
5. Discuss and consider purchase of a computer server for the court and police to be paid from the Court Technology fund
6. Discuss and consider city hall and pavilion conversion
7. Discuss and consider resolution No. 2019-03 a resolution adopting an investment policy and strategy.

DISCUSSIONS

8. None scheduled.

ORDINANCES

9. None scheduled

BOARD, COMMITTEE, OR OTHER REPORTS

10. None scheduled

STAFF REPORTS

11. Police Department

EXECUTIVE SESSION

12. Discuss and consider personnel agreements and contracts

All items on the agenda are for possible discussion and action. The City of Bruceville-Eddy City Council reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any of the matters listed above, as authorized by Texas Government Code Sections 551.071(Consultation with Attorneys); 551.072 (Deliberations about Real Property); 551.073(Deliberations about gifts and donations); 551.074(Personnel Matters); 551.076(Deliberations about security devices); and 551.087(Deliberations regarding economic development negotiations).

I certify that a copy of the March 14, 2019, agenda of items to be considered by the city of Bruceville-Eddy City Council was posted and could be seen on the City Hall Bulletin board on the 11th day of March 2019 at 5:00 p.m. and remained posted continuously for at least 72 hours preceding the scheduled time of the meeting. I further certify that the following News Media were properly notified of the above stated meeting:

Sonya Bishop City Administrator



City of Bruceville-Eddy



143 Wilcox Drive
Eddy, Texas 76524

254- 859-5964
Fax 254-859-5779

Minutes of the **Called Canvas Meeting** of the governing body of the City of Bruceville-Eddy was held on the 14th day of February 2019 at 6 PM at City Hall Council Chambers, located at 143 A Wilcox Drive, Eddy, Texas.

Call to Order. Mayor Pro Tem Halbert Wilcox called the Canvas to order at 6:38 PM. In attendance;

Councilmen present:

Mayor Pro Tem Halbert Wilcox
Gary Lucas
Allen Trigg
Linda Owens
Jason Dean

Employees present:

Sonya Bishop
Chief Bill McLean
Pam Combs
Gene Sprouse
Frank Warren

Citizens attendee sign-in sheet attached

Jason Dean led to prayer and Pledge of Allegiance.

Citizen Comments:

There were not any citizen comments.

Consent Agenda:

Motion to accept the A/P for General and Water funds for January 2019 minutes from council meeting January 10, 2019 and the minutes. First motion Gary Lucas. 2nd Motion Jason Dean. All agreed 5 councilmen present, 5 voted yes.

City Engineer

1) Mrs. Bishop updated the audience the progress on the sewer system and water projects. The following items was mentioned:

- USDA -RD Final right of way map 1 of 2 for the new sewer system was delivered. City will continue to work towards easements.
- Per Johnny Tabor advise a waste use ordinance will need to be submitted.
- Abandoning and Plugging Eddy Well bid by Jurgensen Pump LLC in the amount of \$13,500.00 was presented. Tabled until next meeting
-

Item 2 Court closing early

Mr. Lessman, City Attorney, expressed to council the need for the court to allow time for the single court clerk to get her job done efficiently.

Heather Spivey introduced herself to the council and addressed concerns she had.

She informed the council that she is a level 1 certified court clerk and testing soon for her level 2. Mrs. Spivey explained she has 8456 open court cases. Mrs. Spivey requested the council to permit her to close the court window an hour early each day to stay on top of her responsibilities as a court clerk.

Gary Lucas asked if the software purchased years prior was working because from his understanding the software was supposed to eliminate the workload. Mrs. Spivey explained the software helped; however, because the entire system is not run from one database there are multiple tasks being done outside of the software. Jason Dean asked Mrs. Spivey if it would be better to close at noon 2 days a week. Mr. Dean also asked if that would benefit her. The council voted to close court noon every Wednesday and Friday. Jason Dean 1st Allen Trigg 2nd all in favor 5 nae 0

Item 3: Code Enforcement Monthly Update

Item4: Mr. Frank Warren addressed the issue of abandoned tires around the city. Mr. Warren requested the city council consider a tire amnesty program to be held April 13th and 20th from 8:00 AM – 12:00 PM and 1:00 PM – 4:00 PM each day. Citizens will be able to bring 6 tires each day at no cost. Jason Dean 1st Gary Lucas 2 and all in favor 5 nae 0

Item 5: Mr. Warren presented the council with a proposal to close in the pavilion area to make a new city hall which will allow the police department to move in the old city hall. Mr. Warren gave the council 2 proposals of building a building equivalent in size from the ground up at the cost of \$1,200,000.00 and \$1,320,000.00. The bid to enclose the pavilion and the police chief and Frank Warren to do all work is \$120,000.00 -\$150,000.00. Gary Lucas questioned how the city would pay for this and would the debt be involved. Mrs. Bishop explained that investing in the city would be able to do the project on a cash basis. The council tabled the proposal.

Item 6 Water Department Update

Mr. Sprouse updated council on the upgrades at Talbert well are going good. The call center is working properly. Mr. Wilcox asked about upgrading the other wells to the same system. As discussed this will be mentioned in a future meeting.

Mr. Gary Lucas asked Mr. Sprouse about finishing the work on Bruce to Church and Grider. Mr. Lucas said he lost 10 votes to the project not being fixed. Mr. Sprouse told Mr. Lucas they would get it finished.

Item 7 Police Department Update:

Chief Bill McLean reported 83 calls for service, 8 motor vehicle crashes, 1 arrest 9 information reports, 8 offense reports, and 368 citations. Mr. McLean reported a seizure of \$16,063.00 in cash and over 1 pound of narcotics off the streets.

Item 8 Audit Report:

Mrs. Bishop supplied the council with a copy of the preliminary audit report for them to review. The audit was tabled until March to give the council ample time to review.

Item 9 discuss and consider Waste Water Loan Resolution

Mrs. Bishop explained this is a document that is required by the USDA to move forward with the loan-grant for the sewer system.

Gary Lucas 1st Linda Owens 2nd

All in favor 5 Name 0

Item 10 Council to consider Waste Water System Grant Agreement

Mrs. Bishop explained this is a document that is required by the USDA to move forward with the loan-grant for the sewer system.

Gary Lucas 1st Linda Owens 2nd

All in favor 5 Name 0

Item 11 Council to consider right of way certificate for sewer grant- item tabled

Item 12 Council to consider signing contractors partial payment estimate for Old Bethany project.

Mr. Tabor presented council with documents of the estimates from B-Corp. All in 1st Gary Lucas 2nd Linda Owens favor 5 Nae 0

Item 13 Council to consider purchasing integrated financial software

Mrs. Bishop presented the council with several estimates from Tyler Technologies. Mrs. Bishop explained she was able to negotiate with the company to get the software needed for the city at a cost if she agreed to do the conversion. The software will allow all of the city financials to be integrated into one system. This will save time on staff and simplify some task.

Gary Lucas 1st. Linda Owens 2nd. All in favor 5 Nae 0

Item 14 Council to consider contracting Underwater Services LLC to perform yearly inspections of the water department.

Gene Sprouse requested the council to consider the yearly tank inspections to be performed by Underwater Services LLC. The estimated cost of \$3,015.00

All in favor: 5 name: 0

Item 15 Council to consider executing an investment policy and statement

Mrs. Bishop requested to have this item tabled, and the council agreed

Council adjourned into executive session 7:12 PM

Council came from an executive session at 9:15 PM

Item 17 Council to discuss and negotiate personal evaluation of Mrs. Bishop 90 day probation is up.

Council agreed Mrs. Bishop had done a good job thus far. Mr. Gary Lucas spoke on behalf of Mrs. Bishop. Saying people at the school said Mrs. Bishop went above and beyond helping with the UIL luncheon and provided drinks for the students.

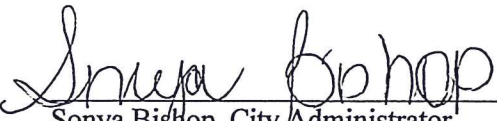
Mr. Allen Trigg spoke on behalf of Mrs. Bishop stating she always welcomes him in to talk and visit. He is not used to that as the previous person would not allow him to visit.

Council to consider pay raise for Mrs. Bishop and continue her contract.
Gary Lucas 1st Allen Trigg 2nd All in favor 5 Nao 0

Motion to adjourn Allen Trigg. Meeting adjourned 9:29 PM

Mayor Connally Bass

Attest:



Sonya Bishop, City Administrator

seal



The City of Bruceville-Eddy Rising into the Future

143 Wilcox Drive
Eddy, Texas 76524

www.bruceville-eddy.org

Phone: (254) 859-5964
Fax: (254) 859-5779

CITY COUNCIL SIGN IN SHEET
February 14, 2019

NAME

ADDRESS

Deana K Stewart

209 Archie Bruceville TX 76631

Ryan Kist
(Moore Automotive)

505 W 3rd St Eddy
202 W. 3rd St. Eddy, TX

Brandon Moore

1966 Old Moody, Eddy TX

LaDonna Reyna

104 Astorn Eddy TX

Dixie Jackson

601 Maple "

Joyce White

239 Northline Rd.

Blanche Sholtzberger

475 Wade Dr. Eddy

City of Bruceville-Eddy

MINUTES

Special Called Meeting

February 27, 2019

A council member present at the called meeting included Mayor Pro-Tem Hal Wilcox, Councilmen Allen Trigg, Gary Lucas, Linda Owens and City Administrator Sonya Bishop, Chief of Police Bill McLean

Mayor Pro-Tem Hal Wilcox opened the meeting at 5:30 pm.

Item 1: The council discussed with Police Chief, to consider payroll wages of the police department. Police Chief McLean asked for the police officers to be moved to an hourly wage instead of salary and be offered overtime and comp options. Police Chief will use time cards and make sure that the system is not taken advantage of.

1st Linda Ownes 2nd Gary Lucas

All in favor 4 Nae 0 Absent 2

Police Chief asked the council to consider new officer pay starting at \$32,000.00 versus the current \$29, 000.00.

1st Gary Lucas 2nd Allen Trigg

All in favor 4 Nae 0 Absent 2

Police Chief McLean asked a \$200.00 allowance to each officer for boots.

Gary Lucas placed a motion \$200.00 clothing apparel per officer per year with the approval of Chief McLean.

1st Gary Lucas 2nd Linda Ownes

All in favor 4 Nae 0 Absent 2

City Administrator Sonya Bishop discussed the need of an investment policy and investment officers. The item was tabled for further discussion.

Mayor Connally Bass adjourned the meeting at 5:50 PM

Connally Bass, Mayor of Bruceville-Eddy

Minutes approved this _____
day of _____, 2019

Seal

Sonya Bishop, City Administrator of Bruceville-Eddy

City of Bruceville-Eddy

143 Wilcox Drive
Eddy, Texas 76524

254-859-5964 ph.
254.859.5779 Fax

I, the undersigned authority, do hereby request, to be listed on the agenda

of: FEB 7, 2019, 2018 to discuss the following:

MULTI-FAMILY UNITS

ALONG 4th ST IN EDDY

Dated this 15 day of January 2018

Signed: Zach W Wam for ROBERT CLARK

Phone Number for contact: Home: _____ Cell: _____

Address: _____

MUST BE APPROVED BY MAYOR Mayor Connally Bass _____

Moved to next agenda of regular council session for approval: _____

Server



CUSTOMER: City of Bruceville Eddy

DATE: 26-Feb-19

PHONE NUMBER:

Attn: Sonja Bishop

SALES PERSON: Patrick Johnson

Part	Description	Item #	Price:
SYSTEM: PowerEdge T440 Server			\$6,299.00
PROCESSOR: Intel® Xeon® 1.7GHz, 15M Cache, 7.2GT/s QPI, Turbo			
MEMORY: (2) 16GB RDIMM, 2133MT/s, Dual Rank, x4 Data Width			
DVD: DVD-ROM			
HARD DRIVE: (2) 2TB 7.2K RPM RAID 1			
HARD DRIVE: (2) 4TB Hot Plug (Backup)			
VIDEO CARD: Dell Integrated Video			
NIC: 10/100/1000 Integrated Network Int. Card			
OS: Qty 1 Windows Server 2016 R2 Standard 64-Bit (2VMS) with 10 CALs			
CASE: Tower			
WARRANTY: 3 Year Hardware Warranty with 4 Hour Response			
System Total:			\$6,299.00
System Total with options:			\$6,299.00
Tax:			
System Total + Tax:			\$6,299.00
Hardware Quote Honored for 30 days only.			
Shipping & Handling not included.			
605 S. University Parks Dr. - Waco, Texas 76706 - 254.761.2390			

Summary



CUSTOMER: City of Bruceville Eddy

Attn: Sonja Bist

DATE: 26-Feb-19

PHONE NUMBER:

SALES PERSON: Patrick Johnson

Part	Description	Item #	Price:
SERVER:	<i>Dell System as specified</i>		\$6,299.00
1	at a unit price of	\$6,299.00	
LABOR:	<i>Labor for server/workstation installation and configuration</i>		\$2,500.00
SHIPPING:	<i>Shipping and Handling</i>		\$75.00
System Total:			\$8,874.00
System Total with options:			\$8,874.00
Tax:			
System Total + Tax:			\$8,874.00

605 S. University Parks Dr. - Waco, Texas 76706 - 254.761.2390



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PROPOSAL NEW CITY HALL

It has been discussed that with our current growth and the need to have all city services on one campus and the loss of the planned city hall/bank, the following proposal was developed:

OPTION 1: Construct a new facility on city property. Using the attached layout as a guide, two estimates were received. These are turn key estimates for a structure that meets all Texas accessibility, fire, plumbing and electrical codes.

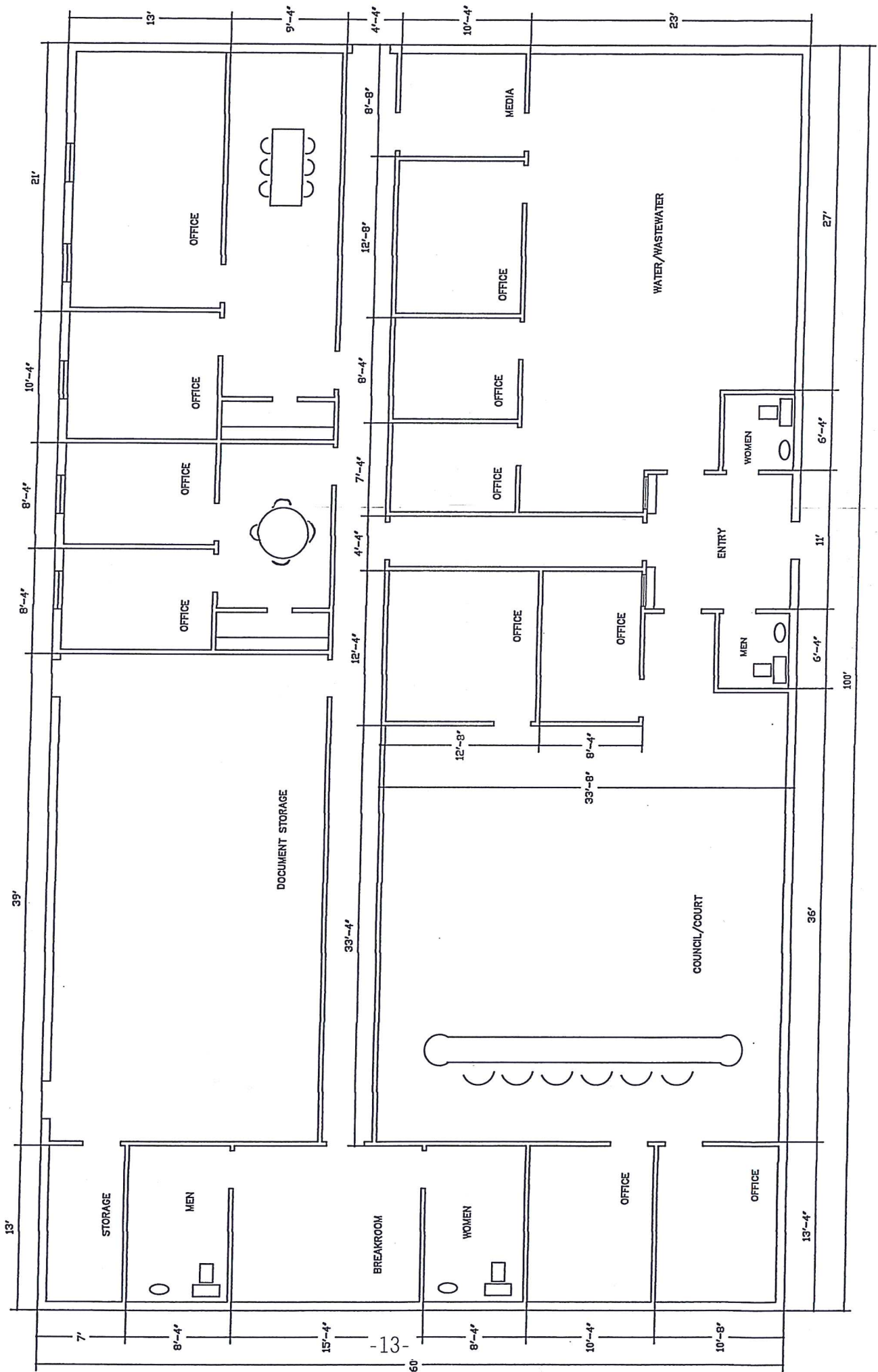
Estimate one: \$1,200,000.00

Estimate two: \$1,320,000.00

Option 2: Convert the current pavilion into a new city hall. Since the pavilion has a foundation and roof the estimates were considerably less. Using the attached as a guide, the following is the estimate for its conversion. It will also meet all code requirements.

Estimate: 120,000.00 to 150,000.00 using local skills and volunteer labor.

Frank Warren, Code Enforcement Officer





Bruceville-Eddy Rising Into the Future

CITY OF BRUCEVILLE-EDDY

Investment Policy

The Public Funds Investment Act, Chapter 2256. Texas Government Code, as amended, suggests that every city is to adopt rules governing its investment practices and to define the authority of the investment officer. The following Investment Policy addresses the methods, procedures, and practices, which must be exercised to ensure effective and judicious fiscal management of the City's funds.

The City Administrator is designated as the investment officer until a time when a position for Director of Finance OR City Accountant are designated as the investment officers of the City of Bruceville-Eddy, Texas, and are responsible for all investment decisions and activities.

I. Scope

This Policy applies to all investment activities of the City's funds under its control, except those subject to other investment covenants, or excluded by contract. The Investment Policy will govern the activities of the investment officers and designated deputies in their management of all public funds covered by this Investment Policy.

To make effective use of the City's resources, all funds may be pooled for investment purposes only, except for those funds required to be accounted for in other accounts as stipulated by applicable laws, bond covenants, contracts or City policy. The pooled funds will include but are not limited to, the funds of the General Fund. Water funds & Wastewater funds will not be pooled. Any investments donated to the City for a particular purpose or under terms of use specified by the donor are outside the scope of this Investment Policy.

This Policy also requires the formal adoption of an Investment Strategy that specifically addresses each of the City's fund groups.

II. Objectives

The primary objectives, in order of priority, of the City investment activities shall be:

- A. Safety – Investments shall be undertaken in a manner that seeks to ensure the preservation of principal.
- B. Liquidity – The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements, which might be reasonably anticipated.
- C. Yield – The City's investment strategy is conservative. Given this strategy, the benchmark used by the Director of Finance to determine whether market yields are being achieved shall be the 90-day T-bill rate. Return on investment is of least importance compared to the safety and liquidity objectives.

Each investment transaction shall seek first to ensure that principal losses are avoided, whether they are from security defaults or erosion of market value.

III. Delegation of Authority

The Investment Officers may designate deputies to assist with the management of the investment portfolio.



City of Bruceville-Eddy



143 Wilcox Drive
Eddy, Texas 76524

254/859-5964
254/859-5779 fax

NOTICE OF SPECIAL CALLED MEETING OF THE GOVERNING BODY OF BRUCEVILLE-EDDY

Notice is hereby given that a SPECIAL CALLED MEETING of the governing body of the City of Bruceville-Eddy will be held on the 27th day of February 2019 at 5:30 p.m., in the City Hall at 143 Wilcox Drive, Eddy, Texas at which time the following subjects will be discussed, and or approved, to-wit:

- 1) Council to discuss and consider payroll wages of the police department.
- 2) Council to discuss and consider adopting an investment policy and statement.

All items on the agenda are for discussion and/or action. The City Council reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any of the matters listed above, as authorized by Texas Government Code Sections 551.071 (Consultation with Attorney), 551.072 (Deliberations about Real Property), 551.073 (Deliberations about Gifts and Donations), 551.074 (Personnel Matters), 551.076 (Deliberations about Security Devices,) and 551.086 (Economic Development). The City is committed to compliance with the Americans with Disabilities Act (ADA). Reasonable accommodations and equal access to communications will be provided to those who provide notice to the City Administrator at least 48 hours in advance. Please contact the City Administrator at (254) 859-5964 or by fax at (254) 859-5779 for information or assistance.

I, the undersigned authority, do hereby certify that the above Notice of Meeting of the governing body of the above named City of Bruceville-Eddy is a true and correct copy of said Notice and that I posted a true and correct copy of said Notice on the official notice case, at City Hall in the City of Bruceville-Eddy, Texas, a place convenient and readily accessible to the general public at all times, and said Notice was posted on the 12th day of March 2018 at 2 p.m. and remained so posted, continuously, for at least 72 hours proceeding the scheduled time of said Meeting.

City of Bruceville-Eddy, Texas

(Seal)

By: Sonya Bishop, City Administrator

CITY OF BRUCEVILLE-EDDY

RESOLUTION No. 2019-03

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BRUCEVILLE-EDDY, TEXAS, ADOPTING AN INVESTMENT POLICY AND STRATEGY; PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Public Funds Investment Act (Texas Government Code, Chapter 2256) governs local government investment; and

WHEREAS, the Public Fund Investment Act (Section 2256.005a) requires the City Council to adopt an investment policy and investment strategies by rule, order, ordinance or resolution governing the investment of funds under its control; and

WHEREAS, the Public Fund Investment Act (Section 2256.005e), requires the resolution approving the policy and strategy to record any changes made thereto; and

WHEREAS, the City has chosen to make certain changes material to the Policy to include the following:

- Recognizing that the City Administrator and City Secretary are designated investment officers;
- Requiring earlier recognition of any security which sustains a credit downgrade;
- Allowing the Investment Adviser to monitor, along with the Investment Officers, the credit on brokered CD issuing banks;
- Clarifying and recognizing changes in the Act defining money market funds that are to comply with SEC Rule 2a-7;
- Adding interest bearing accounts as an authorized investment in accordance with changes to the Act;
- Requiring mark-to market pricing be done monthly and not quarterly to reflect City's practice;
- Removing the need for policy certification for broker/dealers in accordance with the Act; and
- Requiring only pools to certify to investment policy in accordance with the Act.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BRUCEVILLE-EDDY, TEXAS:

Section 1. That the City of Bruceville-Eddy has complied with the requirements of the Public Funds Investment Act and the Investment Policy and Strategy, as amended, attached hereto as Exhibit A, is hereby adopted as the Investment Policy of the City. Approved changes to the Policy are marked on the Exhibit.

Section 2. That this Resolution shall become effective immediately upon passage and approval, and it is so resolved.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF BRUCEVILLE-EDDY, TEXAS,

This 14th day of March 2019.

Connally Bass, Mayor

ATTEST:

Esther Moreno, City Secretary

APPROVED AS TO FORM:

Sonya Bishop, City Administrator

City of Bruceville-Eddy TEXAS

INVESTMENT POLICY AND STRATEGY

Adopted _____, 20____

I. INTRODUCTION

It is the policy of the City of Bruceville-Eddy that the administration of its funds and the investment of those funds shall be handled as its highest public trust. Investments shall be made in a manner which will provide the maximum security of principal while meeting the daily cash flow needs of the City and conforming to the Public Funds Investment Act (the "Act") Texas Government Code Chapter 2256. It is the intent of the City to be in complete compliance with local law and the Act.

The receipt of a market rate of return will be secondary to the requirements for safety and liquidity. The earnings from investment will be used in a manner that best serves the interests of the City.

The purpose of this Policy is to set specific investment policy and strategy guidelines. Direct specific investment parameters for the investment of public funds in Texas are found in the Act. The Public Funds Collateral Act, Chapter 2257, Texas Government Code, specifies collateral requirements for all public Texas funds deposits.

II. SCOPE

This investment policy applies to all financial assets of the City and any new funds created unless specifically exempted by the City Council and this Policy.

III. OBJECTIVES

It is the policy of the City that all funds shall be managed and invested with four primary objectives, listed in order of their priority: safety, liquidity, diversification and yield. Investments are to be chosen in a manner which promotes diversity. To match anticipated cash flow requirements the maximum weighted average maturity (WAM) of the overall portfolio may not exceed 6 months.

Safety

The primary objective of the investment activity is the preservation of capital. Each investment transaction shall be conducted in a manner to avoid capital losses, whether from security defaults, safekeeping, or erosion of market value. Investments in high credit quality securities and decisions based on anticipated cash needs are primary factors in providing safety.

Liquidity

The investment portfolio shall be structured to meet all expected obligations in a timely manner. This shall be achieved by matching investment maturities with forecasted cash flow liabilities and maintaining additional liquidity for unexpected liabilities.

Diversification

The portfolio shall be diversified by institution, market sector and maturity as much as possible.

Yield

The benchmark for the commingled portfolio shall be the comparable period 6 month U.S. Treasury Bill, designated for its comparability to the expected average cash flow pattern and the Policy maximum weighted average maturity (WAM) limit of 6 months. The investment program shall seek to augment returns above this threshold consistent with risk limitations identified and the City's prudent investment strategy.

Cash management is the process of managing funds in order to insure maximum cash availability and reasonable yield on short-term investments. The City shall strive for a cash management program which includes timely collection of accounts receivable, vendor payments in accordance with invoice terms, and prudent investment of assets.

IV. INVESTMENT STRATEGY

The City may maintain one commingled portfolio for investment purposes which incorporates the specific uses and the unique characteristics of the funds in the portfolio. The investment strategy has as its primary objective assurance that anticipated liabilities are matched and adequate investment liquidity provided. The City shall pursue a conservative portfolio management strategy based on a buy-and-hold philosophy. This may be accomplished by creating a laddered maturity structure with some extension for yield enhancement. The maximum maturity of any security will be 2 years and the maximum dollar weighted average maturity of 6 months less will be calculated using the stated final maturity date of each security.

The investment strategy for debt service funds shall have as its primary objective the timely payment of debt service obligations. Successive debt service dates will be fully funded before any investment extensions are made.

V. DELEGATION OF RESPONSIBILITY

No unauthorized person may engage in an investment transaction and all transactions shall be executed as provided under the terms of this Policy and its supporting procedures.

Investment Officer(s)

The Sonya Bishop, City Administrator and Esther Moreno City Secretary will be designated as Investment Officers, by City Council resolution, responsible for investment decisions and activities. The Investment Officer(s) are responsible for creating and maintaining the portfolio in accordance with this Policy, providing timely quarterly reporting to the Council, and establishing supporting procedures. The City may further contract with an SEC registered investment adviser for non-discretionary management of the portfolio.

All investment officers shall attend at least ten (10) hours of training, from sources approved by the City Council, within twelve months of designation as investment officer and shall attend eight (8) hours of training every two successive fiscal years.

Investment Officers shall refrain from personal and business activity that could conflict with proper execution of the investment program or which could impair their ability to make impartial investment decisions. Disclosure shall be made to the City Manager. An Investment Officer who has a personal business relationship within the two levels of blood or marriage with an organization seeking to sell an investment to the City who meets the parameters established in the Act, shall file a statement disclosing that relationship to the City Council and the Texas Ethics Commission.

City Council Responsibilities

The City Council holds ultimate fiduciary responsibility for the portfolio. It will designate investment officer(s), receive and review quarterly reporting, approve and provide for investment officer training, annually approve broker/dealers, and annually review and adopt the Investment Policy and Strategy.

VI. PRUDENCE AND CONTROLS

The standard of prudence to be applied to all City investments shall be the "prudent person" rule, which states:

"Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

In determining whether an investment officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration the investment of all funds under the City's control over which the officer has responsibility rather than a consideration as to the prudence of a single investment.

The Investment Officer, acting in accordance with written procedures and exercising due diligence, shall be responsible but not liable for a specific security's credit risk or market price changes, provided that these deviations are reported immediately and that appropriate action is taken to control adverse developments.

Internal Controls

The Investment Officer is responsible for establishing and maintaining internal controls to reasonably assure that assets are protected from loss, theft, or misuse. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and, the valuation of costs and benefits requires ongoing estimates and judgments by management.

The internal controls shall address the following points at a minimum:

- Control of collusion,
- Separation of transaction authority from accounting and record keeping,
- Safekeeping of owned and pledged securities,
- Clear delegation of authority,
- Written confirmation for all transactions, and
- Review, maintenance and monitoring of security procedures both manual and automated.

Annually the Investment Officer shall perform an internal compliance audit to assure compliance with requirements of this Policy and the Act. Annually, the City's external auditor shall review the quarterly reports.

Cash Flow Forecasting

Cash flow forecasting is designed to protect and sustain the cash flow requirements of the City. The Investment Officer will analyze needs and maintain a cash flow plan to monitor and forecast cash positions for investment purposes.

Competitive Bidding

All security transactions will be made on documented competitive bid basis to assure the City is receiving the best available market rates. When-issued US agency securities should be compared to other securities available in the secondary market to determine competitiveness.

Monitoring Credit Ratings

The Act requires that securities requiring a specific credit rating must be liquidated if the rating falls below the minimum rating. The Investment Officer shall monitor, on no less than a monthly basis, the credit rating on all authorized investments in the portfolio for which the policy requires a credit rating. The rating should be based upon independent information from a nationally recognized rating agency. If any security falls below the minimum rating required by Policy, the Investment Officer shall notify the City Council of the loss of rating, and liquidation options within two days.

Monitoring FDIC Status for Mergers and Acquisitions

A merger or acquisition of brokered CDs into one bank reduces FDIC coverage. The Investment Officer shall monitor, on no less than a weekly basis, the status and ownership of all banks issuing brokered CD securities owned by the City based upon information from the FDIC (fdic.gov). If any bank has been acquired or merged with another bank in which brokered CDs are owned by the City, the Investment Officer or Adviser shall immediately liquidate any brokered CD which places the City above the FDIC insurance level.

VII. AUTHORIZED INVESTMENTS

Assets of the City may be invested only in the following instruments as further defined by the Act. If changes are made to the Act they will not be authorized until this Policy is modified and adopted by the City Council. All investment transactions will be made on a competitive basis.

- A. Obligations of the United States Government, its agencies and instrumentalities with a maximum stated maturity of 2 years excluding mortgage backed securities
- B. Fully insured or collateralized depository certificates of deposit from banks in Texas, with a maximum maturity of 2 years] insured by the Federal Deposit Insurance Corporation, or its successor, or collateralized in accordance with this Policy.
- C. AAA-rated, Texas Local Government Investment Pools which strive to maintain a \$1 net asset value (NAV) as defined by the Act and authorized by resolution of the City Council.
- D. AAA-rated, SEC registered money market mutual funds in compliance with SEC Rule 2a-7 and striving to maintain a \$1 net asset value.
- E. FDIC insured, brokered certificates of deposit securities from a bank in any US state, delivered versus payment to the City's safekeeping agent, not to exceed 12 months to maturity. Before purchase, the Investment Officer must verify the FDIC status of the bank on www.fdic.gov to assure that the bank is FDIC insured.
- F. FDIC insured or collateralized interest bearing and money market accounts from any FDIC insured bank in Texas.
- G. Share certificates from credit unions doing business in Texas which are fully insured by the National Credit Union Share Insurance Fund and with a maximum stated maturity of 12 months.
- H. General debt obligations of any US state or political subdivision rated A or better with a stated maturity not to exceed 12 months.

Delivery versus Payment

All securities shall be purchased on a delivery versus payment (DVP) settlement basis. Funds shall not be released until receipt of the security by the City's approved safekeeping depository. The depository shall provide the City with proof of ownership or claim by an original document delivered to the City.

VIII. REPORTING

Quarterly Reporting

The Investment Officers shall prepare and submit a signed quarterly investment report to the City Council in accordance with the Act giving detail information on each portfolio and bank position and summary information to permit an informed outside reader to evaluate the performance of the investment program. The report will include the following at a minimum:

- A full description of each individual security or bank/pool position held at the end of the reporting period including the amortized book and market value at the beginning and end of the period,
- Unrealized gains or losses (book value minus market value),
- Overall change in market value during the period as a measure of volatility,
- Weighted average yield of the portfolio and its applicable benchmarks,
- Earnings for the period (accrued interest plus accretion minus amortization),
- Allocation analysis of the total portfolio by market sector and maturity, and
- Statement of compliance of the investment portfolio with the Act and the Investment Policy signed by the Investment Officer(s).

Market prices for the calculation of market value will be obtained from independent sources.

IX. FINANCIAL COUNTER-PARTIES

Depository

At least every five years, a banking services depository shall be selected through a competitive request for proposal [application] or bid process in accordance with the Texas Government Code 105. In selecting a depository, the services, cost of services, credit worthiness, earnings potential, and collateralization by the institutions shall be considered. If securities require safekeeping, the RFP/bid will request information on safekeeping services. The depository contract will provide for collateral if balances exceed the FDIC insurance balance per tax identification number.

All time and demand deposits in any depository of the City shall be insured or collateralized at all times in accordance with this Policy.

Other banking institutions, from which the City may purchase certificates of deposit or place interest bearing accounts, will also be designated as a depository for depository/collateral purposes. All depositories will execute a depository agreement and have the Bank's Board or Bank Loan Committee pass a resolution approving the agreement if collateral is required.

Security Broker/Dealers

All broker/dealers who desire to transact business with the City must supply the following documents to the Investments Officer(s).

- Financial Industry Regulatory Authority (FINRA) certification and CRD #
- proof of Texas State Securities registration

Each broker/dealer will be sent a copy of the City's investment policy. If material changes are made to the policy, the new policy will be sent to the entities.

Each local government pool must be provided a copy of the City's current Investment Policy and certify to a review of the Policy stating that the pool has controls in place to assure only Policy approved investments will be sold to the City.

A list of qualified broker/dealers will be reviewed at least annually by the City Council. In order to perfect the DVP process the banking services depository, or its brokerage subsidiary, will not be used as a broker.

XI. COLLATERAL

Time and Demand Deposits Pledged Collateral

All bank time and demand deposits shall be collateralized above the FDIC coverage by pledged collateral. In order to anticipate market changes and provide a level of security for all funds, collateral will be maintained and monitored by the pledging depository at 102% of market value of principal and accrued interest on the deposits. The bank shall monitor and maintain the margins on a daily basis.

Collateral pledged to secure deposits shall be held by an independent financial institution outside the holding company of the depository. The collateral agreement with the depository shall be approved by resolution of the Bank Board or Bank Loan Committee. The Custodian or bank shall provide a monthly report of collateral directly to the City.

All collateral shall be subject to inspection and audit by the City or its independent auditors.

Authorized Collateral

Only the following securities are authorized as collateral for time and demand deposits or repurchase agreements:

- A. FDIC insurance coverage.
- B. Obligations of the United States, its agencies or instrumentalities, or evidence of indebtedness of the United States guaranteed as to principal and interest including MBS and CMO which pass the bank test.
- C. Obligations of any USstate or of a county, City or other political subdivision of any state having been rated as investment grade (investment rating no less than "A" or its equivalent) by two nationally recognized rating agencies.
- D. Letter of Credit from the FHLB.

Preference will be given to pledged collateral securities.

XI. SAFEKEEPING

All purchased securities are to be cleared to the City's safekeeping agent on a delivery versus payment (DVP) basis. All safekeeping arrangements shall be approved by the Investment Officer and an agreement of the terms executed in writing. The independent third party safekeeping agent shall be required to issue safekeeping receipts to the City listing each specific security, rate, description, maturity, cusip number, and other pertinent information.

XII. INVESTMENT POLICY ADOPTION

The City's Investment Policy shall be reviewed and adopted by resolution of the City Council no less than annually. Any changes made to the Policy must be noted in the adopting resolution.